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## **NEW CITY (CHINA) DEVELOPMENT LIMITED**

**新城市(中國)建設有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 0456)

### **CONTINUING CONNECTED TRANSACTIONS LEASE OF OFFICE PREMISES AND CAR-PARKING SPACE**

The Board announces that on 25 May 2012, the Tenancy Agreements were respectively entered into (i) between New Rank (a wholly-owned subsidiary of the Company) as tenant and Winrich as landlord; and (ii) between New Rank as tenant and Goldrich as landlord for leasing of the Office Premises and the Car-parking Space. The Tenancy Agreements are for a term of two years commencing from the Effective Date. Both Winrich and Goldrich are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the Annual Caps for the Tenancy Agreements, the consideration for the Tenancy Agreements on an annual basis falls within the threshold prescribed in Rule 14A.34 of the Listing Rules. The entering into of the Tenancy Agreements is therefore subject to the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the requirement to obtain independent Shareholders' approval.

#### **Introduction**

The Board announces that on 25 May 2012, the Tenancy Agreements were entered into (i) between New Rank (a wholly-owned subsidiary of the Company) as tenant and Winrich as landlord; and (ii) between New Rank as tenant and Goldrich as landlord for leasing of the Office Premises and the Car-parking Space. The Tenancy Agreements are for a term of two years commencing from the Effective Date.

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## Summary of the Tenancy Agreements:–

### *The Tenancy Agreement between New Rank and Winrich*

Date:	25 May 2012
Landlord:	Winrich
Tenant:	New Rank
Premises:	Part of Flat E, 17/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, with a total gross floor area of approximately 1,280 square feet
Term:	Two years from the Effective Date to 24 May 2014 (both days inclusive)
Break clause:	Either party shall have the right to terminate the tenancy at any time after the expiry of the 11th month of the lease term by giving one month's written notice to the other party or by payment of one month's rent in lieu of such notice.
Rental:	HK\$25,600 per month, payable in cash, exclusive of management fee, government rent, rates, and other outgoings
Rent free period:	Nil
Management fee and air-conditioning charges payable to landlord	Nil

### *The Tenancy Agreement between New Rank and Goldrich*

Date:	25 May 2012
Landlord:	Goldrich
Tenant:	New Rank
Premises:	(i) Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, with a total gross floor area of approximately 1,915 square feet; and (ii) One car-parking space at No. P22 on 2/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon.
Term:	Two years from the Effective Date to 24 May 2014 (both days inclusive)

Break clause:	Either party shall have the right to terminate the tenancy at any time after the expiry of the 11th month of the lease term by giving one month's written notice to the other party or by payment of one month's rent in lieu of such notice.
Rental:	HK\$40,600 per month, payable in cash, exclusive of management fee, government rent, rates, and other outgoings
Rent free period:	Nil
Management fee and air-conditioning charges payable to landlord	Nil

### **Aggregate Annual Caps**

The aggregate rentals payable by New Rank to Winrich and Goldrich under the two Tenancy Agreements during the following periods/year set out below will be subject to the following aggregate Annual Caps which are determined by reference to the rentals stated in the two Tenancy Agreements:

<b>Periods/year</b>	<b>Annual Cap Amounts (HK\$)</b>
Period from the Effective Date to 31 December 2012	478,348
Financial year ending 31 December 2013	794,400.00
Period from 1 January 2014 to 24 May 2014	316,052

### **Reasons for and benefits of the Tenancy Agreements**

The Office Premises and Car-parking Space are held by Winrich and Goldrich as investment properties for rental income. As the existing lease of the office premises occupied by the Company as its principal place of business in Hong Kong has been expired, the Company is in need of another office premises to be its principal place of business in Hong Kong. The terms of the Tenancy Agreements have been negotiated on an arm's length basis between New Rank, Winrich and Goldrich and on normal commercial terms. The rentals of the Office Premises and the Car-parking Space have been arrived at by reference to (i) the area size and location of the Office Premises and the Car-parking Space; (ii) the prevailing rental payable by tenants in respect of other office premises and car-parking spaces at MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon; and (iii) the prevailing market conditions.

The Directors, including the independent non-executive Directors, consider that the Tenancy Agreements were entered into in the ordinary and usual course of the business of the Company and on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Mr. Han Junran (being the chairman of the Company and an executive Director) is the brother of the sole shareholder and director of Faith Grand (being the holding company of both Winrich and Goldrich) and has abstained from voting on the resolution of the Board approving the transactions

contemplated thereunder. Save and except the interest of Mr. Han Junran as disclosed above, no other Directors have any material interest in the transactions contemplated under the Tenancy Agreements.

### **Information about the Company**

The Company is an investment holding company. Its principal subsidiaries are engaged in property development and investment in the People's Republic of China.

### **Information about Winrich and Goldrich**

Both Winrich and Goldrich are property investment companies incorporated in Hong Kong. Their principal business activities are the holding and management of properties.

Both Winrich and Goldrich are wholly-owned by Faith Grand. Faith Grand is a company incorporated in the British Virgin Islands and its principal business is investment holding. The entire issued share capital of Faith Grand is owned by the brother of Mr. Han Junran.

### **Requirements of the Listing Rules**

Since both Winrich and Goldrich are indirectly wholly-owned by the brother of Mr. Han Junran (being the chairman of the Company and an executive Director), both Winrich and Goldrich are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the Tenancy Agreements by New Rank therefore constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable Percentage Ratios (other than the profits ratio) for the Tenancy Agreements on an annual basis is more than 5 per cent but less than 25 per cent and the annual consideration is less than HK\$10,000,000, the entering into of the Tenancy Agreements is therefore subject to the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the requirement to obtain independent Shareholders' approval.

### **Definitions**

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Annual Caps”	the consideration payable by New Rank to Winrich and Goldrich pursuant to the Tenancy Agreements during each of the three years ending 31 December 2012, 31 December 2013 and 31 December 2014
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Car-parking Space”	the car-parking space No.P22 on 2/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong leased under the Tenancy Agreement made between New Rank and Goldrich

“Company”	New City (China) Development Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	25 May 2012, being the commencement date of the term of the lease under the Tenancy Agreements
“Faith Grand”	Faith Grand Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Goldrich”	Goldrich Investments Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Rank”	New Rank Services Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company
“Office Premises”	the two office premises leased under the Tenancy Agreements at Flat D and part of Flat E, 17/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreements”	the two tenancy agreements both dated 25 May 2012 respectively entered into (i) between New Rank and Winrich; and (ii) between New Rank and Goldrich for leasing of the Office Premises and the Car-parking Space

“Winrich” Winrich Investments Limited, a company incorporated in Hong Kong with limited liability

“%” per cent.

By order of the Board  
**New City (China) Development Limited**  
**Han Junran**  
*Chairman*

Hong Kong, 25 May 2012

*As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Han Junran (Chairman), Mr. Fu Yiu Kwong and Mr. Luo Min; (ii) non-executive director, namely Dr. Liu Tapei (Vice-chairman) and (iii) three independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing.*