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NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

CONTINUING CONNECTED TRANSACTIONS LEASE OF STAFF QUARTER AND CAR-PARKING SPACE

The Board announces that on 1 August 2013, the Residential Tenancy Agreement was entered into between New Rank (a wholly-owned subsidiary of the Company) as tenant and Jiacheng Jiaxin as landlord for leasing of the Residential Properties. The Residential Tenancy Agreement is for a term of nine months and twenty four days commencing from the Effective Date. Jiacheng Jiaxin is company indirectly wholly-owned by an associate of a connected person of the Company, therefore the transactions contemplated under the Residential Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the aggregate of (i) the Cap Amount for the Residential Tenancy Agreement; and (ii) the annual caps for the Office Tenancy Agreements, the applicable Percentage Ratios (other than the profits ratio) on an annual basis are less than 5 per cent, the entering into of the Residential Tenancy Agreement is therefore subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but is exempt from the requirement to obtain independent Shareholders' approval.

Introduction

The Board announces that on 1 August 2013, the Residential Tenancy Agreement was entered into between New Rank (a wholly-owned subsidiary of the Company) as tenant and Jiacheng Jiaxin as landlord for leasing of the Residential Properties. The Residential Tenancy Agreement is for a term of nine months and twenty four days commencing from the Effective Date.

Jiacheng Jiaxin is company indirectly wholly-owned by an associate of a connected person of the Company, therefore the transactions contemplated under the Residential Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Summary of the Residential Tenancy Agreement:–

Date:	1 August 2013
Landlord:	Jiacheng Jiaxin
Tenant:	New Rank
Premises:	Flat A, 45/F, Tower 2 (with a total gross floor area of approximately 1,180 square feet) and a car-parking space at No.RB11 on B/F at Island Crest, 8 First Street, Hong Kong
Term:	Nine months and twenty-four days from the Effective Date to 24 May 2014 (both days inclusive)
Rental:	HK\$52,000 per month, payable in cash, inclusive of government rent, rates and management fees
Rent free period:	Nil
Management fee and air-conditioning charges payable to landlord	Nil

Cap Amount

The aggregate amount of rentals payable by New Rank to Jiacheng Jiaxin under the Residential Tenancy Agreement for the whole term of the lease (9 months and 24 days) is HK\$508,258 and which is determined by reference to the monthly rental stated in the Residential Tenancy Agreement.

Reasons for and benefits of the Residential Tenancy Agreement

The Residential Properties are held by Jiacheng Jiaxin as investment properties for rental income. As some of the Directors are residents in mainland China, and the Company has to provide accommodation for them during their visits to Hong Kong for business purpose, the Board considers that the leasing of the Residential Properties can reduce the expenses which would be incurred by the Company in providing hotel accommodation for them. The terms of the Residential Tenancy Agreements have been negotiated on an arm's length basis between New Rank and Jiacheng Jiaxin and are on normal commercial terms. The rentals of the Residential Properties have been arrived at by reference to (i) the area, size and location of the Residential Properties; (ii) the prevailing rental payable by tenants in respect of other apartments and car-parking spaces at Island Crest, 8 First Street, Hong Kong; and (iii) the prevailing market conditions.

The Directors, including the independent non-executive Directors, consider that the Residential Tenancy Agreement was 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 Jiacheng Jiaxin) 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 Residential Tenancy Agreement.

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 Jiacheng Jiaxin

Jiacheng Jiaxin is a property investment company incorporated in Hong Kong. Its principal business activities are the holding and management of properties.

Jiacheng Jiaxin is 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 Jiacheng Jiaxin is indirectly wholly-owned by the brother of Mr. Han Junran (being the chairman of the Company and an executive Director), Jiacheng Jiaxin is a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the Residential Tenancy Agreement by New Rank therefore constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 25 May 2012 in which it was disclosed that New Rank entered into the Office Tenancy Agreements with Goldrich and Winrich respectively on 25 May 2012. The Office Tenancy Agreements will expire on 24 May 2014, being the same day on which the Residential Tenancy Agreement will expire.

Both Goldrich and Winrich are also wholly-owned subsidiaries of Faith Grand.

Based on the aggregate of (i) the Cap Amount for the Residential Tenancy Agreement; and (ii) the annual caps for the Office Tenancy Agreements, the applicable Percentage Ratios (other than the profits ratio) on an annual basis are less than 5 per cent, the entering into of the Residential Tenancy Agreement is therefore subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but 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:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cap Amount”	the aggregate rentals payable by New Rank to Jiacheng Jiaxin pursuant to the Residential Tenancy Agreement during the whole term of the lease

“Company”	New City Development Group 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”	1 August 2013, being the commencement date of the term of the lease under the Residential Tenancy Agreement
“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
“Jiacheng Jiaxin”	Jiacheng Jiaxin International Property Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“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 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 two office premises and a car-parking space at Flat D and part of Flat E, 17/F. and the car-parking space No.P22 on 2/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
“Residential Properties”	Flat A, 45/F, Tower 2 (with a total gross floor area of approximately 1,180 square feet) and a car-parking space at No.RB11 on B/F at Island Crest, 8 First Street, Hong Kong leased under the Residential Tenancy Agreement
“Residential Tenancy Agreement”	the tenancy agreement dated 1 August 2013 entered into between New Rank and Jiacheng Jiaxin for leasing of the Residential Properties
“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
“Winrich”	Winrich Investments Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

By order of the Board
New City Development Group Limited
Han Junran
Chairman

Hong Kong, 1 August 2013

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) three independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing.