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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 OFFICE PREMISES AND CAR-PARKING SPACE; LEASE OF STAFF QUARTER AND CAR-PARKING SPACE

The Board announces that, to make accounting computation easier for the Company, the Old Tenancy Agreements, which ended on 24 May 2014, were extended on the same terms of the respective Old Tenancy Agreement for the period from 25 May 2014 to 31 May 2014. On 30 May 2014, the New Tenancy Agreements were respectively entered into (i) between New Rank (a wholly-owned subsidiary of the Company) as tenant and Winrich as landlord; (ii) between New Rank as tenant and Goldrich as landlord for leasing of the Office Premises; and (iii) between New Rank as tenant and Jiacheng Jiaxin as landlord for leasing of the Residential Properties. The New Tenancy Agreements are for a term of two years commencing from the Effective Date. All of Winrich, Goldrich and Jiacheng Jiaxin are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the Annual Caps, the applicable Percentage Ratios on an annual basis are less than 5%. The entering into of the New Tenancy Agreements 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, to make accounting computation easier for the Company, the Old Tenancy Agreements, which ended on 24 May 2014, were extended on the same terms of the respective Old Tenancy Agreement for the period from 25 May 2014 to 31 May 2014. The New Tenancy Agreements were signed on 30 May 2014. The respective lease terms of the New Tenancy Agreements have been synchronized to commence on the Effective Date for a period of two years with monthly rental calculated on a calendar month basis.

On 30 May 2014, the Office 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 Residential Tenancy Agreement was entered into (iii) between New Rank as tenant and Jiacheng Jiaxin as landlord for leasing of the Residential Properties.

All of Winrich, Goldrich and Jiacheng Jiaxin are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the Annual Caps, the applicable Percentage Ratios on an annual basis are less than 5%. The entering into of the New 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.

Summary of the New Tenancy Agreements:–

The Office Tenancy Agreement between New Rank and Winrich

Date:	30 May 2014
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 31 May 2016 (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\$29,440 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 Office Tenancy Agreement between New Rank and Goldrich

Date: 30 May 2014

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 31 May 2016 (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\$47,045 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 Residential Tenancy Agreement between New Rank and Jiacheng Jiaxin

Date: 30 May 2014

Landlord: Jiacheng Jiaxin

Tenant: New Rank

Premises: (i) Flat A, 45/F, Tower 2 (with a total gross floor area of approximately 1,180 square feet); and
(ii) a car-parking space at No.RB11 on B/F at Island Crest, 8 First Street, Hong Kong

Term: Two years from the Effective Date to 31 May 2016 (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

Aggregate Annual Caps

The aggregate rentals payable by New Rank to Winrich, Goldrich and Jiacheng Jiaxin under the New 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 New Tenancy Agreements:

Periods/year	Annual Cap Amounts (HK\$)
Period from the Effective Date to 31 December 2014	899,395
Financial year ending 31 December 2015	1,541,820
Period from 1 January 2014 to 31 May 2016	642,425

Reasons for and benefits of the Tenancy Agreements

The Office Premises are held by Winrich and Goldrich, and the Residential Properties are held by Jiacheng Jiaxin as investment properties for rental income. As the Company has been using the Office Premises and the Residential Properties, the entering into of the New Tenancy Agreements can avoid the administrative expenses and the time due to relocation. The terms of the Office Tenancy Agreements and Residential Tenancy Agreement have been negotiated on an arm's length basis respectively between New Rank, Winrich, Goldrich and Jiacheng Jiaxin and on normal commercial terms. The rentals of the Office Premises have been arrived at by reference to (i) the area, size and location of the Office Premises; (ii) the prevailing rental payable by tenants in respect of other office premises and carparking spaces at MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon; and (iii) the prevailing market conditions. 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 carparking 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 New Tenancy Agreements were entered into in the ordinary and usual course of 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 Winrich, Goldrich and 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 New 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, Goldrich and Jiacheng Jiaxin

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

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

Based on the Annual Caps, the applicable Percentage Ratios on an annual basis are less than 5%. The entering into of the New Tenancy Agreements 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:

“Annual Caps”	the aggregate annual consideration payable by New Rank to Winrich, Goldrich and Jiacheng Jiaxin pursuant to the New Tenancy Agreements during each of the three years ending 31 December 2014, 31 December 2015 and 31 December 2016
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 June 2014, being the commencement date of the terms of the respective leases under the New 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
“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
“New Tenancy Agreements”	the Office Tenancy Agreements and the Residential Tenancy Agreement

“Office Tenancy Agreements”	the two tenancy agreements both dated 30 May 2014 and for a lease term of 2 years respectively entered into (i) between New Rank and Winrich; and (ii) between New Rank and Goldrich for leasing of the Office Premises
“Office Premises”	the two office premises at Flat D, part of Flat E, 17/F. and the car-parking space on 2/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
“Old Tenancy Agreements”	the two tenancy agreements both dated 25 May 2012 and for a lease term of 2 years respectively entered into (i) between New Rank and Winrich; and (ii) between New Rank and Goldrich for leasing of the Office Premises; and the tenancy agreement dated 1 August 2013 for a lease term of nine months and twenty-four days entered into between New Rank and Jiacheng Jiaxin for leasing of the Residential Properties
“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
“Residential Tenancy Agreement”	the tenancy agreement dated 30 May 2014 for a lease term of 2 years 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, 30 May 2014

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.