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新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

Continuing Connected Transactions

Framework Agreement for Tenancy Transactions

On 28 November 2011, the Company and CTFJ entered into the conditional Tenancy Framework Agreement in relation to the Transactions, which shall commence on the Effective Date and, shall continue up to and including 31 March 2014, unless otherwise terminated earlier in accordance with the Tenancy Framework Agreement.

CTFJ is a wholly-owned subsidiary of CTF Holding, a company indirectly interested in approximately 40.51% of the issued share capital of the Company and a substantial shareholder of the Company. As CTFJ is an associate of CTF Holding, the entering into of the Tenancy Framework Agreement will therefore constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest of the Applicable Percentage Ratios in relation to the Annual Caps set for the Transactions under Tenancy Framework Agreement exceeds 0.1% but is less than 5% and the Transactions are on normal commercial terms, the Tenancy Framework Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Prior to the entering into of the Tenancy Framework Agreement, members of the Group had entered into various tenancy agreements with members of the CTFJ Group in relation to the lease of certain properties at various locations owned by the Group in accordance with the respective terms of the relevant tenancy agreements, which transactions were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and were all de minimis transactions of the Company at the relevant time. On 28 November 2011, the Company has entered into the Tenancy Framework Agreement in relation to the Transactions, the details of which are set out below in this announcement.

THE TENANCY FRAMEWORK AGREEMENT

The principal terms of the Tenancy Framework Agreement are set out below:

Date

28 November 2011

Parties

- (1) CTFJ, a connected person of the Company
- (2) The Company

General Terms for the Transactions

Members of the CTFJ Group and the Group may from time to time enter into Definitive Agreement(s) in relation to any Transaction(s) upon, and subject to, the terms and conditions in compliance with the Tenancy Framework Agreement as may be agreed between the relevant members of the CTFJ Group and the Group. All the existing agreements between the relevant members of the CTFJ Group and the Group in respect of the Transactions (to the extent which covers Transactions after the Effective Date) will be treated as Definitive Agreements made pursuant to the Tenancy Framework Agreement as from the Effective Date.

With effect from the Effective Date, all Definitive Agreements will be:

- (a) in writing and set out the terms and conditions on which the Transactions shall be undertaken;
- (b) in the usual and ordinary course of business of CTFJ and the Company;
- (c) on normal commercial terms and based on the then prevailing market rates; and
- (d) in compliance with all applicable provisions of the Listing Rules, the Tenancy Framework Agreement and the Definitive Agreement(s).

Conditionality

The Tenancy Framework Agreement will only take effect upon the commencement of dealings in the shares of CTFJ on the Main Board of the Stock Exchange.

Duration and Termination

The Tenancy Framework Agreement will commence on the Effective Date, and will continue up to and including 31 March 2014 (the “**Initial Term**”), unless terminated earlier in accordance with the terms of the Tenancy Framework Agreement. Subject to compliance with the requirements of the Listing Rules, or alternatively any waivers obtained from strict compliance with such requirements, upon expiration of the Initial Term or subsequent renewal term, the Tenancy Framework Agreement will automatically be renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules).

Either party shall also be entitled to terminate the Tenancy Framework Agreement with immediate effect upon occurrence of any of the events as provided in the Tenancy Framework Agreement, such as, the parties cease to be connected persons of each other, any party commits any continuing or material breach of the Tenancy Framework Agreement which, if capable of being remedied, fails to remedy within the time frame as provided in the Tenancy Framework Agreement, any party goes into liquidation, any party ceases to carry on business, any party makes any voluntary arrangement with its creditors, etc.

Either party may also terminate the Tenancy Framework Agreement by giving to the other party not less than 30 Business Days' written notice for any reason other than those provided in the foregoing paragraph.

Annual Caps and Basis

The aggregate rental and other charges (including air-conditioning and management charges and government rates) payable by CTFJ Group to the Group under the existing tenancy agreements between members of the CTFJ Group (as tenant) and members of the Group (as landlord) for each of the financial years ended 30 June 2009, 2010 and 2011 was approximately HK\$26 million, HK\$26 million and HK\$32 million respectively.

In accordance with Rule 14A.35(2) of the Listing Rules, the Company has set the annual cap for the maximum aggregate rental and other charges payable under the Transactions by members of the CTFJ Group to members of the Group for financial year ending 30 June 2012, 2013 and 2014 at HK\$61 million, HK\$75 million and HK\$86 million respectively (collectively, the “**Annual Caps**”). The Annual Caps have been estimated by the Company based on the relevant historical figures, taking into account of the inflation factor and adjustments for potential increase in rental and other charges in connection with the existing tenancy agreements and to cater for any other changes in the terms and/or rental and/or other charges and/or size of the premises in connection with any lease and tenancy arrangements and/or the entering into any new lease or tenancy arrangements in respect of other premises owned by the Group in the future.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As it is contemplated that members of the Group and members of CTFJ Group may from time to time in the future consider entering into new lease/tenancy arrangements in respect of properties owned by the Group, in order to systematically organised all the lease/tenancy arrangements between CTFJ Group (which may in the future become listed on the Main Board of the Stock Exchange) and the Group for the purposes of Chapter 14A of the Listing Rules, CTFJ and the Company have decided to enter into the conditional Tenancy Framework Agreement which will only take effect upon the listing of the shares of CTFJ on the Main Board of the Stock Exchange.

The terms of the Tenancy Framework Agreement were negotiated on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms of the Tenancy Framework Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole, and that the entering into of the Tenancy Framework Agreement is in the ordinary and usual course of business of the Group.

PRINCIPAL BUSINESS ACTIVITIES

The Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

CTFJ Group is principally engaged in the production, marketing and sale of jewellery, and the retail of watches.

LISTING RULES IMPLICATIONS

As of the date of this announcement, CTFJ is a wholly-owned subsidiary of CTF Holding, a company indirectly interested in approximately 40.51% of the issued share capital of the Company and a substantial shareholder of the Company. As CTFJ is an associate of CTF Holding, the entering into of the Tenancy Framework Agreement will therefore constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest of the Applicable Percentage Ratios in relation to the Annual Caps set for the Transactions under Tenancy Framework Agreement exceeds 0.1% but is less than 5% and the Transactions are on normal commercial terms, the Tenancy Framework Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the Tenancy Framework Agreement, but Dr. Cheng Kar-Shun, Henry who was present at the meeting of the Executive Committee of the Board had voluntarily abstained from voting on the board resolution(s) in relation to the Tenancy Framework Agreement and the transactions contemplated thereunder and this announcement. Dato' Dr. Cheng Yu-Tung, Mr. Cheng Chi-Kong, Adrian and Mr. Cheng-Chi-Heng were not present at that meeting and therefore had not voted on the board resolution(s) in relation to the Tenancy Framework Agreement and the transactions contemplated thereunder and this announcement. An independent board committee comprising four independent non-executive Directors, namely, Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John, has been formed to review and approve the Tenancy Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

“Annual Caps”	the annual caps set for the Transactions as more particularly described under the paragraph headed “Annual Caps and Basis” in this announcement;
“Applicable Percentage Ratios”	the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules;
“associate(s)”	has the meaning given to it under the Listing Rules;
“Board”	the board of Directors;

“Business Days”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for normal banking business;
“Company”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning given to it under the Listing Rules;
“CTF Holding”	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability;
“CTFJ”	Chow Tai Fook Jewellery Group Limited, an exempted company incorporated in the Cayman Islands with limited liability;
“CTFJ Group”	CTFJ and its subsidiaries from time to time;
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the CTFJ Group and any member(s) of the Group from time to time in relation to the Transactions at any time during the term of the Tenancy Framework Agreement
“Directors”	the directors of the Company;
“Effective Date”	the date on which the listing of CTFJ on the Stock Exchange takes place;
“Group”	the Company and its subsidiaries from time to time;
“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;
“Shareholders”	the holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules;

“Tenancy Framework Agreement”	the conditional framework agreement between CTFJ and the Company in relation to the Transactions dated 28 November 2011;
“Transactions”	all existing and future transactions between members of the Group and members of the CTFJ Group arising from leases or tenancy agreements between members of the Group as landlord and members of CTFJ Group as tenant agreed to be undertaken under the Tenancy Framework Agreement;
“%”	per cent.

By Order of the Board
Wong Man-Hoi
Company Secretary

Hong Kong, 28 November 2011

As at the date of this announcement, (a) the executive Directors are Dato’ Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David, Mr. CHENG Chi-Kong, Adrian and Mr. CHENG Chi-Heng; (b) the non-executive Directors are Mr. CHENG Kar-Shing, Peter, Mr. LEUNG Chi-Kin, Stewart, Mr. CHOW Kwai-Cheung, Mr. LIANG Cheung-Biu, Thomas and Ms. KI Man-Fung, Leonie; and (c) the independent non-executive Directors are Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson (alternate director to Dr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor), Mr. HO Hau-Hay, Hamilton and Mr. LEE Luen-Wai, John.