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CHOW TAI FOOK JEWELLERY GROUP LIMITED

周大福珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1929



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

MASTER LEASING AGREEMENT

On 11 April 2014, CTFJ and NWD entered into the Master Leasing Agreement in respect of the Transactions.

CTFH is a substantial shareholder of CTFJ. NWD is an associate of CTFH and therefore a connected person of CTFJ. The Transactions therefore constitute continuing connected transactions of CTFJ under Chapter 14A of the Listing Rules.

CTFE is a substantial shareholder and a connected person of NWD. CTFJ is a fellow subsidiary of CTFE and is therefore an associate of a connected person (being CTFE) of NWD. In view of such relationship, CTFJ is a connected person of NWD and the Transactions constitute continuing connected transactions of NWD under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions is/are more than 0.1% and all of the relevant percentage ratios are less than 5% for each of CTFJ and NWD and each of the CTFJ Annual Caps and the NWD Annual Caps exceeds HK\$1,000,000, the Master Leasing Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of CTFJ and NWD.

INTRODUCTION

On 11 April 2014, CTFJ and NWD entered into the Master Leasing Agreement in respect of the Transactions.

The principal terms of the Master Leasing Agreement are set out below.

THE MASTER LEASING AGREEMENT

Background

Members of the CTFJ Group and members of the NWD Group had in the past entered into certain leasing agreements for the leasing of premises by members of the CTFJ Group from members of the NWD Group in accordance with the Former Master Leasing Agreement and certain of the leasing agreements have not expired as at the Effective Date. The CTFJ Group and the NWD Group wish to continue the leasing agreements and may from time to time enter into new leasing agreements for the leasing of premises by the CTFJ Group from the NWD Group, or vice versa. Accordingly, CTFJ and NWD agree to terminate the Former Master Leasing Agreement and enter into the Master Leasing Agreement.

Date

11 April 2014

Parties

- (1) CTFJ; and
- (2) NWD

General terms for the Transactions

Members of the CTFJ Group and the NWD Group may from time to time enter into Definitive Agreement(s) in relation to any Transactions upon, and subject to, the terms and conditions in compliance with the Master Leasing Agreement as may be agreed between relevant members of the CTFJ Group and relevant members of the NWD Group. All existing agreements between relevant members of the CTFJ Group and relevant members of the NWD Group in respect of the Transactions (to the extent which covers the Transactions after the Effective Date) will be treated as Definitive Agreements made pursuant to the Master Leasing Agreement as from the Effective Date. The Former Master Leasing Agreement shall be terminated immediately upon the Master Leasing Agreement becoming effective on the Effective Date.

With effect from the Effective Date, the Transactions shall be conducted:

- (a) in the usual and ordinary course of business of CTFJ and NWD;
- (b) on normal commercial terms and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the CTFJ Annual Caps and the NWD Annual Caps), the applicable laws, the Master Leasing Agreement and the relevant Definitive Agreement.

The consideration for each Definitive Agreement will be determined in the following manner: a quote which is based on other market comparative quote(s) or from independent third parties in the market for similar property(ies) (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) will be provided by the lessor at the request of the lessee; the lessee may, either accept the quote and proceed with the lease or reject the quote and decline to proceed further.

Duration

The Master Leasing Agreement shall commence on the Effective Date, and shall continue up to and including 30 June 2017, unless terminated earlier in accordance with the Master Leasing Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Leasing Agreement is subject to, including, but not limited to, 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 Master Leasing Agreement will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Leasing Agreement.

Historical figures, the CTFJ Annual Caps and the NWD Annual Caps

CTFJ

The aggregate transaction amounts under the Former Master Leasing Agreement for CTFJ for each of the two financial years ended 31 March 2012 and 2013 and the six months ended 30 September 2013 were approximately HK\$58.5 million, HK\$75.0 million and HK\$42.7 million, respectively. The previous annual caps under the Former Master Leasing Agreement expired on 31 March 2014. The CTFJ Directors confirm that the transaction amount since 1 April 2014 to the date of this announcement was “de minimis” under Rule 14A.33 of the Listing Rules.

The CTFJ Annual Caps for each of the three financial years ending 31 March 2017 are set out below:

	For the year ending 31 March		
	2015	2016	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Provision of leasing services from/to the CTFJ Group to/from the NWD Group	141.0 ^(Note)	178.0	199.0

Note: This comprises transactions under the Former Master Leasing Agreement for the period from 1 April 2014 to the date immediately before the Effective Date, and those under the Master Leasing Agreement for the period from the Effective Date to 31 March 2015.

The CTFJ Annual Caps have been determined based on historical transaction amounts under the Former Master Leasing Agreement, the terms of the leases, prevailing market rates and the expected growth in the amount of transactions under the Master Leasing Agreement.

NWD

The aggregate transaction amounts under the Former Master Leasing Agreement for NWD for each of the two financial years ended 30 June 2012 and 2013 and the six months ended 31 December 2013 were approximately HK\$58.3 million, HK\$81.6 million and HK\$46.3 million, respectively.

The NWD Annual Caps for each of the three financial years ending 30 June 2017 are set out below:

	For the year ending 30 June		
	2015	2016	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Provision of leasing services from/to the CTFJ Group to/from the NWD Group	152.3	197.9	225.4

The NWD Annual Caps have been determined based on historical transaction amounts under the Former Master Leasing Agreement, the terms of the leases, prevailing market rates and the expected growth in the amount of transactions under the Master Leasing Agreement.

Reasons for and benefits of entering into the Master Leasing Agreement

As it is contemplated that members of the CTFJ Group and members of NWD Group may maintain the current lease/tenancy arrangement and may from time to time consider entering into new lease/tenancy arrangements, in order to systematically organise all the lease/tenancy arrangements between CTFJ Group and the NWD Group for the purposes of Chapter 14A of the Listing Rules, CTFJ and NWD decided to enter into the Master Leasing Agreement.

CTFJ

The CTFJ Directors believe that it is in the interests of CTFJ to enter into the Master Leasing Agreement so that the CTFJ Group may regulate the existing and future leasing agreements with the NWD Group under a common framework agreement.

The CTFJ Directors (including the independent non-executive directors of CTFJ) consider that the terms of the Master Leasing Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the CTFJ Group and the shareholders of CTFJ as a whole and the CTFJ Annual Caps are fair and reasonable and in the interests of the CTFJ Group and the shareholders of CTFJ as a whole.

NWD

The NWD Directors believe that it is in the interests of NWD to enter into the Master Leasing Agreement so that the NWD Group may regulate the existing and future leasing agreements with the CTFJ Group under a common framework agreement.

The NWD Directors (including the independent non-executive directors of NWD) consider that the terms of the Master Leasing Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the NWD Group and the shareholders of NWD as a whole and the NWD Annual Caps are fair and reasonable and in the interests of the NWD Group and the shareholders of NWD as a whole.

INFORMATION ON THE CTFJ GROUP AND THE NWD GROUP

The CTFJ Group is a leading jeweller in the Mainland of China, Hong Kong and Macau with an extensive retail network of over 2,000 points of sale in more than 400 cities in Greater China, Singapore and Malaysia. Its principal products are mass luxury jewellery and high-end luxury jewellery products including gem-set jewellery, gold product and platinum and karat gold product; and watch.

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

LISTING RULES IMPLICATIONS

CTFH is a substantial shareholder of CTFJ. NWD is an associate of CTFH and therefore a connected person of CTFJ. The Transactions therefore constitute continuing connected transactions of CTFJ under Chapter 14A of the Listing Rules.

CTFE is a substantial shareholder of NWD, and is a connected person of NWD. CTFJ is a fellow subsidiary of CTFE and is therefore an associate of a connected person (being CTFE) of NWD. In view of such relationship, CTFJ is a connected person of NWD and the Transactions constitute continuing connected transactions of NWD under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions is/are more than 0.1% and all of the relevant percentage ratios are less than 5% for each of CTFJ and NWD and each of the CTFJ Annual Caps and the NWD Annual Caps exceeds HK\$1,000,000, the Master Leasing Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for each of CTFJ and NWD.

APPROVAL BY THE BOARD OF CTFJ DIRECTORS

None of the CTFJ Directors has a material interest in the Master Leasing Agreement. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng are common directors of CTFJ and NWD. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng and Mr. Cheng Kam-Biu, Wilson who were present at the meeting of board of CTFJ voluntarily abstained from voting on the relevant board resolutions.

APPROVAL BY THE BOARD OF NWD DIRECTORS

None of the NWD Directors has a material interest in the Master Leasing Agreement. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng are common directors of CTFJ and NWD. Dr. Cheng Kar-Shun, Henry, Mr. Doo Wai-Hoi, William, Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Kar-Shing, Peter who were present at the meeting of board of NWD voluntarily abstained from voting on the relevant board resolutions.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability, being a substantial shareholder of NWD and a fellow subsidiary of CTFJ
“CTFH”	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability, the holding company of CTFE and a substantial shareholder of CTFJ
“CTFJ”	Chow Tai Fook Jewellery Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CTFJ Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWD Group, and vice versa, in respect of the transactions under the Former Master Leasing Agreement (in respect of the transactions subsisting immediately before the Effective Date) and the Transactions for each of the three financial years ending 31 March 2017
“CTFJ Directors”	the directors of CTFJ
“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 NWD Group from time to time in relation to any of the Transactions at any time during the term of the Master Leasing Agreement

“Effective Date”	1 July 2014
“Former Master Leasing Agreement”	the framework agreement for tenancy connected transactions dated 28 November 2011 entered into between CTFJ and NWD, details of which were disclosed in the prospectus of CTFJ dated 5 December 2011 and the announcements of NWD dated 28 November 2011 and 15 June 2012
“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
“Master Leasing Agreement”	the master leasing agreement in relation to the Transactions entered into between CTFJ and NWD on 11 April 2014
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“NWD Annual Caps”	the annual cap amounts payable by the CTFJ Group to the NWD Group, and vice versa, in respect of the Transactions for each of the three financial years ending 30 June 2017
“NWD Directors”	the directors of NWD
“NWD Group”	NWD and its subsidiaries from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Transactions” all existing and future transactions between members of the CTFJ Group and members of the NWD Group arising from leases or tenancy agreements between members of the CTFJ Group and the NWD Group, as contemplated under the Master Leasing Agreement

“%” per cent.

By order of the Board
Chow Tai Fook Jewellery Group Limited
Cheng Ping-Hei, Hamilton
Company Secretary

By order of the board of
New World Development Company Limited
Wong Man-Hoi
Company Secretary

Hong Kong, 11 April 2014

As at the date of this announcement, the executive directors of CTFJ are Dr. Cheng Kar-Shun, Henry, Mr. Wong Siu-Kee, Kent, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Chan Sai-Cheong, Mr. Chan Hiu-Sang, Albert, Mr. Cheng Ping-Hei, Hamilton and Mr. Suen Chi-Keung, Peter; the non-executive directors of CTFJ are Mr. Cheng Kam-Biu, Wilson and Mr. Koo Tong-Fat; and the independent non-executive directors of CTFJ are Mr. Cheng Ming-Fun, Paul, Dr. Fung Kwok-King, Victor, Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey and Mr. Or Ching-Fai, Raymond.

As at the date of this announcement, the executive directors of NWD are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng, Ms. Cheng Chi-Man, Sonia and Mr. Au Tak-Cheong; the non-executive directors of NWD are Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter; and the independent non-executive directors of NWD are Mr. Yeung Ping-Leung, Howard, Mr. Cha Mou-Sing, Payson (alternate director to Mr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.