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(Stock Code: 0017)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF MASTER LEASING AGREEMENT

On 11 April 2014, the Company and CTFJ entered into the Master Leasing Agreement in relation to the Transactions, pursuant to which, upon the expiry of its initial term on 30 June 2017, the Master Leasing Agreement will be automatically renewed for a successive period of three years, subject to compliance with the Listing Rules.

The Company and CTFJ agreed to renew the Master Leasing Agreement upon the expiry of its initial term on 30 June 2017 for a further term of three years, i.e. up to and including 30 June 2020.

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

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Annual Caps is more than 0.1% but less than 5%, the renewal of the Master Leasing Agreement and the Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules for the Company.

THE MASTER LEASING AGREEMENT

Background

Reference is made to the 2014 Joint Announcement in respect of the Master Leasing Agreement.

On 11 April 2014, the Company and CTFJ entered into the Master Leasing Agreement in relation to the Transactions. The term of Master Leasing Agreement commenced on 1 July 2014 and will expire on 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 any of the parties 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.

The Company and CTFJ agreed to renew the Master Leasing Agreement upon the expiry of its initial term on 30 June 2017 for a further term of three years, i.e. up to and including 30 June 2020. There has been no change in the terms of the Master Leasing Agreement since it was entered into on 11 April 2014.

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

Date

11 April 2014

Parties

- (1) CTFJ; and
- (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 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 Group. All existing agreements between the relevant members of the CTFJ Group and the relevant members of the Group in respect of the Transactions (to the extent which covers Transactions after the Effective Date) shall be treated as Definitive Agreements made pursuant to the Master Leasing Agreement as from the Effective Date.

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

- (a) in the usual and ordinary course of business of the Company and CTFJ;
- (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 but not limited to the 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 continue to be effective up to and including 30 June 2020, 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 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 and the Annual Caps

The aggregate transaction amounts under the Master Leasing Agreement for the Group for the two financial years ended 30 June 2015 and 2016 and the six months period ended 31 December 2016 were approximately HK\$125.4 million, HK\$129.2 million and HK\$54.0 million, respectively.

The Annual Caps for each of the three financial years ending 30 June 2018, 2019 and 2020 are set out below:

	For the year ending 30 June		
	2018	2019	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Provision of leasing services from/to the CTFJ Group to/from the Group	125.0	177.1	261.2

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

Reasons for and benefits of renewing the Master Leasing Agreement

As stated in the 2014 Joint Announcement, members of the CTFJ Group and members of the 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 the CTFJ Group and the Group for the purposes of Chapter 14A of the Listing Rules, CTFJ and the Company decided to renew the Master Leasing Agreement.

The Directors believe that it is in the interests of the Company to renew the Master Leasing Agreement for a further term of three years so that the Group may regulate the existing and future leasing agreements with the CTFJ Group under a common framework agreement.

DIRECTOR'S CONFIRMATION

The Directors (including the independent non-executive directors of the Company) consider that the renewal of the Master Leasing Agreement and its terms are fair and reasonable, on normal commercial terms and within the ordinary and usual course of business of the Group, and are in the interests of the Group and the shareholders of the Company as a whole, and that the Annual Caps are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION ON THE GROUP AND CTFJ GROUP

The Group is principally engaged in property development and investments in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

The CTFJ Group is one of the largest jewellers in Hong Kong, Macau and the Mainland China by market share with an extensive retail network of over 2,300 points of sale spanning more than 500 cities in Greater China, Singapore, Malaysia, South Korea and the United States. The CTFJ Group is principally engaged in the business of manufacturing and selling mass luxury and high-end luxury jewellery products, including gem-set products, gold products and platinum/karat gold products, and distributing watches of various brands.

LISTING RULES IMPLICATIONS

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

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Annual Caps is more than 0.1% but less than 5%, the renewal of the Master Leasing Agreement and the Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules for the Company.

APPROVAL BY THE BOARD OF DIRECTORS

Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng are common directors of CTFJ and the Company. Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng and their associates, being Mr. Doo Wai Hoi, William, Mr. Cheng Kar Shing Peter and Ms. Cheng Chi Man, Sonia, had abstained from voting on the resolutions approving the automatic renewal of the Master Leasing Agreement and the Annual Caps at a board meeting of the Company. Dr. Cheng Kar Shun, Henry was not present at the aforesaid board meeting of the Company and accordingly did not vote on the relevant board resolutions. Save as mentioned above, none of the Directors has a material interest in the automatic renewal of the Master Leasing Agreement.

DEFINITIONS

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

"2014 Joint Announcement"	the joint announcement of the Company and CTFJ dated 11 April 2014 in respect of the Master Leasing Agreement
"Annual Caps"	the annual cap amounts payable by the CTFJ Group to the Group, and vice versa, in respect of the Transactions for each of the three financial years ending 30 June 2020
"associate"	has the meaning ascribed to it under the Listing Rules
"connected person"	has the meaning ascribed to it under the Listing Rules
"Company"	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"CTFE"	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability, being a substantial shareholder of the Company and a fellow subsidiary 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 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 any of the Transactions at any time during the term of the Master Leasing Agreement
“Directors”	the directors of the Company
“Effective Date”	1 July 2014
“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
“Master Leasing Agreement”	the master leasing agreement in relation to the Transactions entered into between CTFJ and the Company on 11 April 2014
“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 Group arising from leases or tenancy agreements between members of the CTFJ Group and the Group, as contemplated under the Master Leasing Agreement
“%”	per cent.

By order of the board of
New World Development Company Limited
(新世界發展有限公司)
Wong Man Hoi
Company Secretary

Hong Kong, 13 April 2017

As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Ms. Ki Man Fung, Leonie, Mr. Cheng Chi Heng, Ms. Cheng Chi Man, Sonia and Mr. Au Tak Cheong; (b) the non-executive directors of the Company are Mr. Doo Wai Hoi, William, Mr. Cheng Kar Shing, Peter and Mr. Chen Guanzhan; and (c) the independent non-executive directors of the Company 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.