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# **New World China Land Limited** **新世界中國地產有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 917)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Company and CTF entered into the Master Services Agreement on 23 November 2010 whereby the Company agrees to procure members of the Group to provide the Services to members of the CTF Group during the term of the Master Services Agreement.

As at the date of this announcement, CTF held an approximately 40.03% of the total issued share capital of NWD, while NWD held approximately 70% attributable interests in the issued share capital of the Company and is a substantial shareholder of the Company. CTF is therefore considered as a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Services Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the maximum aggregate annual value in respect of the relevant Services contemplated under the Master Services Agreement is less than 5%, the entering into of the Master Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

## **BACKGROUND**

In the ordinary course of their businesses, members of the Group regularly enter into continuing connected transactions with members of the CTF Group. In order to streamline such continuing connected transactions, the Company and CTF entered into the Master Services Agreement on 23 November 2010 whereby the Company agrees to procure members of the Group to provide the Services to members of the CTF Group during the term of the Master Services Agreement.

## **THE MASTER SERVICES AGREEMENT**

- Date:** 23 November 2010
- Parties:** the Company and CTF
- Term:** an initial term of three years commencing from 1 July 2010 to 30 June 2013 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under Rule 14A.45 to 14A.48 of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time, the Master Services Agreement may be renewed for a further term of three years

## **Provision of Services**

Under the Master Services Agreement, the Company agrees to procure members of the Group to provide the Services to members of the CTF Group during the term of the Master Services Agreement, details of which are as follows:

<b>Categories of Services</b>	<b>Description of Services</b>
Hotel Management and Consultancy Services	the provision of management and consultancy services by the relevant members of the Group to members of the CTF Group in respect of hotels owned by members of the CTF Group from time to time including but not limited to hotel pre-opening consultancy services, and ongoing management, sales and marketing services such as (a) formulation of business strategy, operational plans, pricing policy and setting guidelines on the operating standard of the relevant hotel; (b) assistance in the preparation of budgets and overseeing the financial accounting and treasury management function; (c) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipments, groceries and other supplies; (d) supervision of hotel personnel, advising on recruitment and remuneration policies and provision of staff training; and (e) monitoring the advertising, marketing and promotional activities of the relevant hotel and attending to the leasing matters
Project Management and Consultancy Services	the provision of project management and consultancy services by the relevant members of the Group to members of the CTF Group in relation to the planning, design and construction of property projects developed or owned by members of the CTF Group from time to time, including but not limited to (a) the provision of advices on design plans and development schedules; co-ordination with architects and consultants on the preparation of tender documents and drawings; monitoring the approval of necessary construction permits; (b) overseeing the overall construction including the construction progress and managing the daily operation of construction sites; certifying periodic payments to suppliers and contractors; preparation of cash flow projection; and (c) arranging for hand-over of the completed works complete with full technical documentation for future maintenance and operation; approving final payments to consultants; and co-ordination with consultants on the compilation of final accounts

## Major terms

Pursuant to the Master Services Agreement, the provision of the Services shall be in accordance with the following terms:

- (a) as for the Services undertaken by any member of the Group but not yet completed as at the commencement of the Master Services Agreement, the Company agrees to procure relevant members of the Group to continue to provide the relevant services in accordance with the terms of the relevant Existing Service Agreements which shall remain in full force notwithstanding the terms of the Master Services Agreement;
- (b) save as the Services referred to in sub-paragraph (a) above, the Company agrees to provide the Services through itself and/or any of its subsidiaries to members of the CTF Group in accordance with the terms of the Master Services Agreement during the duration of the Master Services Agreement at the request of the CTF Group, subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular service which shall be recorded in writing in the form of an operational agreement, and in any event, the terms and conditions of which shall be subject to the Master Services Agreement and shall be in compliance with the relevant laws and regulations in force from time to time;
- (c) the fee for each of the Services provided by the relevant members of the Group to members of the CTF Group during the term of the Master Services Agreement shall be determined by the parties thereto in writing in the form of an operational agreement in the ordinary course of business and shall be negotiated on arm's length basis and on normal commercial terms or at prices and terms no less favourable to the Company than terms available to independent third parties of the Group;
- (d) in providing the Services, the Company shall, and shall procure such member of the Group to, use the best care, skill and diligence required in accordance with the best practice in the same industry, profession or trade and in compliance with all relevant laws and regulations;
- (e) the Company undertakes to provide, and shall procure such member of the Group to provide, the Services in the most cost-effective manner consistent with the required level of quality and performance; and
- (f) the appointment of the relevant members of the Group by the CTF Group to provide the Services under the Master Services Agreement shall be subject to the relevant laws, rules and regulations.

## Historical transaction values

The aggregate transaction values in respect of each category of the Services provided by members of the Group to the CTF Group for the period indicated below were as follows:

Categories of Services	for the financial year ended 30 June 2008 HK\$ (million)	for the financial year ended 30 June 2009 HK\$ (million)	for the financial year ended 30 June 2010 HK\$ (million)
Hotel Management and Consultancy Services ( <i>Note</i> )	0.3	2.0	10.1
Project Management and Consultancy Services	—	—	—
Total	0.3	2.0	10.1

*Note :*

Members of the Group have been providing the Hotel Management and Consultancy Services to members of the CTF Group under the Existing Service Agreements, details of which have been set out in the announcements of the Company dated 10 January 2008 and 20 November 2009.

## Annual caps

The Company expects that the maximum aggregate annual value (the “**Annual Cap**”) in respect of each category of the Services to be provided by members of the Group to members of the CTF Group will be as follows:

Categories of Services	Annual cap for each of the financial years ending 30 June		
	2011 HK\$ (million)	2012 HK\$ (million)	2013 HK\$ (million)
Hotel Management and Consultancy Services ( <i>Note</i> )	19.8	31.7	42.4
Project Management and Consultancy Services	12.5	15.9	18.5
Total	32.3	47.6	60.9

*Note :*

This Annual Cap includes the annual cap for “Hotel Management and Consultancy Services” provided by members of the Group to members of the CTF Group under the Existing Service Agreements, details of which have been set out in the announcements of the Company dated 10 January 2008 and 20 November 2009.

Each of the Annual Caps above has been determined by reference to:

- (a) the prevailing market conditions;
- (b) the current amounts payable by the CTF Group relating to the services similar to that category of Services; and
- (c) the projected quantity of Services that relevant members of the Group would be engaged to undertake in the next three financial years.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICES AGREEMENT**

The Group is principally engaged in property development, property investment as well as rental and hotel operation in the PRC. CTF is principally engaged in investment holding.

In anticipation of the increase in the scope and transaction amounts of the Services to be provided by the Group to the CTF Group, the Directors propose to enter into the Master Services Agreement which would provide a more comprehensive framework for different categories of Services to be provided to the CTF Group. The Master Services Agreement will provide a single basis on which the Company will comply with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules and thereby aiming to reduce the administrative burden on the Company to comply with such requirements in relation to the execution or renewal of operational agreements in respect of the Services.

The transactions contemplated under the Master Services Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and the CTF Group. The relevant operational agreement will be negotiated on arm's length basis and comparable with terms available to independent third parties.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Master Services Agreement are fair, reasonable and in the interests of the Company and its shareholders as a whole and that it is beneficial to the Company to enter into the Master Services Agreement.

## CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, CTF held an approximately 40.03% of the total issued share capital of NWD, while NWD held approximately 70% attributable interests in the issued share capital of the Company and is a substantial shareholder of the Company. CTF is therefore considered as a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Services Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the maximum aggregate annual value in respect of the relevant Services contemplated under the Master Services Agreement is less than 5%, the entering into of the Master Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors have a material interest in the transaction contemplated under the Master Services Agreements, however, Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter and Mr. Cheng Chi-kong, Adrian, present at the board meeting of the Company approving the Master Services Agreement, have voluntarily abstained from voting on the relevant board resolution.

## DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“CTF Group”	CTF, its subsidiaries and/or any other company in the equity capital of which CTF and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, and for the purpose of the Master Services Agreement, excludes members of the NWD Group
“Director(s)”	director(s) of the Company
“Existing Service Agreements”	the service agreements entered into between members of the CTF Group and members of the Group in respect of the provision of the Services which are not yet completed as at the commencement of the Master Services Agreement
“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
“Hotel Management and Consultancy Services”	the provision of management and consultancy services by the relevant members of the Group to members of the CTF Group in respect of hotels owned by members of the CTF Group from time to time including but not limited to hotel pre-opening consultancy services, and ongoing management, sales and marketing services such as (a) formulation of business strategy, operational plans, pricing policy and setting guidelines on the operating standard of the relevant hotel; (b) assistance in the preparation of budgets and overseeing the financial accounting and treasury management function; (c) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipments, groceries and other supplies; (d) supervision of hotel personnel, advising on recruitment and remuneration policies and provision of staff training; and (e) monitoring the advertising, marketing and promotional activities of the relevant hotel and attending to the leasing matters
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Services Agreement”	the master services agreement in relation to the Services entered into between the Company and CTF on 23 November 2010
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 17)
“NWD Group”	NWD and its subsidiaries from time to time
“PRC”	The People’s Republic of China, which for the purpose of this Announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Management and Consultancy Services”	the provision of project management and consultancy services by the relevant members of the Group to members of the CTF Group in relation to the planning, design and construction of property projects developed or owned by members of the CTF Group from time to time, including but not limited to (a) the provision of advices on design plans and development schedules; co-ordination with architects and consultants on the preparation of tender documents and drawings; monitoring the approval of necessary construction permits; (b) overseeing the overall construction including the construction progress and managing the daily operation of construction sites; certifying periodic payments to suppliers and contractors; preparation of cash flow projection; and (c) arranging for hand-over of the completed works complete with full technical documentation for future maintenance and operation; approving final payments to consultants; and co-ordination with consultants on the compilation of final accounts
“Services”	the Hotel Management and Consultancy Services, the Project Management and Consultancy Services, and such other types of services as CTF and the Company may agree upon from time to time in writing

“Stock Exchange”            The Stock Exchange of Hong Kong Limited

“%”                            per cent.

By order of the board of  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 23 November 2010

*As at the date of this announcement, the board of directors of the Company comprises: (1) eight executive directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (2) three non-executive directors, namely Mr. Doo Wai-hoi, William, Mr. Leung Chi-kin, Stewart and Mr. Chow Kwai-cheung; and (3) three independent non-executive directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.*