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Future Land Development Holdings Limited

新城發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

CONTINUING CONNECTED TRANSACTIONS 2017 PROPERTY SERVICES FRAMEWORK AGREEMENT

THE 2017 PROPERTY SERVICES FRAMEWORK AGREEMENT

As the Group will continue to engage Future Land Property Services to provide residential property management services, the 2017 Property Services Framework Agreement was entered into between Future Land Holdings and Future Land Property Services on 15 December 2016 (after trading hours) in relation to provision of residential property management services by Future Land Property Services for a term of one year from 1 January 2017 to 31 December 2017 subject to the Annual Cap of RMB199 million.

LISTING RULES IMPLICATION

Future Land Property Services is indirectly owned as to 80% equity interest by Mr. Wang Zhenhua, a controlling shareholder and an executive Director of the Company. Accordingly, Future Land Property Services is a connected person of the Company and the entering into of the Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the 2017 Property Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rule 14A.76(2) of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 29 July and 5 August 2016 in relation to the 2016 Property Services Framework Agreement. The Company will continue to engage Future Land Property Services to provide residential property management services.

THE 2016 PROPERTY SERVICES FRAMEWORK AGREEMENT

As disclosed in the announcements of the Company dated 29 July and 5 August 2016 in relation to the 2016 Property Services Framework Agreement for the year commencing on 1 January 2016 and ending on 31 December 2016. The Company has been engaged with Future Land Property Services as part of the ordinary and usual course of business to provide residential property management services. As the 2016 Property Services Framework Agreement will expire on 31 December 2016, the Company has entered into the 2017 Property Services Framework Agreement with Future Land Property Services to renew the provision of property services for a period of one year commencing on 1 January 2017 to 31 December 2017.

THE 2017 PROPERTY SERVICES FRAMEWORK AGREEMENT

The 2017 Property Services Framework Agreement was entered into between Future Land Holdings and Future Land Property Services on 15 December 2016 (after trading hours) in relation to provision of residential property management services by Future Land Property Services for a term of one year from 1 January 2017 to 31 December 2017 subject to the Annual Cap of RMB199 million.

The principal terms of the 2017 Property Services Framework Agreement are set out below:

Date: 15 December 2016

Parties: (i) Future Land Holdings; and
(ii) Future Land Property Services

Term: The 2017 Property Services Framework Agreement shall be effective from 1 January 2017 to 31 December 2017 (both dates inclusive).

Residential property management services: Future Land Property Services is commissioned to provide various residential property management services including the maintenance, consultancy, inspection and sales agency services in connection with the residential development projects of Future Land Holdings. Specifically, Future Land Property Services agrees to provide the following services to Future Land Holdings with the pricing policies and payment terms as briefly listed below:

a. Pre-sale Management Service – Subject to Tender

Scope of Services: Future Land Property Services is responsible for management and maintenance of residential properties and facilities of development projects of Future Land Holdings.

Tender Process: Future Land Holdings will select the pre-sale management service provider through standard and systematic tender process in compliance with the applicable laws and regulations from time to time and in particular the Tentative Measures on Tender for Pre-Sale Management Service* (前期物業管理招標投標管理暫行辦法) issued by the Ministry of Housing and Urban-rural Development of the PRC. During the course of Future Land Holdings' invitations to tender, review of tenders and tender selection, the participation of Future Land Property Services shall not in any way affect Future Land Holdings' tender procedures, contract terms and selection principles and Future Land Property Services shall be treated in the same way as independent third parties.

Pricing Policy: The price to be submitted by Future Land Property Services in the tender will be based on the type of the development projects, the guidance price of such services for similar type of development projects issued by the local government, the operational costs (including labour costs, material costs and administrative costs) and the anticipated increase in such costs due to inflation and economic and social development. A higher price will be submitted for high-end residential development projects. Once the tender of Future Land Property Services is accepted, the service fees for pre-sale management service will be charged according to such price submitted in the tender.

Payment Term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the tender and the subsidiary agreement to be entered into.

b. Intelligent Construction Service – Subject to Tender

Scope of Services: Future Land Property Service will provide the intelligent construction service to the property intelligent system, e.g., surveillance system, access control system and parking system, of the properties developed by Future Land Holdings.

Pricing Policy: Future Land Holdings will select the intelligent construction service provider through standard and systematic tender process in compliance with the applicable laws and regulations. During the course of Future Land Holdings' invitations to tender, review of tenders and tender selection, the participation of Future Land Property Services shall not in any way affect Future Land Holdings' tender procedures, contract terms and selection principles and Future Land Property Services shall be treated in the same way as independent third parties.

Payment Term: Payment shall be made after the delivery of, and the check and acceptance of, the intelligent construction service pursuant to the subsidiary agreement to be entered into.

c. Sale Offices Management Service

Scope of Services: Future Land Property Services is responsible for the cleaning, security and customer services at the sale offices, showrooms and clubhouses in the development projects.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs, material costs and administrative costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if available). The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event and the service fees for property consultancy service shall not exceed three months' property management fees of the relevant development project.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

d. Property Inspection Service

Scope of Services: Future Land Property Services is responsible for the inspection of development projects, including properties, facilities and securities systems, in accordance with the acceptance standards of Future Land Holdings and provision of feedbacks.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs, material costs and administrative costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if available). The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event and the service fees for property consultancy service shall not exceed three months' property management fees of the relevant development project.

Payment Term: Payment shall be made within 1 month after the delivery of the property inspection services pursuant to the subsidiary agreement to be entered into.

e. Property Consultancy Service

Scope of Services: Future Land Property Services will (1) provide advice in the preliminary stage of development projects, including marketing strategy and property design; (2) carry out risk assessment of development projects after delivery; and (3) assist in the preparation for the delivery of properties.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs, material costs and administrative costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if available). The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event and the service fees for property consultancy service shall not exceed three months' property management fees of the relevant development project.

Payment Term: Lump sum payment within three months after the delivery of properties of the relevant development project.

f. Parking Space Sales Agency Service

Scope of Services: Future Land Property Service will provide sales agency services for the parking spaces of Future Land Holdings.

Pricing Policy: Service fee should be 2% to 8% of the sale price of the sold parking space, with reference to fees of similar services in the market, following arm's length negotiation.

Payment Term: Payment shall be made quarterly.

g. Property Maintenance and Management Service during the Warranty Period

Scope of Services: Future Land Property Service will provide property maintenance and management service during the warranty period after the delivery of the property developed by Future Land Holdings.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs, material costs and administrative costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if available). The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event and the service fees for property consultancy service shall not exceed three months' property management fees of the relevant development project.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

Subsidiary agreement(s):

For each development project of Future Land Holdings which requires the residential property management services under the 2017 Property Services Framework Agreement, Future Land Holdings and Future Land Property Services will (directly or through their respective subsidiaries) enter into a subsidiary agreement setting out the specific scope of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned below) set out in the 2017 Property Services Framework Agreement.

All transactions contemplated under the 2017 Property Services Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by Future Land Property Services to Future Land Holdings should not be less favorable than those offered to other parties for similar services.

Annual Cap and its basis:

The Annual Cap of the service fees under the 2017 Property Services Framework Agreement for the year ending 31 December 2017 shall not exceed RMB199 million. The service fees are expected to be satisfied by the internal resources of the Group.

The Annual Cap is determined with reference to, among others, the following factors:

- (1) the aggregate amount of approximately RMB110 million and RMB122.95 million paid by Future Land Holdings for residential property management services for the year ended 31 December 2015 and the eleven months ended 30 November 2016 respectively;
- (2) the estimated demand of Future Land Holdings for residential property management services for the year ending 31 December 2017 with reference to the 2016 Property Services Framework Agreement and existing and future development projects of Future Land Holdings; and
- (3) other factors such as Future Land Holdings' business plans and inflation.

HISTORICAL TRANSACTION AMOUNTS UNDER THE 2016 PROPERTY SERVICES FRAMEWORK AGREEMENT

The historical transaction amount that the Group paid/payable to Future Land Property Services for the residential property management services for the year ended 31 December 2015 and the eleven months ended 30 November 2016 were RMB110 million and RMB122.95 million, respectively. The annual cap under the 2016 Property Services Framework Agreement for the year ending 31 December 2016 is RMB175 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2017 PROPERTY SERVICES FRAMEWORK AGREEMENT

Future Land Property Services is an experienced property management services provider in Mainland China. Future Land Property Services has managed many residential property projects across a number of Chinese cities, including Shanghai, Nanjing, Changzhou, Wuxi and Suzhou. The Board believes that the experiences of Future Land Property Services shall provide reliable support to the Group's expansion of property development business.

As disclosed in the announcement dated 1 April 2016 and the circular dated 18 April 2016 of the Company in relation to the disposal of Future Land Property Services to Wealth Zone, a controlling shareholder of the Company, Future Land Property Services was historically a subsidiary of the Group and also an established partner to Future Land Holdings. After Future Land Property Services ceased to be a subsidiary of the Company following the disposal, Future Land Property Services has continued to provide residential property management services to the Group in the ordinary and usual course of business. The 2017 Property Services Framework Agreement hence represents a stable and trustworthy business relationship which Future Land Holdings can leverage to achieve its business objectives.

DIRECTORS' VIEW

Each of the Directors (including the independent non-executive Directors) is of the view that the 2017 Property Services Framework Agreement are entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The transactions contemplated under the 2017 Property Services Framework Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the terms of the residential property management services provided by Future Land Property Services are not less favourable than those available from independent third parties, the Group has adopted the following measures:

- (i) where applicable and commercially sensible, the Group will continue to request Future Land Property Services to provide the residential property management services through a bidding process, on arm's length basis and on the best available terms, with reference to the prevailing market prices;
- (ii) the relevant department of Future Land Holdings in charge of residential property management of Future Land Holdings will conduct research on the service fees of relevant comparable services provided by at least 3 property management companies in the market based on the type of development projects and the scope of services quarterly for ascertaining that the range of the service fees of the residential property management services provided by Future Land Property Services is mark to market;
- (iii) as part of the internal control procedures, the implementation of the 2017 Property Services Framework Agreement and the actual number and amount of services provided by Future Land Property Services will be monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with the independent third parties;
- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s);
- (v) the Group shall use the best endeavour to comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;
- (vi) The Company will engage the Company's auditor to review the connected transactions between the Group and Future Land Property Services to ensure that the continuing connected transactions contemplated under the 2017 Property Services Framework Agreement have been conducted in accordance with the Listing Rules; and
- (vii) the Group will duly disclose in the annual reports and accounts the transactions of provision of residential property services by Future Land Property Services during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND FUTURE LAND PROPERTY SERVICES

Future Land Holdings is a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155). The principal activities of the Group and Future Land Holdings are property development, property investment and commercial property management in the PRC.

The substantial part of the businesses of Future Land Property Services is to provide traditional residential property management services, such as security, repair and maintenance, cleaning, garden landscape maintenance, to mass residential properties.

LISTING RULES IMPLICATION

Future Land Property Services is indirectly owned as to 80% equity interest by Mr. Wang Zhenhua, a controlling shareholder and an executive Director of the Company. Accordingly, Future Land Property Services is a connected person of the Company and the entering into of the 2017 Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Mr. Wang Zhenhua is considered to be interested in the 2017 Property Services Framework Agreement and the transactions contemplated thereunder and has abstained from voting on the Board resolutions for approving the 2017 Property Services Framework Agreement and the transactions contemplated thereunder.

As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the 2017 Property Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rule 14A.76(2) of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “2016 Property Services Framework Agreement” | the property services framework agreement dated 29 July 2016 entered into between Future Land Holdings and Future Land Property Services in relation to the provision of residential property management service for the property projects of Future Land Holdings; |
| “2017 Property Services Framework Agreement” | the property services framework agreement dated 15 December 2016 entered into between Future Land Holdings and Future Land Property Services in relation to the provision of residential property management service for the property projects of Future Land Holdings; |

“Annual Cap”	the annual cap of RMB199 million for the service fees under the 2017 Property Services Framework Agreement;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	Future Land Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Future Land Holdings”	Future Land Holdings Co., Ltd.* (新城控股集團股份有限公司), a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155);
“Future Land Property Services”	Tibet Future Land Property Management Services Co., Ltd.* (西藏新城悅物業服務股份有限公司) (formerly known as 西藏新城物業服務有限公司), a company incorporated in the PRC with limited liability and indirectly owned as to 80% equity interest by Mr. Wang Zhenhua, the controlling shareholder, executive Director and Chairman of the Board;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each;
“Shareholder(s)”	the holder(s) of the shares of the Company;
“SSE”	Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Wealth Zone”

Wealth Zone Hong Kong Investments Limited (富域香港投資有限公司), a company established in the British Virgin Islands with limited liability and a controlling shareholder of the Company holding 4,105,450,000 Shares (representing approximately 72.56% of the issued shares of the Company as at the date of the announcement); and

“%”

per cent.

* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

By order of the Board
Future Land Development Holdings Limited
WANG Zhenhua
Chairman

the PRC, 15 December 2016

As at the date of this announcement, the Directors are Mr. Wang Zhenhua, Mr. Lv Xiaoping, Mr. Lu Zhongming, Mr. Liu Yuanman and Mr. Chan Wai Kin as executive Directors, Mr. Wang Xiaosong as non-executive Director, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.