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CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE MASTER SERVICES AGREEMENT

On 21 May 2012, the Company and NWD entered into the Master Services Agreement in respect of the Transactions, details of which were set out in the Company's announcement dated 21 May 2012. The Master Services Agreement will expire on 30 June 2015. Subject to the compliance of Listing Rules by the Company, the Master Services Agreement will be automatically renewed for three years from the Renewal Date.

As at the date of this announcement, NWD held an approximately 69.61% attributable interest in the issued share capital of the Company. NWD is a substantial shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. The Transactions therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Transactions is more than 5% and the Annual Caps exceed HK\$10,000,000, the renewal of the Master Services Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene the EGM for the purpose of seeking approval from the independent Shareholders on the renewal of the Master Services Agreement, the Transactions and the Annual Caps. An independent board committee has been established by the Company to consider the renewal of the Master Services Agreement, the Transactions and the Annual Caps, and to advise the independent Shareholders as to whether the renewal of the Master Services Agreement, the Transactions and the Annual Caps are in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed to advise the independent board committee of the Company and the independent Shareholders in this regard.

A circular containing (i) further information on the renewal of the Master Services Agreement, the Transactions and the Annual Caps; (ii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders. As additional time is expected to be incurred in finalising the information for inclusion in the circular, the circular is expected to be despatched on or before 12 June 2015.

INTRODUCTION

On 21 May 2012, the Company and NWD entered into the Master Services Agreement in respect of the Transactions, details of which were set out in the Company's announcement dated 21 May 2012. The Master Services Agreement will expire on 30 June 2015. Subject to compliance of the Listing Rules by the Company, the Master Services Agreement will be automatically renewed for three years from the Renewal Date.

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

RENEWAL OF THE MASTER SERVICES AGREEMENT

Background

Members of the Group regularly enter into continuing connected transactions with members of the NWD Group in respect of the Services pursuant to the Master Services Agreement. The Group and the NWD Group wish to continue with the Services and may from time to time enter into new arrangements in relation to the Transactions.

Date

21 May 2012

Parties

- (1) the Company
- (2) NWD

General terms for the Transactions

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

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

- (a) in the usual and ordinary course of business of the Company and NWD;
- (b) on an arm's length basis or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties of the Company; and

- (c) in compliance with all applicable provisions of the Listing Rules (including the Annual Caps), the applicable laws, the Master Services Agreement and the relevant Definitive Agreement(s).

Conditionality

The renewal of the Master Services Agreement is conditional on the approval by the independent Shareholders of the renewal of the Master Services Agreement, the Transactions and the Annual Caps at the EGM.

Duration

The Master Services Agreement commenced on 1 July 2012, and shall continue up to and including 30 June 2015 (the “**Initial Term**”), unless terminated earlier in accordance with the Master Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party to the Master Services 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 (where applicable), the Master Services 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 Services Agreement. Subject to the approval by the independent Shareholders of the renewal of the Master Services Agreement, the Transactions and the Annual Caps at the EGM, the Master Services Agreement will be automatically renewed on 1 July 2015 for three years ending 30 June 2018.

Pricing policy

The consideration for each Definitive Agreement will be determined in the following manners:

Provision of services from the NWD Group to the Group

- (a) In respect of the Contracting Services:
- (i) for the provision of construction, engineering and related services under each Definitive Agreement, the award of the relevant contract will be subject to tender, the member(s) of the NWD Group will also participate in the tender from all bidders (including independent third parties in the market), the winning bid of which will be the one with the lowest tender amount in accordance with the Group’s internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation. The tender will then be approved by the quantity surveying department of the Company; and
 - (ii) for the provision of project management services, the fees will be based on (1) the estimated costs expected to be incurred by the member of the NWD Group for providing such services to the relevant property project of the Group (“**the project management cost**”) plus a percentage of the project management cost, or (2) a percentage of the estimated total construction cost of the relevant property project of the Group;

- (b) In respect of the Property Agency Services: (i) for the property sales agency services, the agency fees will be based on an agreed commission rate ranging from 0.6% to 2% on the actual selling prices of each property sold through the NWD Group acting as property agent; (ii) for the property leasing agency services, the agency fees will be based on an agreed commission rate normally equivalent to two months' rental of the leases if the tenant is introduced by the NWD Group acting as property agent; and (iii) for the consultancy services of the commercial premises, the fees will be determined by reference to the total revenue and gross operating profit of the relevant commercial premises. The agency fees will be determined after arm's length negotiation with reference to the prevailing levels of property agency fees payable to independent property agency firms in marketing the other property projects of the Group and the general market level of property agency fees, and the Group will ensure that the agency fees charged by the NWD Group are either equal to or better than the market comparable agency fees for the Group;
- (c) In respect of Leasing Services: for new rental services, the Group member, as the lessee, will approach a member of the NWD Group for on-site visit for the available property, and the member of the Group will verbally request for a quote if it wishes to proceed with the lease. A quote, for both new and renewed rental services, which is either equal to or better than the currently available market comparative quotes from the lessor to the independent third parties as lessee for similar properties (with comparable conditions including but not limited to location, usable space, available facilities, quality and rental period) will be provided by the lessor to the Group member in form of standard lease agreement;

Provision of services from the Group to the NWD Group

- (d) In respect of the Hotel Management Services: the service fee structure will be proposed by the Group and determined through arm's length negotiation with the hotel owners and documented in the relevant Definitive Agreement. The hotel management fees usually include basic management fees, marketing fees, and/or incentive management fees which are linked with the total revenue and gross operating profit of the relevant hotels. The Group will conduct research on industry practices on a regular basis to ensure that the terms offered are either equal to or better than the prevailing market prices for the Group; and
- (e) In respect of the Leasing and Property Management Services: where NWD Group leases commercial properties from the Group, the rental will usually comprise (i) basic rental which is based on a fixed rate on the gross floor area of the property; and (ii) sales rental which is based on a fixed rate on the gross sales revenues arising from the tenants' operation and may include mechanism to provide for progressive increases of the basic rental or the sales rental over the terms of the tenancy. The rentals will be agreed with the tenants with reference to the prevailing market rentals of the property in the vicinity of the leased properties. The property management fees will be fixed at cost plus a prevailing market rate which will be determined by conducting research on the market comparables by the parties from time to time. The cost element will include all direct costs incurred such as equipment costs, staff costs, public liability insurance and other indirect or common costs, for example, utility charges for the shared areas like lobby, lift or exit areas, allocated on revenue or other equitable basis.

Historical transaction amounts

The aggregate transaction amounts payable by (i) the Group to the NWD Group; and (ii) the NWD Group to the Group for the relevant Services for the two financial years ended 30 June 2014 and the six months ended 31 December 2014 were as follows:

	For the financial year ended 30 June 2013	For the financial year ended 30 June 2014	For the six months ended 31 December 2014
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Aggregate transaction amounts payable by the Group to the NWD Group for the relevant Services	168.3	186.4	275.3
Aggregate transaction amounts payable by the NWD Group to the Group for the relevant Services	438.3	447.3	225.2

Annual Caps

The Company expects that the Annual Caps in respect of the Transactions for each of the three financial years ending 30 June 2018 will be as follows:

	For the financial year ended 30 June 2016	For the financial year ended 30 June 2017	For the financial year ended 30 June 2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Maximum aggregate annual transaction amounts payable by the Group to the NWD Group for the relevant Services	862.0	744.3	638.7
Maximum aggregate annual transaction amounts payable by the NWD Group to the Group for the relevant Services	549.2	612.9	676.7

Each of the Annual Caps has been determined with reference to:

- (a) the historical annual transaction amounts in respect of the Services during the past financial years; and
- (b) the projected quantity of Services that relevant members of the NWD Group and the relevant members of the Group would be engaged to undertake or invited for tendering in the next three financial years.

The above-mentioned projected figures are determined based on (i) the total contracting values and payment schedule of the Definitive Agreements subsisting on the Renewal Date; (ii) foreseeable future demand for the Services and possible expansion of the existing and future projects of the members of the Group and, so far as known to the Directors, the NWD Group; (iii) prevailing market conditions; (iv) the expected inflation rate for the projected period which are based on forecasts for the relevant costs in the business sector which the respective service provider engaged in; (v) adjustments for non-recurring or extraordinary items; and (vi) exchange rate fluctuation, and on the principal assumptions that, for the duration of the projected period, (a) member(s) of the NWD Group will win all tenders in relation to the Contracting Services; and (b) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or the NWD Group.

Reasons for and benefits of the renewal of the Master Services Agreement

In light of the expiry of the current term of the Master Services Agreement, the Directors propose to renew the Master Services Agreement in respect of the Services which will provide a single basis on which the Company will seek prior independent Shareholders' approval of all the existing and foreseeable continuing connected transactions with the NWD Group and thereby aiming to reduce the administrative burden on the Company to comply with the reporting and independent shareholders' approval requirements under the Listing Rules in relation to the execution or renewal of agreements in respect of the Services.

The Directors (excluding the views of the independent non-executive Directors whose views will be contained in the circular to be despatched after considering the views of the independent financial adviser) are of the view that the renewal of the Master Services 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 Company and the Shareholders as a whole and that the Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE NWD GROUP

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

So far as known to the Directors, the core businesses of the NWD Group include property, infrastructure, hotel operations, department store operations, services as well as telecommunications and technology businesses.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD held an approximately 69.61% attributable interest in the issued share capital of the Company. NWD is a substantial shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. The Transactions therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that one or more of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Transactions is more than 5% and the Annual Caps exceed HK\$10,000,000, the renewal of the Master Services Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM for the purpose of seeking approval from the independent Shareholders on the renewal of the Master Services Agreement, the Transactions and the Annual Caps. An independent board committee has been established by the Company to consider the renewal of the Master Services Agreement, the Transactions and the Annual Caps, and to advise the independent Shareholders as to whether the renewal of the Master Services Agreement, the Transactions and the Annual Caps are in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed to advise the independent board committee of the Company and the independent Shareholders in this regard.

A circular of the Company containing (i) further information on the renewal of the Master Services Agreement, the Transactions and the Annual Caps; (ii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders. As additional time is expected to be incurred in finalising the information for inclusion in the circular, the circular is expected to be despatched on or before 12 June 2015.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate annual transaction amounts payable by (i) the Group to the NWD Group; and (ii) the NWD Group to the Group for the relevant Services for each of the three financial years ending 30 June 2018
“Company”	New World China Land 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 and is a subsidiary of NWD as at the date of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“Contracting Services”	the provision of construction, engineering and related services by the relevant members of the NWD Group to the relevant members of the Group, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance, consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installations of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy, estate management and consultancy services, cleaning services, advertising advisory services and computer aided drafting and advisory services
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the 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 Services Agreement
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the renewal of the Master Services Agreement, the Transactions and the Annual Caps
“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 PRC
“Hotel Management Services”	the provision of management services by the relevant members of the Group to the relevant members of the NWD Group in respect of hotels owned by members of the NWD Group from time to time including but not limited to the provision of pre-opening technical consultancy 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
“Initial Term”	has the meaning set out in the sub-paragraph headed “Duration” under the paragraph headed “Renewal of the Master Services Agreement” in this announcement
“Leasing and Property Management Services”	the provision of leasing and property management services by the relevant members of the Group to the relevant members of the NWD Group in respect of the leasing and property management arrangements of the premises owned by members of the Group from time to time
“Leasing Services”	the provision of leasing and property management services by the relevant members of the NWD Group to the relevant members of the Group in respect of the leasing and property management arrangements of the office premises owned by members of the NWD Group from time to time

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Services Agreement”	the agreement in relation to the Transactions entered into between the Company and NWD on 21 May 2012
“NWD”	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, and is the holding company of the Company as at the date of this announcement
“NWD Group”	NWD, its subsidiaries, and/or any other company in the equity capital of which NWD 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, or to control the composition of a majority of the board of directors, and the subsidiaries of such company, and for the purpose of the Master Services Agreement, excludes members of the Group
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Agency Services”	the provision of property agency and related services in connection with the promotion, sale and leasing of the properties, and provision of consultancy services of the commercial premises by the relevant members of the NWD Group to the relevant members of the Group, including but not limited to, (a) design and compilation of promotion and marketing plans; (b) supervision of marketing activities and overseeing the operation of sales offices; (c) formulation of pricing strategy and assistance in the execution and completion of sale and leasing agreements with the buyers and tenants; and (d) monitoring the leasing operation of the commercial properties
“Renewal Date”	1 July 2015, which is conditional upon the renewal of the Master Services Agreement becoming unconditional as set out in the subparagraph headed “Conditionality” under the paragraph headed “Renewal of the Master Services Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Services”	the Contracting Services, the Property Agency Services, the Leasing Services, the Hotel Management Services, the Leasing and Property Management Services, and such other types of services the Company and NWD may agree upon from time to time in writing
“Shareholders”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity which falls within the definition of “subsidiary” under the Listing Rules or the predecessor Companies Ordinance (Chapter 32 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 Group and members of the NWD Group in respect of the Services
“%”	per cent.

By order of the board of
New World China Land Limited
Ngan Man-ying, Lynda
Company Secretary

Hong Kong, 13 May 2015

At the date of this announcement, the board of Directors comprises: (a) seven executive Directors, namely Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Dr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; and (b) four independent non-executive Directors, namely Dr. Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr. Lee Luen-wai, John, and Mr. Ip Yuk-keung, Albert.