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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

MASTER SERVICES AGREEMENT

On 21 May 2012, the Company and NWD entered into the Master Services Agreement in respect of the Transactions.

As at the date of this announcement, NWD held an approximately 70% 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 Rule 14A.11(1) 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 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 Master Services Agreement, the Transactions and the Annual Caps. An independent board committee has been established by the Company to consider the terms of the Master Services Agreement, the Transactions and the Annual Caps, and to advise the independent Shareholders as to whether 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 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, is expected to be despatched to the Shareholders on or around 8 June 2012.

INTRODUCTION

On 21 May 2012, the Company and NWD entered into the Master Services Agreement in respect of the Transactions.

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

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 Existing Master Service Agreement. In order to continue such continuing connected transactions upon the expiry of the Existing Master Service Agreement on 30 June 2012, the Company and NWD entered into the Master Services Agreement on 21 May 2012 whereby the Company agrees to (i) engage the relevant members of the NWD Group to provide the Contracting Services, Property Agency Services, Leasing Services and such other types of services the Company and NWD may agree upon from time to time in writing to the relevant members of the Group; and (ii) provide Leasing and Property Management Services, Hotel Management Services and such other types of services the Company and NWD may agree upon from time to time in writing to the relevant members of the NWD Group during the term of the Master Services Agreement.

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 Effective Date) will be treated as Definitive Agreements made pursuant to the Master Services 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 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 Master Services Agreement is conditional on the approval by the independent Shareholders of the Master Services Agreement, the Transactions and the Annual Caps at the EGM.

Duration

The Master Services Agreement shall commence on the Effective Date, 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.

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 each of the two financial years ended 30 June 2011 and the six months ended 31 December 2011 were as follows:-

	For the financial year ended 30 June 2010 <i>HK\$ (million)</i>	For the financial year ended 30 June 2011 <i>HK\$ (million)</i>	For the six months ended 31 December 2011 <i>HK\$ (million)</i>
Aggregate transaction amounts payable by the Group to the NWD Group for the relevant Services	947.6	780.7	37.7
Aggregate transaction amounts payable by the NWD Group to the Group for the relevant Services	391.8	348.1	189.7

Annual Caps

The Company expects that the Annual Caps in respect of the Transactions for each of the three financial years ending 30 June 2015 to be as follows:-

	For the financial year ending 30 June 2013	For the financial year ending 30 June 2014	For the financial year ending 30 June 2015
	<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	1,423.1	769.2	707.4
Maximum aggregate annual transaction amounts payable by the NWD Group to the Group for the relevant Services	609.7	677.3	788.8

The Annual Caps have been determined with reference to the historical annual transaction amounts in respect of the Services, 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 with regards to factors such as the estimated expansion of existing and future projects of members of the Group and, so far as known to the Directors, the NWD Group, the prevailing market conditions and inflation.

Reasons for and benefits of entering into the Master Services Agreement

In light of the different categories of Services provided by or to the NWD Group pursuant to the Existing Master Service Agreement which will expire on 30 June 2012, the Directors propose to enter into 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 terms 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 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 as well as rental and hotel operation in the PRC.

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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD held an approximately 70% 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 Rule 14A.11(1) 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 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 Master Services Agreement, the Transactions and the Annual Caps. An independent board committee has been established by the Company to consider the terms of the Master Services Agreement, the Transactions and the Annual Caps, and to advise the independent Shareholders as to whether 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 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, is expected to be despatched to the Shareholders on or around 8 June 2012.

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 2015
“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 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

“Effective Date”	1 July 2012, subject to the condition set out in Master Services Agreement, which is set out in the sub-paragraph headed “Conditionality” under the paragraph headed “The Master Services Agreement” in this announcement
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Master Services Agreement, the Transactions and the Annual Caps
“Existing Master Service Agreement”	the master service agreement dated 30 April 2010 entered into between the Company and NWD and approved by the independent Shareholders at the extraordinary general meeting of the Company held on 3 June 2010, as amended and supplemented by a supplemental agreement dated 13 May 2011, details of which were set out in the announcements of the Company dated 30 April 2010 and 13 May 2011 and in a circular of the Company dated 18 May 2010
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Term”	has the meaning set out in the sub-paragraph headed “Duration” under the paragraph headed “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
“Macau”	the Macau Special Administrative Region of the PRC
“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, 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, Macau 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 pre-opening 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
“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 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, 21 May 2012

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, Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia, Mr. Cheng Chi-him, Conrad, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda; (b) two non-executive Directors, namely Mr. Doo Wai-hoi, William and Mr. Chow Yu-chun, Alexander; and (c) three independent non-executive Directors, namely Dr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.