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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: 0917)

## **CONTINUING CONNECTED TRANSACTIONS**

### **MASTER OPERATIONAL SERVICES AGREEMENT**

#### **Master Operational Services Agreement**

On 30 June 2014, the Company and Mr. Doo entered into the Master Operational Services Agreement in relation to the provision of the Operational Services by the relevant members of the New Services Group to the relevant members of the Group for an initial term of three years commencing from the Effective Date.

#### **Listing Rules Implications**

Mr. Doo is a connected person of the Company by reason described in the content below. Each of the members of the New Services Group is an associate of Mr. Doo and hence a connected person of the Company. The entering into of the Master Operational Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Master Operational Services Agreement is more than 0.1% but less than 5%, the Master Operational Services Agreement and the Operational Transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules.

#### **BACKGROUND**

Members of the Services Group had in the past entered into, and is expected from time to time to enter into, certain services agreements with members of the Group in respect of the provision of the Operational Services in accordance with the Former Master Services Agreements and certain of the services agreements have not expired as at the date of the Master Operational Services Agreement. The New Services Group (including the Services

Group) and the Group wish to continue the services agreements and may from time to time enter into new services agreements in respect of the Operational Transactions. The Former Master Services Agreements will expire on 30 June 2014. Accordingly, on 30 June 2014, Mr. Doo and the Company entered into the Master Operational Services Agreement in relation to the provision of Operational Services by the relevant members of the New Services Group to the relevant members of the Group for an initial term of three years commencing from the Effective Date.

**THE MASTER OPERATIONAL SERVICES AGREEMENT**

**Date**

30 June 2014

**Parties**

- (1) Mr. Doo; and
- (2) the Company

**General terms of the Master Operational Services Agreement**

The relevant members of the New Services Group and the Group may from time to time enter into Operational Agreement(s) in relation to the Operational Transaction(s) upon, and subject to, the terms and conditions in compliance with those of the Master Operational Services Agreement as may be agreed between the relevant members of the New Services Group and the relevant members of the Group. All existing service agreements between the relevant members of the Services Group and the relevant members of the Group in respect of the Operational Transactions (to the extent which covers the Operational Transactions after the Effective Date) shall be treated as Operational Agreements made pursuant to the Master Operational Services Agreement as from the Effective Date.

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

- (a) in the usual and ordinary course of business of the New Services Group and the Company;
- (b) on normal commercial terms (as defined in the Listing Rules) and based on the then prevailing market rates; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the Annual Caps), applicable laws, the Master Operational Services Agreement and the relevant Operational Agreements.

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

- (a) where a member of the New Services Group is nominated as contractor designated by ultimate employer (which may or may not be a member of the Group), consideration to such member of the New Services Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer;
- (b) where the Group has the right to select contractor(s), consideration to such contractor(s) will be ascertained under the supervision of an in-house qualified professional quantity surveyor. The Group will obtain quotations from its list of pre-approved contractors (which is subject to periodic review and update by its management to ensure the contractors' quality standards). If the price and terms offered by the New Services Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the New Services Group; and
- (c) the prices and terms at which the security and guarding services to be provided shall be determined in the ordinary course of business on a cost-plus basis on terms (including prices) no less favourable than those charged to and contracted with other independent third party customers of the New Services Group. The cost element includes all direct costs incurred, such as equipment costs, staff costs, public liability insurance and other indirect or common costs allocated on revenue or other equitable basis.

**Provision of the Operational Services**

Under the Master Operational Services Agreement, it was agreed between the Company and Mr. Doo that the relevant members of the New Services Group shall, to the extent practicable, provide the Operational Services to the relevant members of the Group during the term of the Master Operational Services Agreement.

The Operational Services to be provided under the Master Operational Services Agreement shall include the operational services and such other types of services as the Company and Mr. Doo may agree upon from time to time in writing, details of the initial scope of operational services are as follows:

Operational services	means the provision of construction, engineering and related services by the relevant members of the New Services Group to members of the Group, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation maintenance 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 installation of air-conditioning, heating and ventilation systems, fire services
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systems, plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy, security and guarding, estate management and consultancy services, computer aided drafting services, landscaping and cleaning services, and such other types of services as members of the New Services Group and members of the Group may agree upon from time to time in writing

## **Duration**

The Master Operational Services Agreement shall commence on the Effective Date, and shall continue up to and including 30 June 2017, unless terminated earlier in accordance with the Master Operational Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which either party of the Master Operational 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, the Master Operational Services Agreement is automatically renewed for a successive period of three (3) years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the Master Operational Services Agreement.

The above-mentioned engagement is subject to the following qualification:

- (a) the engagement only applies to services required for business, projects and premises for which the relevant members of the Group have the right to select contractor for provision of the relevant Operational Services;
- (b) the engagement is not contrary to the terms of contracts governing the relevant businesses, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the Group or the New Services Group may relate;
- (c) in the event that the providers of certain particular Operational Services is/are to be selected through auction or tenders, the engagement shall only become effective as and when the relevant member(s) of the New Services Group has/have successfully bid for such auction or tenders. It is the Group's policy that the construction and engineering services under the Operational Services will be awarded to potential contractors by way of tenders, pursuant to which, members of the Group are required to invite at least three qualified tenderers to submit tender proposals and the management of the Company usually considers factors including the total service charges of the construction and engineering projects as well as the qualification, historical performance, track record, reputation and financial strength of the tenderers in the selection process; and
- (d) in addition to the normal procedures in selecting providers of Operational Services by tenders, (i) the Company will seek approval from independent non-executive Directors

before awarding any contract to member(s) of the New Services Group with contract sum exceeding HK\$100,000,000; (ii) tender documents and relevant reports of any new contracts awarded to member(s) of the New Services Group will be reviewed by members of the internal audit of the Company for compliance of tendering procedures and guidelines as set out by the Group's project cost control manual; and (iii) the continuing connected transactions contemplated under the aforesaid contracts will be subject to annual review by the external auditors of the Company in accordance with the requirements of the Listing Rules.

## HISTORICAL AGGREGATE TRANSACTION VALUES

The aggregate transaction values in respect of the provision of Operational Services to members of the Group by members of the Services Group for the financial years ended 30 June 2012 and 2013 and the six months ended 31 December 2013 were as follows:

	<b>Aggregate transaction values</b>		
	<b>Financial year ended 30/06/2012</b>	<b>Financial year ended 30/06/2013</b>	<b>Six months ended 31/12/2013</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Provision of Operational Services to members of the Group by members of the Services Group	109.33	60.12	32.35

## MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the Annual Caps in respect of the provision of Operational Services to members of the Group by members of the New Services Group contemplated under the Master Operational Services Agreement will be as follows:

	<b>Annual Cap for each of the financial years ending 30 June</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Provision of Operational Services to members of the Group by members of the New Services Group	412	751	563

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

- (a) the historical annual or annualised amounts in respect of such category of the Operational Service provided by the relevant members of the Services Group to the relevant members of the Group during the past three financial years; and

- (b) the projected annual or annualised amounts in respect of such category of the Operational Service to be provided by the relevant members of the New Services Group to the relevant members of the Group in the next three financial years.

The above-mentioned projected figures are determined basing on the relevant historical figures, taking into account the business growth of the Group and the estimated future demand for Operational Services.

The Directors (including the independent non-executive Directors) are of the views that the Annual Caps as stated above are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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

The transactions contemplated under the Master Operational 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. The Operational Agreements will be agreed on an arm's length basis, on normal commercial terms and comparable with terms available to or from independent third parties.

The Master Operational Services Agreement is intended to streamline the continuing connected transactions between members of the Group and the Services Group arising from the existing service agreements under the Former Master Services Agreement and possible execution of the Operational Agreements between the relevant members of the New Services Group and the relevant members of the Group in respect of the Operational Transactions. It provides a single basis on which the Company will comply with the relevant reporting, announcement and independent Shareholders' approval requirements (to the extent applicable) in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution or renewal of the Operational Agreements in respect of the provision of the Operational Services.

The Directors (including the independent non-executive Directors) are of the views that the terms of the Master Operational Services Agreement are fair and 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 Operational Services Agreement.

### **INFORMATION REGARDING MR. DOO, THE NEW SERVICES GROUP AND THE GROUP**

#### **Mr. Doo**

Mr. Doo had been the vice-chairman and non-executive director of the Company until his resignation on 1 July 2013. He is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.

## **The New Services Group**

The New Services Group is principally engaged in the provision of services including laundry and landscaping, security and guarding, trading of building materials, insurance brokerage, property management, cleaning, and electrical and mechanical engineering.

## **The Group**

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

## **LISTING RULES IMPLICATIONS**

Since Mr. Doo was a Director within the preceding 12 months and is an associate of certain Directors as mentioned above, he is a connected person of the Company under the Listing Rules. Each of the members of the New Services Group is an associate of Mr. Doo and hence a connected person of the Company. The entering into of the Master Operational Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Master Operational Services Agreement is more than 0.1% but less than 5%, the Master Operational Services Agreement and the Operational Transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules.

## **BOARD'S APPROVAL**

None of the Directors has a material interest in the Master Operational Services Agreement. The Master Operational Services Agreement has been approved by way of written resolutions by all Directors.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Annual Caps”	the estimated maximum aggregate annual values in respect of the Operational Services contemplated under the Master Operational Services Agreement
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	1 July 2014
“Former Master Services Agreements”	means the two master services agreements entered into between Mr. Doo and the Company on 16 May 2011 and 19 May 2011, respectively, details of which were set out in the announcements of the Company dated 16 May 2011 and 19 May 2011, respectively
“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 Operational Services Agreement”	the master operational services agreement entered into between Mr. Doo and the Company on 30 June 2014 in relation to the provision of the Operational Services
“Mr. Doo”	Mr. Doo Wai-hoi, William, the former vice-chairman and non-executive director of the Company. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian, Ms. Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad
“New Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo, his “immediate family members”, or his “family members” (both as defined in Chapter 14A of the Listing Rules, including those that are to become effective on 1 July 2014), alone or together, is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering the a mandatory offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary



“Operational Agreements”	means individual agreement(s) which may be entered into between any member(s) of the New Services Group and any member(s) of the Group from time to time in relation to any of the Operational Transactions at any time during the term of the Master Operational Services Agreement and “Operational Agreement” means any of them
“Operational Services”	contracting services and such other types of services as the parties may agree upon from time to time in writing to be provided by members of the New Services Group to members of the Group, the initial scope of the Operational Services is set out in the paragraph headed “Provision of the Operational Services” in this announcement
“Operational Transactions”	all existing and future transactions between members of the Services Group, the New Services Group and members of the Group in respect of provision of the Operational Services
“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering the a mandatory offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“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 622 of the Laws of Hong Kong)
“%”	per cent.

By Order of the Board  
**Ngan Man-ying, Lynda**  
*Company Secretary*

Hong Kong, 30 June 2014

*As at the date of this announcement, the executive Directors of the Company are Dr. Cheng Kar-shun, Henry, Mr. Cheng Kar-shing, Peter, Mr. 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 the independent non-executive Directors of the Company are Dr. Cheng Wai-chee, Christopher, Hon. Tien Pei-chun, James, Mr. Lee Luen-wai, John and Mr. Ip Yuk-keung, Albert.*