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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 NWD entered into the Master Service Agreement on 30 April 2010 whereby the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, Property Agency Services and Leasing Services to members of the Group; and (ii) provide Leasing and Property Management Services and Hotel Management Services to members of NWD Group during the term of the Master Service Agreement.

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 controlling shareholder of the Company and hence a connected person of the Company. The transactions contemplated under the Master Service Agreement 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 maximum aggregate annual value in respect of the Contracting Services, Property Agency Services and Leasing Services contemplated under the Master Service Agreement exceeds 2.5% and the maximum aggregate annual value in respect of the Leasing and Property Management Services and Hotel Management Services exceeds 2.5%, the Master Service Agreement is subject to reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules.

A circular containing details of the Master Service Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial advisor to the independent board committee of the Company and the Independent Shareholders together with a notice convening the EGM will be despatched to the shareholders of the Company as soon as practicable.

BACKGROUND

In the ordinary course of their businesses, members of the Group regularly enter into continuing connected transactions with members of the NWD Group. In order to streamline and renew such continuing connected transactions, the Company and NWD entered into the Master Service Agreement on 30 April 2010 whereby the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, Property Agency Services and Leasing Services to members of the Group; and (ii) provide Leasing and Property Management Services and Hotel Management Services to members of NWD Group during the term of the Master Service Agreement.

THE MASTER SERVICE AGREEMENT

Date: 30 April 2010

Parties: the Company and NWD

Term: an initial term of twenty-six months commencing from 30 April 2010 to 30 June 2012 (both days inclusive). Subject to re-compliance with the reporting, announcement and Independent Shareholders' approval requirements 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 Service Agreement may be renewed for a further term of three years

Provision of Services

Under the Master Service Agreement, the Company agrees to (i) engage relevant members of the NWD Group to provide the Contracting Services, Property Agency Services and Leasing Services to members of the Group; and (ii) provide Leasing and Property Management Services and Hotel Management Services to members of NWD Group during the term of the Master Service Agreement, details of which are as follows:

I) services to be provided by members of NWD Group to the Group

Categories of Services

Description of Services

Contracting Services

the provision of construction, engineering and related services by the relevant members of the NWD 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 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 services

Property Agency Services

the provision of property agency and related services in connection with the promotion, sale and leasing of properties by the relevant members of the NWD Group to 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 of the commercial properties

Leasing Services the provision of leasing and property management services by members of the NWD Group to members of the Group in respect of the leasing and property management of the Office Premises

II) services to be provided by members of the Group to NWD Group

Categories of Services Description of Services

Hotel Management Services means the provision of management services by the relevant members of the Group to members of 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; (e) monitoring the advertising, marketing and promotional activities of the relevant hotel and attending to the leasing matters

Leasing and Property Management Services the provision of leasing and property management services by members of the Group to members of the NWD Group in respect of the leasing and property managements of the Premises

Major terms

Pursuant to the Master Service 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 NWD Group and the Group but not yet completed as at the commencement date of the Master Service Agreement, each of NWD and the Company agrees to procure relevant members of the NWD Group and the Group to continue to provide the relevant Services in accordance with the terms of the relevant agreements, notwithstanding the terms of the Master Service Agreement;
- (b) save as the Services referred to in (a) above, each of NWD and the Company agrees to provide the Services through itself and/or any of its subsidiaries in accordance with the terms of the Master Service Agreement, 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;

- (c) the terms of the Operational Agreements shall be in compliance with the relevant laws and regulations in force from time to time 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 or from (as the case may be) independent third parties of the Group; and
- (d) the appointment of the relevant members of the NWD Group and the Group to provide the Services under the Master Service Agreement is on a non-exclusive basis and shall be subject to the relevant laws, rules and regulations.

Condition

The Master Service Agreement and the continuing connected transactions contemplated thereunder are subject to the approval by the Independent Shareholders of the Company at its EGM.

Upon the Master Service Agreement becoming effective, the First Master Service Agreement shall be terminated and NWD shall procure NWDS to terminate the First Master Leasing Agreement with the Company.

Historical transaction values

The aggregate transaction values in respect of each category of the Services for the period indicated below were as follows:

Services rendered by the NWD Group to the Group	Aggregate transaction values			
	for the financial year ended 30 June 2007	for the financial year ended 30 June 2008	for the financial year ended 30 June 2009	for six months ended 31 December 2009
	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)
Contracting Services (Note 1)	135.8	524.7	1,535.2	96.5
Property Agency Services (Note 1)	5.1	6.2	2.6	6.4
Leasing Services (Note 2)	4.0	7.5	10.1	7.3
Total	144.9	538.4	1,547.9	110.2

Aggregate transaction values

Services rendered by the Group to NWD Group	for the financial year ended 30 June 2007	for the financial year ended 30 June 2008	for the financial year ended 30 June 2009	for the six months ended 31 December 2009
	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)
Hotel Management Services (Note 3)	0	0.3	2.0	2.0
Leasing and Property Management Services (Note 4)	57.5	88.3	72.0	40.7
Total	57.5	88.6	74.0	42.7

Notes :

- (1) The details about the engagement of NWD Group to provide the Contracting Services and the Property Agency Services to the Group pursuant to the terms of the First Master Service Agreement were disclosed in the announcement and the circular of the Company dated 27 May 2008 and 10 June 2008, respectively and had been approved by the then Independent Shareholders on 27 June 2008.
- (2) The Group has been leasing certain Office Premises from the NWD Group for office use, details of which were set out in the announcements of the Company dated 16 October 2007, 20 January 2009, 29 June 2009 and 2 February 2010, respectively.
- (3) The Group has been providing Hotel Management Services in respect of certain hotels invested by the NWD Group, details of which were set out in the announcements of the Company dated 10 January 2008 and 20 November 2009, respectively.
- (4) The Group has been leasing certain premises to members of NWDS Group under the First Master Leasing Agreement, details of which were disclosed in the announcement and the circular of the Company dated 22 May 2009 and 12 June 2009, respectively and had been approved by the then Independent Shareholders on 29 June 2009.

Annual caps

The Company expects that the maximum aggregate annual value in respect of each category of the Services will be as follows:

I) services to be provided by members of NWD Group to the Group

Services	Annual cap for each of the financial years ending 30 June		
	2010	2011	2012
	HK\$ (million)	HK\$ (million)	HK\$ (million)
Contracting Services	1,343.8	1,948.6	1,965.9
Property Agency Services	46.3	25.9	45.7
Leasing Services	15.4	16.1	16.6
Total	1,405.5	1,990.6	2,028.2

II) services to be provided by members of the Group to NWD Group

Services	Annual cap for each of the financial years ending 30 June		
	2010	2011	2012
	HK\$ (million)	HK\$ (million)	HK\$ (million)
Hotel Management Services	14.7	31.4	33.4
Leasing and Property Management Services	472.8	408.0	433.0
Total	487.5	439.4	466.4

Each of the annual caps above has been determined by reference to:

- (a) the prevailing market conditions;
- (b) the historical annual amounts in respect of that category of Services; and
- (c) the projected quantity of Services that relevant members of the NWD Group and 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 the relevant historical figures, taking into account the business growth of the Group, the estimated future demand for the Services with regard to factors such as new sizeable property projects scheduled to be developed by the Group and construction of new phases of existing property projects, and inflation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICE AGREEMENT

The Company is principally engaged in property development, property investment as well as rental and hotel operation in the PRC. The core businesses of NWD include property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology.

In anticipation of the increase in the scope and transaction amounts of the Services to be provided to or by the NWD Group, the Directors propose to enter into the Master Service Agreement which would provide a more comprehensive framework for different categories of Services to be provided to or by the NWD Group. The Master Service Agreement will replace the First Master Service Agreement and the First Master Leasing Agreement upon the Master Service Agreement becoming effective and include other ongoing connected transactions between the NWD Group and the Group. The aggregation of all the existing and foreseeable ongoing continuing connected transactions with the NWD Group under the Master Service Agreement will provide a single basis on which the Company will seek prior Independent Shareholders' approval and thereby aiming to reduce the administrative burden on the Company to comply with the reporting and Independent Shareholders' approval requirement under the Listing Rules in relation to the execution or renewal of agreements in respect of the Services.

The transactions contemplated under the Master Service 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 NWD Group. The Services contemplated under the Master Service Agreement will be provided on a non-exclusive basis and terms of the Operational Agreement will be negotiated on arm's length basis and comparable with terms available from or to independent third parties.

The directors of the Company (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 advisor) are of the view that the terms of the Master Service 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 Service Agreement.

CONTINUING CONNECTED 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 controlling shareholder of the Company and hence a connected person of the Company. The transactions contemplated under the Master Service Agreement 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 maximum aggregate annual value in respect of the Contracting Services; Property Agency Services and Leasing Services contemplated under the Master Service Agreement exceeds 2.5% and the maximum aggregate annual value in respect of the Leasing and Property Management Services and Hotel Management Services exceeds 2.5%, the Master Service Agreement is subject to reporting and announcement requirements and Independent Shareholders' approval under the Listing Rules. NWD and its associates will abstain from voting on the resolutions to approve the Master Service Agreement at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An independent board committee of the Company has been appointed to advise the Independent Shareholders on the terms of the Master Service Agreement. CIMB Securities (HK) Limited has been appointed as the independent financial advisor to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Master Service Agreement.

DESPATCH OF CIRCULAR

A circular containing details of the Master Service Agreement, a letter from the independent board committee of the Company and a letter of advice from the independent financial advisor to the independent board committee of the Company and the Independent Shareholders together with a notice convening the EGM will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Contracting Services”	the construction, engineering and related services to be provided by the relevant members of the NWD Group to members of the Group as described in the section headed “The Master Service Agreement” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Service Agreement
“First Master Service Agreement”	the master service agreement dated 27 May 2008 entered into between the Company and NWD
“First Master Leasing Agreement”	the master leasing agreement dated 22 May 2009 entered into between the Company and NWDS
“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
“Independent Shareholders”	shareholders of the Company other than NWD and its associates
“Leasing Services”	the leasing and property management services to be provided by members of NWD Group to the Group in respect of the leasing and property management arrangements of the Office Premises as described in the section headed “The Master Service Agreement” in this announcement
“Leasing and Property Management Services”	the leasing and property management services to be provided by members of the Group to members of NWD Group in respect of the leasing and property management arrangements of the Premises as described in the section headed “The Master Service Agreement” in this announcement
“Listing Rules”	The Rules Governing and Listing of Securities on the Stock Exchange
“Master Service Agreement”	the master service agreement in relation to the Services entered into between the Company and NWD on 30 April 2010
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (Stock Code : 17)
“NWD Group”	NWD and its subsidiaries from time to time
“NWDS”	New World Department Store China Limited, a 72.29% owned subsidiary of NWD and a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code : 825)
“NWDS Group”	NWDS and its subsidiaries from time to time
“Office Premises”	the office premises owned by members of NWD Group from time to time
“Operational Agreement”	the individual agreement in respect of the provision of any of the Services which may from time to time be entered into between a member of the Group and a member of the NWD Group pursuant to the Master Service Agreement
“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
“Premises”	the premises owned by members of NWCL Group from time to time

“Property Agency Services”	the property agency and related services in connection with the promotion, sale and leasing of properties to be provided by the relevant members of the NWD Group to members of the Group as described in the section headed “The Master Service Agreement” in this announcement
“Services”	the Contracting Services, the Property Agency Services, the Hotel Management Services, the Leasing Services, the Leasing and Property Management Services, and such other types of services as the Company and NWD 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
New World China Land Limited
Ngan Man-ying, Lynda
Company Secretary

Hong Kong, 30 April 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.