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**新世界發展有限公司**

**New World Development Company Limited**

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

**REVISION OF ANNUAL CAPS FOR  
CONTINUING CONNECTED TRANSACTIONS  
AND  
SUPPLEMENTAL MASTER SERVICES AGREEMENT**

Reference is made to the transactions between the Company and CTF under the Master Services Agreement dated 30 June 2011, details of which were disclosed in the announcement of the Company dated 30 June 2011.

In view of the completion of the acquisition by NWCL of the Management Company (which provides Hotel Management and Consultancy Services to members of the CTF Group and became an indirect subsidiary of the Company) in July 2011 and the additional construction contracts for projects owned by the CTF Group, the Original Annual Caps in respect of the three years ending 30 June 2014 will be insufficient.

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

As at the date of this announcement, CTF held approximately 42.11% of the total issued share capital of Company. CTF is therefore a substantial shareholder and a connected person of the Company. The Revision of Annual Caps therefore constitutes continuing connected transactions of the Company under the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for the Revised Annual Caps are less than 5% and the Revised Annual Caps exceed HK\$1,000,000, the Revision of Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

**BACKGROUND**

Reference is made to the transactions between the Company and CTF under the Master Services Agreement dated 30 June 2011, details of which were disclosed in the announcement of the Company dated 30 June 2011.

**REVISION OF ANNUAL CAPS UNDER THE MASTER SERVICES AGREEMENT**

On 30 June 2011, the Master Services Agreement was entered into between the Company and CTF, pursuant to which each of the Company and CTF agreed to, and agreed to procure members of the Group or the CTF Group (to the extent practicable), to

engage relevant members of the CTF Group or the Group (as the case maybe) to provide the relevant Operational Services to members of the Group or the CTF Group (as the case maybe) during the term of the Master Services Agreement.

In view of the completion of the acquisition by NWCL of the Management Company (which provides Hotel Management and Consultancy Services to members of the CTF Group and became an indirect subsidiary of the Company) in July 2011 and the additional construction contracts for projects owned by the CTF Group, the Original Annual Caps in respect of the three years ending 30 June 2014 will be insufficient.

The Directors therefore revise the Original Annual Caps for the three years ending 30 June 2014 as follows:

	<b>Original Annual Cap for the year ending 30 June 2012</b>	<b>Original Annual Cap for the year ending 30 June 2013</b>	<b>Original Annual Cap for the year ending 30 June 2014</b>	<b>Revised Annual Cap for the year ending 30 June 2012</b>	<b>Revised Annual Cap for the year ending 30 June 2013</b>	<b>Revised Annual Cap for the year ending 30 June 2014</b>
	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)	HK\$ (million)
Provision of Operational Services by members of the Group to members of the CTF Group	398.4	473.8	525.0	290.4	1,158.5	1,146.2
Provision of Operational Services by members of the CTF Group to members of the Group	4.9	5.7	6.5	6.0	10.0	14.0
<b>Total</b>	<b>403.3</b>	<b>479.5</b>	<b>531.5</b>	<b>296.4</b>	<b>1,168.5</b>	<b>1,160.2</b>

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

- (a) the historical annual or annualized amounts in respect of that category of Operational Service provided by the relevant members of the Group to the relevant members of the CTF Group and vice versa during the past financial years; and
- (b) the projected annual or annualized amounts in respect of that category of Operational Service to be provided by the relevant members of the Group to the relevant members of the CTF Group and vice versa in the three years ending 30 June 2014.

The above-mentioned projected figures are determined basing on the relevant historical figures, taking into account the business growth of the Group, the business opportunities offered by the CTF Group, the estimated future demand, the inflation factor, the additional construction works to be incurred for certain projects owned by the CTF Group and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period: (i) 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 CTF Group; and (ii) the service industries in which the Group operates will have steady growth.

The historical transaction amounts in respect of the provision of Operational Services by members of the Group to members of the CTF Group and that in respect of the provision of Operational Services by members of the CTF Group to members of the Group for the six months ended 31 December 2011 were approximately HK\$86.9 million and HK\$1.9 million respectively. The Directors confirm that the transaction amounts under the Master Services Agreement for the period from 1 January 2012 to the date of this announcement comply with the relevant Original Annual Caps.

### **THE SUPPLEMENTAL MASTER SERVICES AGREEMENT**

In order to allow more flexibility and reduce the administrative burden on the Company to comply with the reporting and/or independent shareholders' approval requirement under the Listing Rules in relation to the execution or renewal of agreement in respect of the Operational Services, the Company and CTF entered into the Supplemental Master Services Agreement on 7 May 2012 to replace the definitions of "CTF Group" and "subsidiary" in the Master Services Agreement by the following:

"CTF Group" means CTF, (a) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company, and/or (b) any other company in the equity capital of which CTF and such other companies referred to in (a) above 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 any other company which is its subsidiary, and for the purpose of the Master Services Agreement, such term shall exclude members of the Group

"subsidiary" means 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)

Save as disclosed above, all of the existing terms and conditions under the Master Services Agreement remain unchanged.

### **GENERAL**

The Group is principally engaged in property, infrastructure, hotel operation, department store operation, services, as well as telecommunications and technology businesses. CTF is principally engaged in investment holding.

The Directors, including the independent non-executive Directors, consider that the Revision of Annual Caps and the terms of the Supplemental Master Services Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Revision of Annual Caps or the transaction contemplated under the Supplemental Master Services Agreement, however, Dr. Cheng Kar-Shun, Henry who was present at the meeting of the executive committee of the board of Directors voluntarily abstained from voting on the relevant board resolutions. Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng and Ms. Cheng Chi-Man, Sonia were not present at that meeting and therefore did not vote on the relevant board resolutions. An independent board committee comprising five independent non-executive Directors, namely, Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson, Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas, has been formed to review and approve the Revision of Annual Caps and the Supplemental Master Services Agreement.

## **LISTING RULES IMPLICATIONS**

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

As at the date of this announcement, CTF held approximately 42.11% of the total issued share capital of Company. CTF is therefore a substantial shareholder and a connected person of the Company. The Revision of Annual Caps therefore constitutes continuing connected transactions of the Company under the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for the Revised Annual Caps are less than 5% and the Revised Annual Caps exceed HK\$1,000,000, the Revision of Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

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

"Company"	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Contracting Services"	the provision of services as main contractors, management contractors and project managers, 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 management, computer aided drafting services and related services

“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“CTF Group”	CTF, its subsidiaries and/or any other company in the equity capital of which CTF 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/or the subsidiaries of such other companies, and for the purpose of this announcement, such term shall exclude members of the Group; and upon signing of the Supplemental Master Services Agreement, the meanings as set out under the definition of “CTF Group” in the paragraph headed “The Supplemental Master Services Agreement” in this announcement
“Director(s)”	director(s) of the Company
“General and Rental Services”	the provision of information technology and telecommunications services, provision of convention and exhibition facilities, related functions and services, food and beverage catering services, food processing, trading and supply, merchandise sourcing, procurement and supply, property management, property sales and letting agency services, provision of car parking management and related services and rental of properties, spare spaces, car parking spaces, vehicles and vessels
“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
“Hotel Management and Consultancy Services”	the provision of management and consultancy services by the relevant members of the Group to members of the CTF Group in respect of hotels owned by members of the CTF Group from time to time including but not limited to hotel pre-opening consultancy services, 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

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Company”	Rosewood Hotels and Resorts, L.L.C., an indirect wholly-owned subsidiary of NWCL as at the date of this announcement
“Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and CTF on 30 June 2011
“NWCL”	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 (Stock code: 917) and a subsidiary of the Company as at the date of this announcement
“Operational Services”	the Contracting Services, the General and Rental Services, the Project Management and Consultancy Services, the Hotel Management and Consultancy Services and such other types of services as CTF and the Company may agree upon from time to time in writing
“Original Annual Caps”	the annual cap amounts in respect of the provision of the Operational Services as disclosed in the announcement of the Company dated 30 June 2011, for the three years ending 30 June 2014, respectively
“Project Management and Consultancy Services”	the provision of project management and consultancy services by the relevant members of the Group to members of the CTF Group in relation to the planning, design and construction of property projects developed or owned by members of the CTF Group from time to time, including but not limited to (a) the provision of advices on design plans and development schedules; co-ordination with architects and consultants on the preparation of tender documents and drawings; monitoring the approval of necessary construction permits; (b) overseeing the overall construction including the construction progress and managing the daily operation of construction sites; certifying periodic payments to suppliers and contractors; preparation of cash flow projection; and (c) arranging for hand-over of the completed works complete with full technical documentation for future maintenance and operation; approving final payments to consultants; and co-ordination with consultants on the compilation of final accounts
“Revised Annual Caps”	the revised annual cap amounts in respect of the Operational Services as set out on page 2 of this announcement, for the three years ending 30 June 2014, respectively

"Revision of Annual Caps"	the revision of the Original Annual Caps for each of the three years ending 30 June 2014, respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Supplemental Master Services Agreement"	the supplemental master services agreement to the Master Services Agreement entered into between the Company and CTF dated 7 May 2012
"%"	per cent.

By order of the board  
**Wong Man-Hoi**  
*Company Secretary*

Hong Kong, 7 May 2012

*As at the date of this announcement, the board of the Company comprises (a) six executive Directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-Fung, Leonie, Mr. Cheng Chi-Heng and Ms. Cheng Chi-Man, Sonia; (b) two non-executive Directors, namely Mr. Liang Chong-Hou, David and Mr. Cheng Kar-Shing, Peter; and (iii) five independent non-executive Directors, namely Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson (alternate director to Dr. Cha Mou-Sing, Payson: Mr. Cha Mou-Zing, Victor), Mr. Ho Hau-Hay, Hamilton, Mr. Lee Luen-Wai, John and Mr. Liang Cheung-Biu, Thomas.*