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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)

CONTINUING CONNECTED TRANSACTIONS

The Company and CTF entered into the Master Services Agreement on 23 November 2010 whereby the Company agrees to (i) engage relevant members of the CTF Group to provide the General and Rental Services to members of the Group; and (ii) provide the relevant Operational Services to members of the CTF Group during the term of the Master Services Agreement.

As at the date of this announcement, CTF held an approximately 40.03% of the total issued share capital of the Company. CTF is therefore considered as a substantial shareholder and a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Services Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that each 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 Operational Services contemplated under the Master Services Agreement is less than 5%, the entering into of the Master Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

In the ordinary course of their businesses, members of the Group regularly enter into continuing connected transactions with members of the CTF Group. In order to streamline such continuing connected transactions, the Company and CTF entered into the Master Services Agreement on 23 November 2010 whereby each of the Company and CTF agrees 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.

THE MASTER SERVICES AGREEMENT

Date: 23 November 2010

Parties: the Company and CTF

Term: an initial term of three years commencing from 1 July 2010 to 30 June 2013 (both days inclusive). Subject to re-compliance with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) 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 Services Agreement may be renewed for a further term of three years

Provision of the Operational Services

Under the Master Services Agreement, each of the Company and CTF agrees 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, details of which are as follows:

Categories of Operational Services	Description of services
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Contracting Services	the provision of construction, engineering and related services by the relevant members of the Group to members of the CTF Group from time to time 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 management and the 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 and system design and consultancy and computer aided drafting services
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General and Rental Services	the provision of cleaning, facility management, information technology and telecommunications, property management, rental and related services by/to the relevant members of the Group to/by relevant members of the CTF Group from time to time including but not limited to the following services:
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- cleaning services: general cleaning, vessel and vehicle cleaning, bus depot cleaning, bus terminus cleaning, office cleaning and bus shelter, stop and related facility cleaning services;
- facility management services: 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, and merchandise

sourcing, procurement and supply;

- property management services: property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services and the provision of car parking, management and related services; and
- Rental services: rental of properties, spare spaces, vehicles and vessels

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

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

Major terms

Pursuant to the Master Services Agreement, the provision of the Operational Services shall be

in accordance with the following terms:

- (a) as for the Operational Services undertaken by any member of the CTF Group and the Group but not yet completed as at the commencement of the Master Services Agreement, each of CTF and the Company agrees to procure relevant members of the CTF Group and the Group to continue to provide the relevant Operational Services in accordance with the terms of the relevant Existing Service Agreements which shall remain in full force notwithstanding the terms of the Master Services Agreement;
- (b) save as the Operational Services referred to in sub-paragraph (a) above, each of CTF and the Company agrees to provide the relevant Operational Services through itself and/or members of their respective groups in accordance with the terms of the Master Services Agreement during the duration of the Master Services 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, and in any event, the terms and conditions of which shall be subject to the Master Services Agreement and shall be in compliance with the relevant laws and regulations in force from time to time;
- (c) the fee for each of the Operational Services provided by the relevant members of the CTF Group and the Group during the term of the Master Services Agreement shall be determined by the parties thereto in writing in the form of an operational agreement in the ordinary course of business 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 maybe) independent third parties of the Group;
- (d) in providing the relevant Operational Services, each of CTF and the Company shall, and shall procure such member of the CTF Group and the Group to, use the best care, skill and diligence required in accordance with the best practice in the same industry, profession or trade and in compliance with all relevant laws and regulations;
- (e) each of CTF and the Company undertakes to provide, and shall procure such member of the CTF Group and the Group to provide, the relevant Operational Services in the most cost-effective manner consistent with the required level of quality and performance;
- (f) the appointment of the relevant members of the CTF Group or the Group (as the case maybe) by the Group or the CTF Group (as the case maybe) to provide the relevant Operational Services under the Master Services Agreement shall be subject to the relevant laws, rules and regulations; and
- (g) in the event that the relevant members of the Group or the CTF Group (as the case may be) are required to select the providers of the relevant Operational Services through auction tenders, the engagement shall only become effective as and when the relevant members of the CTF Group or the Group (as the case may be) have been selected by the relevant members of the Group or the CTF Group (as the case may be) to provide the relevant Operational Services as a result of the relevant auction tenders.

Historical transaction values

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

Categories of Operational Services	for the financial year ended 30 June 2008 HK\$ (million)	for the financial year ended 30 June 2009 HK\$ (million)	for the financial year ended 30 June 2010 HK\$ (million)
(A) Operational Services provided by members of the Group to members of the CTF Group			
Contracting Services (<i>Note</i>)	75.8	165.5	185.8
General and Rental Services (<i>Note</i>)	45.7	36.3	10.4
Project Management and Consultancy Services	0	0	1.1
Hotel Management and Consultancy Services	0.3	2.0	10.1
Sub-total	121.8	203.8	207.4
(B) Operational Services provided by members of the CTF Group to members of the Group			
General and Rental Services (<i>Note</i>)	6.2	3.6	3.9
Grand Total	128.0	207.4	211.3

Note :

Transaction amounts including those in respect of laundry and landscaping, security and guarding, trading of building materials, insurance brokerage and property management businesses in Hong Kong which were disposed of under a management buyout arrangement in July 2010.

Annual caps

The Company expects that the maximum aggregate annual value (the “Annual Cap”) in respect of each category of the Operational Services will be as follows:

Categories of Operational Services	Annual cap for each of the financial years ending 30 June		
	2011 HK\$ (million)	2012 HK\$ (million)	2013 HK\$ (million)
(A) Operational Services to be provided by members of the Group to members of the CTF Group			
Contracting Services (<i>Note</i>)	574.4	548.9	418.9
General and Rental Services (<i>Note</i>)	14.5	20.6	20.8
Project Management and Consultancy Services	106.4	157.8	184.6
Hotel Management and Consultancy Services	19.8	31.7	42.4
Sub-total	715.1	759.0	666.7
(B) Operational Services to be provided by members of the CTF Group to members of the Group			
General and Rental Services (<i>Note</i>)	4.3	5.5	7.0
Grand total	719.4	764.5	673.7

Note :

The respective Annual Caps include the annual caps for Contracting Services and the General and Rental Services provided by members of the Group to members of the CTF Group or vice versa as disclosed in the announcement of the Company dated 7 May 2010, but with adjustments made due to the disposal of laundry and landscaping, security and guarding, trading of building materials, insurance brokerage and property management businesses in Hong Kong under a management buyout arrangement in July 2010.

Each of the 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 or vice versa during the past three 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 or vice versa 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 CTF Group, the estimated future demand, the inflation factor and adjustments for non-recurring or extraordinary items, and on the principal assumptions that, for the duration of the projected period: (i) the Contracting Services will benefit from the potential recovery of the Hong Kong property market and the potential development of the land banks of the CTF Group; and (ii) 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICES AGREEMENT

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

In anticipation of the increase in the scope and transaction amounts of the Operational Services to be provided to/by the CTF Group, the Directors propose to enter into the Master Services Agreement which would provide a more comprehensive framework for different categories of Operational Services to be provided to/by the CTF Group. The Master Services Agreement will provide a single basis on which the Company will comply with the reporting, announcement and independent shareholders' approval requirements (to the extent applicable) under the Listing Rules and thereby aiming to reduce the administrative burden on the Company to comply with such requirements in relation to the execution or renewal of operational agreements in respect of the Operational Services.

The transactions contemplated under the Master 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 and the CTF Group. The relevant Operational Services contemplated under the Master Services Agreement will be negotiated on arm's length basis and comparable with terms available to independent third parties.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Master Services 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 Services Agreement.

CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, CTF held an approximately 40.03% of the total issued share capital of the Company. CTF is therefore considered as a substantial shareholder and a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Services Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. Given that each 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 Operational Services contemplated under the Master Services Agreement is less than 5%, the entering into of the Master Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules. None of the Directors have a material interest in the transactions, but Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Mr. Cheng Kar Shing, Peter and Mr. Cheng Chi Heng who present at the board meeting of the Company approving the Master Services Agreement, have voluntarily abstained from voting on the relevant board resolution.

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 construction, engineering and related services by the relevant members of the Group to members of the CTF Group from time to time 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 management and the 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 and system design and consultancy and computer aided drafting 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, and for the purpose of the Master Services Agreement, excludes members of the Group
“Director(s)”	director(s) of the Company
“Existing Service Agreements”	the service agreements entered into between members of the CTF Group and members of the Group in respect of the provision of the relevant Operational Services which are not yet completed as at the commencement of the Master Services Agreement
“General and Rental Services”	<p>the provision of cleaning, facility management, information technology and telecommunications, property management, rental and related services by/to the relevant members of the Group to/by relevant members of the CTF Group from time to time including but not limited to the following services:</p> <ul style="list-style-type: none"> - cleaning services: general cleaning, vessel and vehicle cleaning, bus depot cleaning, bus terminus cleaning, office cleaning and bus shelter, stop and related facility cleaning,; - facility management services: 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, and merchandise sourcing, procurement and supply; - property management services: property management, property sales, vessel and vehicle sales and letting agency services, pre-marketing consultancy services, technical services and the provision of car parking, management and related services; and - Rental services: rental of properties, spare 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
“Master Services Agreement”	the master services agreement in relation to the Operational Services entered into between the Company and CTF on 23 November 2010
“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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Leung Chi Kin, Stewart
Company Secretary

Hong Kong, 23 November 2010

As at the date of this announcement: (a) the executive Directors are Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Dr. Sin Wai Kin, David, Mr. Liang Chong Hou, David, Mr. Leung Chi Kin, Stewart, Mr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng; (b) the non-executive Directors are Mr. Cheng Kar Shing, Peter, Mr. Chow Kwai Cheung, Mr. Liang Cheung Biu, Thomas and Ms. Ki Man Fung, Leonie; and (c) the independent non-executive Directors are 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 and Mr. Lee Luen Wai, John.