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New World China Land Limited

新世界中國地產有限公司

(incorporated in Cayman Islands with limited liability)

(Stock Code: 917)

**COMPLETION OF THE DISPOSAL
AND
CONTINUING CONNECTED TRANSACTIONS**

COMPLETION OF THE DISPOSAL

Reference is made to the Joint Announcement in relation to the Disposal. The Board is pleased to announce that all the conditions precedent to the Completion have been fulfilled and the transaction contemplated under the Sale and Purchase Agreement has been completed on the Completion Date. Immediately following Completion, the Target has ceased to be a subsidiary of the Company.

THE MASTER HOTEL MANAGEMENT SERVICES AGREEMENT

The Target Group has been providing hotel management services to the hotels owned by the Group pursuant to the existing hotel management services contracts which are of continuing nature and have a term beyond the date of the Completion. On 29 December 2015, the Company and CTF entered into the Master Hotel Management Services Agreement, pursuant to which members of the Group will continue or enter into the Transactions with the members of the CTF Group.

The Master Hotel Management Services Agreement shall commence on the Effective Date, and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the Master Hotel Management Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the Master Hotel Management 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, the Master Hotel Management Services Agreement will be automatically renewed for a further term of ten years, unless terminated earlier in accordance with the Master Hotel Management Services Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD is the controlling shareholder of the Company, holding approximately 69.57% attributable interest in the issued shares of the Company. CTF is the controlling shareholder of NWD, holding approximately 43.87% interest in the issued shares of NWD. As such, CTF is regarded as a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Hotel Management Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps for the continuing connected transactions contemplated under the Master Hotel Management Services Agreement will, on an annual basis, be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

As the term of the Master Hotel Management Services Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged BOSCI as the independent financial adviser to advise the reasons for the Master Hotel Management Services Agreement having a term that exceeds three years and to confirm whether this is normal business practice for the Master Hotel Management Services Agreement to have such duration.

COMPLETION OF THE DISPOSAL

Reference is made to the Joint Announcement in relation to the Disposal. The Board is pleased to announce that all the conditions precedent to the Completion have been fulfilled and the transaction contemplated under the Sale and Purchase Agreement has been completed on the Completion Date.

THE MASTER HOTEL MANAGEMENT SERVICES AGREEMENT

Date

29 December 2015

Parties

- (i) the Company; and
- (ii) CTF.

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 CTF Group in relation to any Transactions upon, and subject to, the terms and conditions in compliance with those of the Master Hotel Management Service Agreement as may be agreed between relevant members of the Group and the relevant members of the CTF Group. All existing agreements between the relevant members of the Group and the relevant members of the CTF 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 Hotel Management Services Agreement as from the Effective Date.

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

- (i) in the usual and ordinary course of business of the Company and CTF;
- (ii) on normal commercial terms; and
- (iii) in compliance with all applicable provisions of the Listing Rules (including the Annual Caps), the applicable laws, the Master Hotel Management Services Agreement and the relevant Definitive Agreements.

Term

The Master Hotel Management Services Agreement shall commence on the Effective Date, and shall continue up to and including 31 December 2025, unless terminated earlier in accordance with the Master Hotel Management Services Agreement. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the Master Hotel Management 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, the Master Hotel Management Services Agreement will be automatically renewed for a further term of ten years, unless terminated earlier in accordance with the Master Hotel Management Services Agreement.

The Annual Caps

The Company expects that the Annual Caps in respect of the Transactions to be entered into between members of the Group and members of the CTF Group for each of the three financial years ending 30 June 2018 will be HK\$12,000,000, HK\$29,300,000 and HK\$35,100,000, respectively. The Company will re-comply with the Listing Rules in relation to the determination of the annual caps for the remaining term of the Master Hotel Management Services Agreement.

Basis of the Annual Caps

The above Annual Caps have been determined based on the following:

- (1) for existing hotel management services contracts : the fee structures as stipulated under the existing hotel management services contracts, the forecast of the revenue and gross profit of the hotels with reference to their operational budgets in the next three years;
- (2) for prospective hotel management services contracts : the estimated fee structures and the forecast of the revenue and gross profit of the relevant hotels in the next three years; and
- (3) for pre-opening technical consultancy services contracts : the fee structures as stipulated under the respective services contracts.

Pricing policy

The hotel management fees generally comprise basic management fees, marketing fees, and/or incentive management fees which are linked with the total revenue and gross operating profit of the relevant hotels owned by the Group, as well as central marketing fees and technical services fees. The Directors noted the Target Group generally charges a standard rate of service fee to all hotels under the same brand, which will be subject to adjustments based on different locations of the hotels. The Group will monitor industry practices on a regular basis to ensure the terms offered to the Group are either equivalent to or better than the prevailing market prices.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER HOTEL MANAGEMENT SERVICES

Following Completion, the hotel management services contracts between the Group and the Target Group, which are subsisting but not yet completed on the Completion Date, shall become continuing connected transactions for the Company under the Listing Rules. To provide for continuity of services, the Directors believe that it is in the interests of the Group to enter into the Master Hotel Management Services Agreement which shall provide a single basis on which the Company will comply with the relevant requirements under the Listing Rules and may regulate the existing or future hotel management services contracts with the relevant members of the CTF Group under a common framework agreement. The Transactions 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 relevant members of the CTF Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Master Hotel Management 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 its shareholders as a whole and that the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

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

To the best knowledge of the Directors, CTF is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWD is the controlling shareholder of the Company, holding approximately 69.57% attributable interest in the issued shares of the Company. CTF is the controlling shareholder of NWD, holding approximately 43.87% interest in the issued shares of NWD. As such, CTF is regarded as a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Hotel Management Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps for the continuing connected transactions contemplated under the Master Hotel Management Services Agreement will, on an annual basis, be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

APPROVAL BY THE BOARD OF DIRECTORS

Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter and Dr. Cheng Chi-Kong, Adrian are common directors of the Company and CTF. Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Him, Conrad are regarded as their associates. None of the Directors otherwise has a material interest in the Master Hotel Management Services Agreement and the Annual Caps. The Master Hotel Management Services Agreement and the Annual Caps have been approved by way of written resolutions signed by all Directors.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Rule 14A.52 of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. As the term of the Master Hotel Management Services Agreement exceeds three years, the Company has engaged BOSCI as the independent financial adviser to advise the reasons for the Master Hotel Management Services Agreement having a term that exceeds three years and to confirm whether this is normal business practice for the Master Hotel Management Services Agreement to have such duration.

BOSCI noted that hotel management contracts are commonly of long tenor which exceed three years given that (i) hotel management operators have different requirements and standards for hotels under their management and hotel owners are normally required to decorate their hotels to fit the requirements of the hotel management operators; and (ii) frequent changes of hotel management operator may lead to expensive redecorations, temporary closure of the hotel and a confusion of hotel identity. Furthermore, BOSCI has identified certain hotel management agreements entered into by other companies whose shares are listed on the Stock Exchange (the “**Comparable Transactions**”) as below:

- i. as disclosed in the prospectus of Jinmao (China) Investments Holdings Limited (“Jinmao”) (Stock Code: 6139) dated 19 June 2014, Jinmao entered into hotel management agreements with various hotel managers (i.e. Hyatt of China Limited, Westin Hotel Management L.P., Shanghai Gingerroot Hotel Management Co., Ltd., The Ritz-Carlton International Management Company B.V., Hilton Hotel Management (Shanghai) Co., Ltd., Luxury Hotels (China) International Management of Hong Kong Limited, and Hyatt International Hotel Management (Beijing) Co., Ltd.) for a term with a range from 15 to 30 years from formal opening or from the date of the relevant hotel management agreements;
- ii. as disclosed in the prospectus of Langham Hospitality Investments Limited (“Langham”) (Stock Code: 1270) dated 16 May 2013, Harvest Star International Limited, Langham Place Hotel (HK) Limited and Grow On Development Limited, each being a subsidiary of Langham and owner of the relevant hotel, entered into hotel management agreements for an initial term of 30 years from and including the date of listing of Langham; and

- iii. as disclosed in the announcement of Shangri-La Asia Limited (“Shangri-La”) (Stock Code: 69) dated 17 October 2012, Shanghai Ji Xiang Properties Co., Ltd., ultimately owned as to 49% by Shangri-La and owner of Jing An Shangri-La Hotel, entered into a hotel management agreement with Shangri-La International Hotel Management Limited, a company wholly owned by Shangri-La, for a term of 20 years from the opening date of Jing An Shangri-La Hotel.

BOSCI noted that the term of each hotel management services agreement of the Comparable Transactions ranged from 15 to 30 years and the term of the Master Hotel Management Services Agreement, being up to 20 years (including an initial term from 29 December 2015 up to and including 31 December 2025 and renewable for a further term of 10 years), is within such range. Taking into account of the above, BOSCI confirmed that it is normal business practice for the Master Hotel Management Services Agreement to have a term of up to 20 years.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Annual Caps”	the annual caps amounts payable by the Group to the CTF Group in respect of the Transactions for each of the three financial years ending 30 June 2018
“BOSCI”	BOSC International Company Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 (Stock Code: 917)
“Completion”	completion of the transaction under the Sale and Purchase Agreement
“Completion Date”	29 December 2015, the date of Completion
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CTF”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability and is the controlling shareholder of NWD

“CTF Group”	CTF and its subsidiaries from time to time which include the Target Group from the Completion Date
“Definitive Agreement(s)”	hotel management services agreement(s) which may be entered into between any member(s) of the Group and any member(s) of CTF Group from time to time in relation to any of the Transactions at any time during the term of the Master Hotel Management Services Agreement
“Director(s)”	the directors of the Company
“Disposal”	the disposal by New World Development (China) Limited, a wholly-owned subsidiary of the Company, to CTF of the entire issued share capital of the Target and all the outstanding shareholder’s loans and accrued interest due and owing from the Target in accordance with the Sale and Purchase Agreement, details of which were set out in the Joint Announcement
“Effective Date”	29 December 2015
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Term”	the period commencing from the Effective Date up to and including 31 December 2025
“Joint Announcement”	the joint announcement dated 3 July 2015 issued by NWD and the Company in relation to the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Hotel Management Services Agreement”	the master hotel management services agreement in relation to the Transactions entered into between the Company and CTF on 29 December 2015
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 17), and the holding company of the Company

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 July 2015 entered into between New World Development (China) Limited and CTF in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target”	New World Hotel Management (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target and its subsidiaries from time to time
“Transactions”	all transactions between members of the Group and members of the CTF Group regarding the provision of hotel management services and pre-opening technical consultancy services by members of the CTF Group to members of the Group
“%”	per cent.

By order of the board of
New World China Land Limited
Ngan Man-Ying, Lynda
Company Secretary

Hong Kong, 29 December 2015

As at the date of this announcement, the executive directors of the Company are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Dr. 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.