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(Stock Code: 0017)

**CONTINUING CONNECTED TRANSACTIONS  
(1) SUPPLEMENTAL AGREEMENT  
AND  
(2) REVISION OF ANNUAL CAPS FOR THE TWO FINANCIAL YEARS ENDING 30 JUNE 2022  
AND 2023**

Reference is made to the announcement of the Company dated 24 April 2020 in relation to, among other things, the CTFE Master Services Agreement.

**SUPPLEMENTAL AGREEMENT**

In view of the expansion of the scope of services offered by CTFE Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTFE Group would increase in the future. As such, the Board expects that the scope of the CTFE Contracting Services covered under the CTFE Master Services Agreement needs to be revised accordingly. On 5 November 2021 (after trading hours), CTFE and the Company entered into the Supplemental Agreement to expand the scope of the CTFE Contracting Services to cover services relating to, among others, mechanical, electrical and building services.

**THE REVISED ANNUAL CAPS**

In view of the expanded scope of the CTFE Contracting Services to be covered under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, the Board anticipates that the transaction volume contemplated thereunder will exceed the original projection and that the Original Annual Caps will not be sufficient to meet the Group's requirements for the two financial years ending 30 June 2022 and 2023. Accordingly, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

Save for the expanded scope of the CTFE Contracting Services, all terms and conditions of the CTFE Master Services Agreement remain unchanged.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CTFE is a substantial shareholder of the Company and therefore a connected person of the Company. The CTFE Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Revised Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 24 April 2020 in relation to, among other things, the CTFE Master Services Agreement, the transactions contemplated thereunder and the Original Annual Caps.

## **THE SUPPLEMENTAL AGREEMENT**

In view of the expansion of the scope of services offered by CTFE Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTFE Group would increase in the future. As such, the Board expects that the scope of the CTFE Contracting Services under the CTFE Master Services Agreement needs to be revised accordingly.

On 5 November 2021 (after trading hours), CTFE and the Company entered into the Supplemental Agreement to expand the scope of the CTFE Contracting Services to cover services relating to, among others, mechanical, electrical and building services.

The principal terms of the Supplemental Agreement are summarised below:

### **Date**

5 November 2021

### **Parties**

- (1) CTFE; and
- (2) the Company

### **Subject matter**

To better reflect the foreseeable business arrangements with the CTFE Group in view of its expanded scope of services offered and other house-keeping revisions, pursuant to the Supplemental Agreement, the scope of the CTFE Contracting Services under the CTFE Master Services Agreement has been revised to:

"Contracting Services means the provision of services as main contractors, management contractors, project managers, subcontractors or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, 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, computer aided drafting services and related services;"

Save for the expanded scope of the CTFE Contracting Services, all other terms and conditions of the CTFE Master Services Agreement remain unchanged. Please refer to the announcement of the Company dated 24 April 2020 for a summary of the principal terms of the CTFE Master Services Agreement.

### **Determination of consideration**

The pricing policy for the provision of the CTFE Contracting Services as mentioned in the announcement of the Company dated 24 April 2020 will continue to be in force.

As regards the provision of the additional contracting services as set out above where the relevant member(s) of the Group may be engaged as main contractor, management contractor, project manager, subcontractor or agent for a particular project, there may be two types of business arrangements for the contracting services to be provided by members of the CTFE Group:

- where a member of the CTFE 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 CTFE Group will be ascertained by an independent professional quantity surveyor appointed by the ultimate employer; and
- 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, at its best endeavour, obtain two 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 CTFE Group are equal to or better than those offered by the independent service providers, the Group may probably award the contract to the CTFE Group. For projects which involve consideration of a substantial amount, the member(s) of the CTFE Group will participate in a tender from all bidders (including independent third parties in the market). In determining the winning bid, the Group will generally take into account several factors, such as (i) the tender amount offered by the bidders; (ii) market reputation, past performance, relevant experiences and technical competencies of the bidders; (iii) quality of service terms offered by the bidders; and (iv) previous business relationship with the bidders etc. The procedures for tender and bidding will be conducted in accordance with the Group's internal tender procedure(s) on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) set out in the bid invitation.

### **THE REVISED ANNUAL CAPS**

In view of the expanded scope of the CTFE Contracting Services to be covered under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, the Board anticipates that the transaction volume contemplated thereunder will exceed the original projection and that the Original Annual Caps will not be sufficient to meet the Group's requirements for the two financial years ending 30 June 2022 and 2023. Accordingly, the Company proposes to adopt the Revised Annual Caps in place of the Original Annual Caps.

The aggregate transaction amounts paid by members of the Group to the members of the CTFE Group, and vice versa, under the Former CTFE Master Services Agreement for the three financial years ended 30 June 2018, 2019 and 2020 were approximately HK\$557.9 million, HK\$645.3 million and HK\$536.7 million, respectively and the aggregate transaction amounts paid by the members of Group to the members of the CTFE Group, and vice versa, under the CTFE Master Services Agreement for the financial year ended 30 June 2021 was approximately HK\$639.8 million.

The Company shall adopt the Revised Annual Caps in place of the Original Annual Caps for the two financial years ending 30 June 2022 and 2023 as follows:

**For the financial year ending 30 June**

	<b>2022</b> <i>HK\$(million)</i>	<b>2023</b> <i>HK\$(million)</i>
Original Annual Caps	1,294.5	951.6
Revised Annual Caps	2,202.2	1,978.9

***Basis for the Revised Annual Caps***

In determining the Revised Annual Caps, the Directors considered (i) the transaction amounts paid by the Group to the CTFE Group, and vice versa, in respect of the CTFE Contracting Services for the financial year ended 30 June 2021; and (ii) the projected growth for the CTFE Contracting Services for the two financial years ending 30 June 2022 and 2023, as a result of the expansion of the CTFE Group.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND REVISING THE ORIGINAL ANNUAL CAPS**

In view of the expansion of the scope of services offered by CTFE Group since the end of 2020 with the inclusion of, among others, mechanical, electrical and building services, the Board expects that the Group's demand for contracting services to be provided by the CTFE Group would increase in the future. To allow the Group more flexibility in choosing suppliers and/or subcontractors for contracting services, the Directors consider that it is in the best interests of the Group to enter into the Supplemental Agreement to expand the scope of the CTFE Contracting Services to cover services relating to, among others, mechanical, electrical and building services.

Accordingly, to accommodate the expansion of the CTFE Contracting Services to be covered under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, and the anticipated increase in the transaction volume contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, whereby the transactions to be entered into are expected to be recurring in nature and will be agreed on an arm's length basis and on normal commercial terms or better, the Directors consider that it is in the best interests of the Group to revise the Original Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that transactions contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, and the Revised Annual Caps in respect of the transactions contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole.

**INFORMATION OF THE GROUP AND CTFE**

**The Group**

The Group is principally engaged in property development, property investment and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses.

**CTFE**

As of the date of this announcement and based on publicly available information, CTFE is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to approximately 48.98% and approximately 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. To the best knowledge of the Directors, CTFE is principally engaged in investment holding.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, CTFE is a substantial shareholder of the Company and therefore a connected person of the Company. The CTFE Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest of all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Revised Annual Caps is more than 0.1% but less than 5%, the transactions contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## APPROVAL BY THE BOARD OF DIRECTORS

None of the Directors has a material interest in the Supplemental Agreement and the transactions contemplated thereunder. Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Kar Shing, Peter and Mr. Cheng Chi Heng, all being Directors, are also directors of CTFE. Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Heng and their associates, being Mr. Doo Wai Hoi, William and Ms. Cheng Chi Man, Sonia, abstained from voting on the relevant board resolutions. Mr. Cheng Kar Shing, Peter was not present at the relevant Board meeting and therefore did not vote on the resolutions approving the Supplemental Agreement and the transactions contemplated thereunder.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

"Board"	the board of Directors
"Company"	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:0017)
"connected person"	has the meaning ascribed to it under the Listing Rules
"CTFE"	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company as at the date of this announcement
"CTFE Contracting Services"	the provision of services as main contractors, management contractors, project managers, subcontractors or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, refurbishment, cleaning of properties, development and redevelopment of buildings, properties and real estate, 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
"CTFE Group"	CTFE, (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 CTFE 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 and Share Buy-backs 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 CTFE Master Services Agreement and this announcement, such term shall exclude members of the Group

"CTFE Master Services Agreement"	the master services agreement in relation to the CTFE Transactions entered into between CTFE and the Company on 24 April 2020
"CTFE Transactions"	all existing and future transactions between members of the CTFE Group and members of the Group in respect of the provision of services contemplated under the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement
"Directors"	the directors of the Company
"Former CTFE Master Services Agreement"	the master services agreement dated 10 April 2017 entered into between CTFE and the Company, as disclosed in the announcement of the Company dated 10 April 2017
"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
"Original Annual Caps"	the original annual cap amounts for the two financial years ending 30 June 2022 and 2023 in respect of the CTFE Master Services Agreement as disclosed in the announcement of the Company dated 24 April 2020
"Revised Annual Caps"	the proposed annual cap amounts for the two financial years ending 30 June 2022 and 2023 in respect of the CTFE Master Services Agreement, as supplemented by the Supplemental Agreement and as disclosed in this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Supplemental Agreement"	the supplemental agreement entered into between the Company and CTFE on 5 November 2021 to supplement the CTFE Master Services Agreement

"%"

per cent.

By Order of the Board of  
**Wong Man Hoi**  
Company Secretary

Hong Kong, 5 November 2021

*As at the date of this announcement, (a) the executive directors of the Company are Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Heng, Ms. Cheng Chi Man, Sonia, Mr. Sitt Nam Hoi, Ms. Huang Shaomei, Echo and Ms. Chiu Wai Han, Jenny; (b) the non-executive directors of the Company are Mr. Doo Wai Hoi, William and Mr. Cheng Kar Shing, Peter; and (c) the independent non-executive directors of the Company are Mr. Yeung Ping Leung, Howard, Mr. Ho Hau Hay, Hamilton, Mr. Lee Luen Wai, John, Mr. Liang Cheung Bui, Thomas, Mr. Ip Yuk Keung, Albert and Mr. Chan Johnson Ow.*