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Future Land Development Holdings Limited

新城發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

CONTINUING CONNECTED TRANSACTIONS PROPERTY SERVICES FRAMEWORK AGREEMENT

THE PROPERTY SERVICES FRAMEWORK AGREEMENT

As the Company will continue to engage Future Land Property Services to provide residential property management services, the Property Services Framework Agreement was entered into between Future Land Holdings and Future Land Property Services on 29 July 2016 (after trading hours) in relation to provision of residential property management services by Future Land Property Services for a term of one year from 1 January 2016 to 31 December 2016 subject to the Annual Cap of RMB175 million.

LISTING RULES IMPLICATION

Future Land Property Services is indirectly owned as to 93.75% by Wealth Zone, a controlling shareholder of the Company. Accordingly, Future Land Property Services is a connected person of the Company and the entering into of the Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the Property Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rule 14A.76(2) of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement dated 1 April 2016 and the circular dated 18 April 2016 of the Company in relation to the Disposal. Upon completion of the Disposal, Future Land Property Services ceased to be a subsidiary of the Company and became 93.75% owned by Wealth Zone, a controlling shareholder of the Company. Transactions between any member of the Group and Future Land Property Services and its associates constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

EXISTING SERVICES AGREEMENTS

As disclosed in the announcement dated 1 April 2016 and the circular dated 18 April 2016 of the Company in relation to the Disposal, prior to the Disposal, Future Land Holdings (through its subsidiaries) had 50 Existing Services Agreements with Future Land Property Services, pursuant to which Future Land Property Services provides residential property management services, including cleaning, security and maintenance, to various residential development projects of Future Land Holdings. The term for the Existing Services Agreements is one year from 1 January 2016 to 31 December 2016 and the total consideration for the Existing Services Agreements is approximately RMB59 million. The Existing Services Agreements have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon completion of the Disposal.

THE PROPERTY SERVICES FRAMEWORK AGREEMENT

In addition to the Existing Services Agreements, Future Land Holdings wishes to continue to engage Future Land Property Services to provide residential property management services and entered into the Property Services Framework Agreement with Future Land Property Services on 29 July 2016 (after trading hours). All Existing Services Agreements shall remain in full force and effect, save and except that the Existing Services Agreements are also subject to the Annual Cap under the Property Services Framework Agreement.

The principal terms of the Property Services Framework Agreement are set out below:

Date: 29 July 2016

Parties: (i) Future Land Holdings; and
(ii) Future Land Property Services

Term: The Property Services Framework Agreement shall be effective from 1 January 2016 to 31 December 2016 (both dates inclusive).

**Residential
property
management
services:**

Future Land Property Services is commissioned to provide various residential property management services including the maintenance, consultancy, inspection and sales agency services in connection with the residential development projects of Future Land Holdings. Specifically, Future Land Property Services agrees to provide the following services to Future Land Holdings with the pricing policies and payment terms as briefly listed below -

a. Pre-sale Management Service – Subject to Tender

Scope of Services: Future Land Property Services is responsible for management and maintenance of residential properties and facilities of development projects of Future Land Holdings.

Tender Process: Future Land Holdings will select the pre-sale management services provider through standard and independent tender process and will engage Future Land Property Services if it wins the tender.

Pricing Policy: The price to be submitted by Future Land Property Services in the tender will be based on the type of the development project, the operational costs and the anticipated increase in such costs.

Payment term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the tender and the subsidiary agreement to be entered into.

b. Sale Offices Management Service

Scope of Services: Future Land Property Services is responsible for the cleaning, security and customer services at the sale offices, showrooms and clubhouses in the development projects.

Pricing Policy: The service fee will be based on the market price, with the historical and anticipated property management costs taken into consideration, including labour costs and material costs, following arm's length negotiation.

Payment term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

c. Property Inspection Service

Scope of Services: Future Land Property Services is responsible for the inspection of development projects, including properties, facilities and securities systems, in accordance with the acceptance standards of Future Land Holdings and provision of feedbacks.

Pricing Policy: The service fee shall be based historical and anticipated property management costs with reference to fees of similar services in the market, following arm's length negotiation.

Payment term: Payment shall be made within 1 month after the delivery of the property inspection services pursuant to the subsidiary agreement to be entered into.

d. Property Consultancy Service

Scope of Services: Future Land Property Services will (1) provide advice in the preliminary stage of development projects, including marketing strategy and property design; (2) carry out risk assessment of development projects after delivery; and (3) assist in the preparation for the delivery of properties.

Pricing Policy: The service fee will be based on the operational costs of Future Land Property Services, which shall not exceed the amount of three months of property management fees of the relevant development project.

Payment term: Lump sum payment within 3 months after the delivery of properties of the relevant development project.

e. Parking Space Sales Agency Service

Scope of Services: Future Land Property Service will provide sales agency services for the parking spaces of Future Land Holdings.

Pricing Policy: Service fee should be 2% to 8% of the sale price of the sold parking space, with reference to fees of similar services in the market, following arm's length negotiation.

Payment term: Payment shall be made quarterly.

Subsidiary agreement(s): For each development project of Future Land Holdings which requires the residential property management services under the Property Services Framework Agreement, Future Land Holdings and Future Land Property Services will (directly or through their respective subsidiaries) enter into a subsidiary agreement setting out the specific scope of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned below) set out in the Property Services Framework Agreement.

All transactions contemplated under the Property Services Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by Future Land Property Services to Future Land Holdings should not be less favorable than those offered to other parties for similar services.

Annual Cap and its basis: The Annual Cap of the service fees under the Property Services Framework Agreement for the year ending 31 December 2016 shall not exceed RMB175 million (including the total consideration for the Existing Services Agreements of approximately RMB59 million). The service fees are expected to be satisfied by the internal resources of the Group.

The Annual Cap is determined with reference to, among others, the following factors:

- (1) the aggregate amount of approximately RMB111 million paid by Future Land Holdings for residential property management services for the year ended 31 December 2015;
- (2) the estimated demand of Future Land Holdings for residential property management services for the year ending 31 December 2016 with reference to the Existing Services Agreements and existing and future development projects of Future Land Holdings; and
- (3) other factors such as Future Land Holdings' business plans and inflation.

Reasons for and benefits of entering into the Property Services Framework Agreement

Future Land Property Services is an experienced property management services provider in Mainland China. As at 31 December 2015, Future Land Property Services has managed 79 residential property projects across a number of Chinese cities, including Shanghai, Nanjing, Changzhou, Wuxi and Suzhou. The total gross floor area of projects which Future Land Property Services has managed amounts to 20.4 million sq.m. The Board believes that the experiences of Future Land Property Services shall provide reliable support to the Group's expansion of property development business.

Historically being a subsidiary of the Group, Future Land Property Services is also an established partner to Future Land Holdings. After Future Land Property Services ceased to be a subsidiary of the Company following the Disposal, Future Land Property Services has continued to provide residential property management services to the Group in the ordinary and usual course of business. The Property Services Framework Agreement hence represents a stable and trustworthy business relationship which Future Land Holdings can leverage to achieve its business objectives.

Each of the Directors (including the independent non-executive Directors) is of the view that the Property Services Framework Agreement are entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The transactions contemplated under the Property Services Framework Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND FUTURE LAND PROPERTY SERVICES

Future Land Holdings is a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155). The principal activities of the Group and Future Land Holdings are property development, property investment and commercial property management in the PRC.

The substantial part of the businesses of Future Land Property Services is to provide traditional residential property management services, such as security, repair and maintenance, cleaning, garden landscape maintenance, to mass residential properties.

LISTING RULES IMPLICATION

Future Land Property Services is indirectly owned as to 93.75% by Wealth Zone, a controlling shareholder of the Company. Accordingly, Future Land Property Services is a connected person of the Company and the entering into of the Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Wealth Zone is beneficially owned by Hua Sheng Trust, a discretionary trust set up by Mr. Wang Zhenhua, a controlling shareholder, an executive Director and the chairman of the Board, in favour of his family members, and Mr. Wang Xiaosong, an non-executive Director is the son of Mr. Wang Zhenhua. Mr. Wang Zhenhua and Mr. Wang Xiaosong are considered to be interested in the Property Services Framework Agreement and the transactions contemplated thereunder and have abstained from voting on the Board resolutions for approving the Property Services Framework Agreement and the transactions contemplated thereunder.

As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the Property Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rule 14A.76(2) of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Annual Cap” the annual cap of RMB175 million for the service fees under the Property Services Framework Agreement;

“associates” has the meaning ascribed to it in the Listing Rules;

“Board”	the board of Directors;
“Company”	Future Land Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of Changzhou Chuangyue Consultancy Co., Ltd* (常州創悅諮詢管理有限公司), which owns 93.75% equity interest in Future Land Property Services, to Wealth Zone pursuant to the equity transfer agreement dated 1 April 2016;
“Existing Services Agreements”	the 50 sales office property services agreements entered into between Future Land Holdings (through its subsidiaries) and Future Land Property Services for the year of 2016 before the Disposal;
“Future Land Holdings”	Future Land Holdings Co., Ltd. * (新城控股集團股份有限公司), a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155);
“Future Land Property Services”	Tibet Future Land Property Management Services Co., Ltd.* (西藏新城物業服務有限公司), a company incorporated in the PRC with limited liability and indirectly owned as to 93.75% by Mr. Wang Zhenhua, the controlling shareholder, executive Director and Chairman of the Board;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	The People’s Republic of China;
“Property Services Framework Agreement”	the property services framework agreement dated 29 July 2016 entered into between Future Land Holdings and Future Land Property Services in relation to the provision of residential property management service for the property projects of Future Land Holdings;

“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each;
“Shareholder(s)”	the holder(s) of the shares of the Company;
“SSE”	Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wealth Zone”	Wealth Zone Hong Kong Investments Limited (富域香港投資有限公司), a company established in the British Virgin Islands with limited liability and a controlling shareholder of the Company holding 4,105,450,000 Shares (representing approximately 72.56% of the issued shares of the Company as at the date of the announcement); and
“%”	per cent.

* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

By order of the Board
Future Land Development Holdings Limited
WANG Zhenhua
Chairman

the PRC, 29 July 2016

As at the date of this announcement, the Directors are Mr. Wang Zhenhua, Mr. Lv Xiaoping, Mr. Lu Zhongming, Mr. Liu Yuanman and Mr. Chan Wai Kin as executive Directors, Mr. Wang Xiaosong as non-executive Director, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.