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## **China New City Commercial Development Limited**

**中國新城市商業發展有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1321)**

### **MAJOR TRANSACTION AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

#### **PROVISION OF FINANCIAL ASSISTANCE**

A wholly-owned subsidiary of Zhong An Cayman proposes to apply for registration of the Medium-term Notes in an aggregate principal amount of up to RMB 1,900,000,000 and is a bond of not more than three years. The Medium-term Notes are proposed to be guaranteed by the Guarantor, an independent third party of the Group, with unconditional and irrevocably joint and several liability, and certain properties of the Group will be pledged in favour of the Guarantor as counter-security. The final terms of the Medium-term Notes, including the coupon rate, are subject to determination by the parties.

On 27 February 2023 (after trading hours), the Company and Zhong An Cayman entered into the Agreement pursuant to which CNC Subsidiary (1) and CNC Subsidiary (2) will make available the Mortgaged Property (1) and the Mortgaged Property (2), respectively, for the purpose of pledging with the Guarantor to assist the issue of the Medium-term Notes.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, since Zhong An Cayman has been a controlling shareholder (indirectly interested in approximately 66.02% of the issued share capital of the Company) of the Company, Zhong An Cayman is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement exceeds 5%, the Agreement and the transactions contemplated thereunder constitute a non-exempted connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the Agreement and the transactions contemplated thereunder constitute provision of financial assistance under Chapter 14 of the Listing Rules. As one or more the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement exceeds 25%, the Agreement and the transactions contemplated thereunder constitute a major transaction for the Company and are therefore subject to reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising the independent non-executive Directors (namely, Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Shen Xiao) is established to consider the terms of the transactions contemplated under the Agreement and the transactions contemplated thereunder.

An Independent Financial Adviser is appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the transactions contemplated under the Agreement.

## **EGM**

As at the date of this announcement, CNC Subsidiary (1) and CNC Subsidiary (2) had not entered into the Agreement. The Company will convene the EGM to seek a prior mandate from the Independent Shareholders before entering into the Agreement.

The EGM will be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 20 March 2023.

## **PROVISION OF FINANCIAL ASSISTANCE**

### **Background**

A wholly-owned subsidiary of Zhong An Cayman proposes to apply for registration of medium term notes in an aggregate principal amount of up to RMB 1,900,000,000 (the "**Medium-term Notes**") and is a bond of not more than three years.

The Medium-term Notes are proposed to be guaranteed by a state-owned enterprise (the "**Guarantor**"), an independent third party of the Group, with unconditional and irrevocably joint and several liability, and certain properties of the Group will be pledged in favour of the Guarantor as counter-security.

The final terms of the Medium-term Notes, including the coupon rate, are subject to determination by the parties.

On 27 February 2023 (after trading hours), the Company and Zhong An Cayman entered into the Agreement pursuant to which CNC Subsidiary (1) and CNC Subsidiary (2) will make available the Mortgaged Property (1) and the Mortgaged Property (2), respectively, for the purpose of pledging with the Guarantor to assist the issue of the Medium-term Notes.

### **The Agreement**

The principal terms of the Agreement are as follows:

- Date:** 27 February 2023
- Parties:** (a) the Company (for itself and on behalf of the Group); and  
(b) Zhong An Cayman (for itself and on behalf of the Group)
- Subject matter:** Pursuant to the Agreement, CNC Subsidiary (1) and CNC Subsidiary (2) will make available and pledge the Mortgaged Property (1) and the Mortgaged Property (2), respectively, in favour of the Guarantor to assist the issue of the Medium-term Notes by the Zhong An Group.
- The pledge created over the Mortgaged Properties shall be fully discharged upon the earlier of the termination or full release of the Guarantor from its guarantee for the Medium-term Notes.
- Collateral value:** The maximum total collateral value of the Medium-term Notes issue to be secured by the pledge of the Mortgaged Property (1) and the Mortgaged Property (2) will be not more than RMB 2,236,000,000.
- Fees:** In consideration of the Company entering into the Agreement, the Zhong An Group agreed to pay to the Group an annual fee equals to an amount at 1.2% of the principal amount of the Medium-term Notes issued.
- Term:** The Agreement will expire on (i) 31 August 2023; or (ii) the termination date of the issue of the Medium-term Notes (whichever is the earlier).
- Conditions precedent:** The Agreement and the transactions contemplated thereunder is conditional on and subject to the compliance by the Company with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules.
- Counter-guarantee:** Zhong An Cayman agrees to provide a full counter-guarantee in favour of the Company in relation to liabilities of the Company in connection with it making available the Mortgaged Properties.

## **INFORMATION OF THE GROUP AND THE ZHONG AN GROUP**

### **The Group**

The Company is an investment holding company. The Group is principally engaged in commercial property development, leasing and hotel operations.

### **The Zhong An Group**

The principal activity of Zhong An Cayman is investment holding. The Zhong An Group is principally engaged in property development, property leasing and hotel operations.

## **INFORMATION OF THE MORTGAGED PROPERTIES**

The Mortgaged Property (1) includes a parcel of land and building located at No. 177 Xin Jian North Road, Yu Yao Shi Cheng, Zhejiang Province, the PRC\* (中國浙江省余姚市城區新建北路177號等) and is owned by CNC Subsidiary (1). The Mortgaged Property (1) has a gross floor area of approximately 72,138.52 m<sup>2</sup> and is currently used by the Group as hotel.

The Mortgaged Property (2) includes a parcel of land and building located at No. 217 Xin Jian North Road, Yu Yao Shi Cheng, Zhejiang Province, the PRC\* (中國浙江省余姚市城區新建北路217號) and is owned by CNC Subsidiary (2). The Mortgaged Property (2) has a gross floor area of approximately 92,489 m<sup>2</sup> and is currently used by the Group as shopping mall.

As at 30 June 2022, (a) the book value of the Mortgaged Property (1) was approximately RMB595 million and (b) the market valuation of the Mortgaged Property (2) was approximately RMB1,026 million, respectively. The Mortgaged Property (1) is subject to a mortgage and the Mortgaged Property (2) is not subject to any mortgage.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

Zhong An Cayman is a controlling shareholder (indirectly interested in approximately 66.02% of the issued share capital of the Company) of the Company.

It is expected that the current use of the Mortgaged Property (1) and the Mortgaged Property (2) and therefore the overall operation of the Group will not be materially disrupted or affected by the Agreement and the transactions contemplated thereunder. In addition, taking into account the credibility and repayment ability of the Zhong An Group, it is considered that the Agreement provides an income fees to the Group. The Directors (excluding the independent non-executive Directors who will form their views in respect of the transactions contemplated under the Agreement after considering the advice of the Independent Financial Adviser) are of the view that (i) the entry into the Agreement was on normal commercial terms; and (ii) the terms of the Agreement are considered to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Board had approved the Agreement. None of the Directors had a material interest in such transactions and was required to abstain from voting in respect of the resolutions approving such transactions.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, since Zhong An Cayman has been a controlling shareholder (indirectly interested in approximately 66.02% of the issued share capital of the Company) of the Company, Zhong An Cayman is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement exceeds 5%, the Agreement and the transactions contemplated thereunder constitute a non-exempted connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the Agreement and the transactions contemplated thereunder constitute provision of financial assistance under Chapter 14 of the Listing Rules. As one or more the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement exceeds 25%, the Agreement and the transactions contemplated thereunder constitute a major transaction for the Company and are therefore subject to reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising the independent non-executive Directors (namely, Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Shen Xiao) will be established to consider the terms of the transactions contemplated under the Agreement and the transactions contemplated thereunder.

An Independent Financial Adviser is appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the transactions contemplated under the Agreement.

## **EGM**

As at the date of this announcement, CNC Subsidiary (1) and CNC Subsidiary (2) had not entered into the Agreement. The Company will convene the EGM to seek a prior mandate from the Independent Shareholders before entering into the Agreement.

The EGM will be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 20 March 2023.

## DEFINITIONS

Unless otherwise specified, the following terms shall have the following meanings in this announcement:

“Agreement”	the agreement dated 27 February 2023 entered into between the Company and Zhong An Cayman in connection with making available the Mortgaged Property (1) and the Mortgaged Property (2) in relation to the issue of the Medium-term Note by the Zhong An Group
“Board”	the board of Directors
“CNC Subsidiary (1)”	餘姚眾安時代廣場置業有限公司 Yuyao Zhong An Time Square Property Co., Ltd.*, a limited liability company established in the PRC and the owner of the Mortgaged Property (1)
“CNC Subsidiary (2)”	餘姚眾安時代廣場開發有限公司 Yuyao Zhong An Time Square Development Co., Ltd.*, a limited liability company established in the PRC and the owner of the Mortgaged Property (2)
“Company”	China New City Commercial Development Limited 中國新城市發展有限公司, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1321)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Shen Xiao, being the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Agreement

“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgaged Properties”	collectively Mortgaged Property (1) and Mortgaged Property (2)
“Mortgaged Property (1)”	the hotel with a gross floor area of approximately 72,138.52 m <sup>2</sup> located at No. 177 Xin Jian North Road, Yu Yao Shi Cheng, Zhejiang Province, the PRC* (中國浙江省余姚市城區新建北路177號等)
“Mortgaged Property (2)”	the commercial mall with a gross floor area of approximately 92,489 m <sup>2</sup> located at No. 217 Xin Jian North Road, Yu Yao Shi Cheng, Zhejiang Province, the PRC* (中國浙江省余姚市城區新建北路217號)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong An Cayman”	Zhong An Group Limited (眾安集團有限公司), 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: 672), and a controlling shareholder of the Company
“Zhong An Group”	Zhong An Cayman and its subsidiaries from time to time
“%”	per cent.

Yours faithfully,  
By order of the Board  
**China New City Commercial Development Limited**  
中國新城市商業發展有限公司  
**Shi Zhongan**  
*Chairperson*

Hong Kong, 27 February 2023

*As at the date of this announcement, the Board comprises Mr Shi Nanlu and Mr Liu Bo as executive directors of the Company; Mr Shi Zhongan, Mr Tang Min and Mr Zhang Chunsheng as non-executive directors of the Company; and Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Shen Xiao as independent non-executive directors of the Company.*

\* for identification purpose only