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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)

INTERNAL CONTROL REVIEW

Reference is made to the regulatory news release published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2022 (the “**News Release**”) in relation to, amongst other things, the Stock Exchange’s disciplinary action against China New City Commercial Development Limited (the “**Company**”) for its breaches of Rules 14.34, 14.38A, 14.40, 14.48, 14.49, 14A.35, 14A.36 and 14A.46 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and a number of its former and current directors for breaching Rule 3.08 of the Listing Rules and/or the Director’s undertaking.

Internal Control Review

Pursuant to the direction 1 by the Listing Committee of the Stock Exchange as in the News Release, the Company shall review its internal controls for procuring compliance with Chapters 14 and 14A of the Listing Rules.

In accordance with the direction of the Listing Committee of the Stock Exchange, the Company has appointed SHINEWING Risk Services Limited (the “**Internal Control Adviser**”) to conduct a thorough review of and make recommendations to improve the Company’s internal controls (the “**Internal Control Review**”) and to ensure compliance with Chapters 14 and 14A of the Listing Rules, within two weeks from the date of publication of the News Release.

Pursuant to the written report of the Internal Control Review, as provided to the Listing Committee by the Company:

- (1) the Internal Control Adviser made the recommendations in respect of the following areas including
 - (1) establishment of policies in relation to compliance with Chapter 14 of the Listing Rules;
 - (2) establishment of policies in relation to investigation of connected parties’ relationship;
 - (3) reviewing management system in relation to declaration and reporting of conflict of interest; and
 - (4) establishment of procedures in relation to approval and execution of service agreements with its legal advisors (the “**Recommendations**”) within two months from the date of publication of the News Release.

- (2) Within a period of two months from the date of the Recommendations being made, the Company has adopted and has fully implemented all the Recommendations.

Yours faithfully,
By order of the Board
China New City Commercial Development Limited
Shi Zhongan
Chairperson

Hong Kong, 9 May 2023

As at the date of this announcement, the Board comprises Mr. Shi Nanlu and Mr. Jin Jianrong as executive Directors; Mr. Shi Zhongan as non-executive Director; and Mr. Xu Chengfa, Mr. Lam Yau Yiu, and Mr. Yuan Yuan as independent non-executive Directors.