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CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED

中國新城鎮發展有限公司

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)

(Stock Code: 1278)

DISCLOSEABLE TRANSACTION CAPITAL INJECTION TO A JOINT VENTURE COMPANY

THE CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that on 18 May 2022 (after trading hours), Guoxi Nanjing (an indirect wholly-owned subsidiary of the Company), The First Construction Company of JPC and the Joint Venture entered into the Capital Injection Agreement, pursuant to which (i) the registered capital of the Joint Venture will be increased from RMB220 million to RMB325 million; (ii) Guoxi Nanjing agreed to make additional capital contribution of RMB52.5 million to the Joint Venture by way of capitalisation of the 2018 Guoxi Nanjing Loan and the 2020 Guoxi Nanjing Loan; and (iii) The First Construction Company of JPC agreed to make additional capital contribution of RMB52.5 million to the Joint Venture by way of capitalisation of the 2020 JPC Loan and the 2021 JPC Loan.

Immediately prior to the Capital Injection, the Joint Venture was owned as to 50% by Guoxi Nanjing and 50% by The First Construction Company of JPC. Upon completion of the pro-rata capital injection by Guoxi Nanjing and The First Construction Company of JPC pursuant to the Capital Injection Agreement, the equity interest of each of Guoxi Nanjing and The First Construction Company of JPC in the Joint Venture will remain unchanged.

LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) for the Capital Injection exceeds 5% but all are less than 25%, the Capital Injection constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

THE CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that on 18 May 2022 (after trading hours), Guoxi Nanjing (an indirect wholly-owned subsidiary of the Company), The First Construction Company of JPC and the Joint Venture entered into the Capital Injection Agreement, pursuant to which (i) the registered capital of the Joint Venture will be increased from RMB220 million to RMB325 million; (ii) Guoxi Nanjing agreed to make additional capital contribution of RMB52.5 million to the Joint Venture by way of capitalisation of the 2018 Guoxi Nanjing Loan and the 2020 Guoxi Nanjing Loan; and (iii) The First Construction Company of JPC agreed to make additional capital contribution of RMB52.5 million to the Joint Venture by way of capitalisation of the 2020 JPC Loan and the 2021 JPC Loan.

Immediately prior to the Capital Injection, the Joint Venture was owned as to 50% by Guoxi Nanjing and 50% by The First Construction Company of JPC. Upon completion of the pro-rata capital injection by Guoxi Nanjing and The First Construction Company of JPC pursuant to the Capital Injection Agreement, the equity interest of each of Guoxi Nanjing and The First Construction Company of JPC in the Joint Venture will remain unchanged. The Joint Venture will continue to be a jointly controlled entity of the Group.

Consideration and manner of the Capital Injection

The consideration of the Capital Injection was arrived at after arm's length negotiations among Guoxi Nanjing, The First Construction Company of JPC and the Joint Venture with reference to the funding requirement from the local commercial bank, which will facilitate the Joint Venture's financing for the expansion and development of its existing businesses.

The amount of the Capital Injection will be contributed in the following manner: (i) by Guoxi Nanjing, by way of capitalisation of RMB35 million out of the 2018 Guoxi Nanjing Loan and RMB17.5 million out of the 2020 Guoxi Nanjing Loan; (ii) by The First Construction Company of JPC, by way of capitalisation of RMB17.5 million out of the 2020 JPC Loan and RMB35 million out of the 2021 JPC Loan.

The Capital Injection Agreement shall be terminated (i) by unanimous consent of Guoxi Nanjing, The First Construction Company of JPC and the Joint Venture; or (ii) upon occurrence of any termination events prescribed by law.

INFORMATION OF THE COMPANY

The Company is a business company incorporated under the laws of the British Virgin Islands. It is primarily engaged in the business segment of new urbanization, which invests, develops and operates diversified urbanization projects nationwide in China.

INFORMATION OF GUOXI NANJING

Guoxi Nanjing is a company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in investment and operation of urbanisation projects.

INFORMATION OF THE FIRST CONSTRUCTION COMPANY OF JPC

The First Construction Company of JPC is a company established under the laws of the PRC. It is principally engaged in construction, decoration and landscaping. As at the date of this announcement, it is an indirect non-wholly-owned subsidiary of Greenland Holdings Corporation Limited, a company established under the laws of the PRC and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600606).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of The First Construction Company of JPC and its ultimate beneficial owner is independent of the Company and connected persons of the Company.

INFORMATION OF THE JOINT VENTURE

The Joint Venture is a company established under the laws of the PRC. It is principally engaged in construction and development of an international school in Nanjing, the PRC (the “**International School**”). As at the date of this announcement, it was owned as to 50% by Guoxi Nanjing and 50% by The First Construction Company of JPC.

Set out below is certain financial information of the Joint Venture, as extracted from the unaudited financial statements of the Joint Venture for the two financial years ended 31 December 2021 and 2020 which were prepared in accordance with the International Financial Reporting Standards.

	For the financial year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net profit before taxation	(15,009)	4,024
Net profit after taxation	(15,498)	2,620
		For the financial
		year ended
		31 December 2021
		<i>RMB'000</i>
		(Unaudited)
Net asset value		198,976

Immediately prior to the Capital Injection, the outstanding principal of the 2018 Guoxi Nanjing Loan was RMB40 million and the outstanding principal of the 2020 Guoxi Nanjing Loan was RMB17.5 million. Upon completion of the Capital Injection, the outstanding principal of the 2018 Guoxi Nanjing Loan will be RMB5 million and the outstanding principal of the 2020 Guoxi Nanjing Loan will be settled in full and the total outstanding principal of all Guoxi Nanjing's loan to the Joint Venture (including the 2019 Guoxi Nanjing Loan) will be RMB75 million. For further details of the 2019 Guoxi Nanjing Loan, please refer to the Company's announcement dated 8 July 2019.

Immediately prior to the Capital Injection, the outstanding principal of the 2020 JPC Loan was RMB17.5 million and the outstanding principal of the 2021 JPC Loan was RMB35 million. Upon completion of the Capital Injection, the outstanding principal of the 2020 JPC Loan and the 2021 JPC Loan will be settled in full.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Joint Venture is a project company for the construction and development of the International School and such construction is in progress now. According to the construction progress, it is necessary for the Joint Venture to obtain additional funds from the local commercial bank. As required by local commercial bank, the registered capital of the Joint Venture needs to be increased in order to facilitate the grant of the bank loan in the future.

The Joint Venture is expected to obtain long-term rental return from the operating party of the International School. Hence, the Directors consider that it is in the interest of the Group to contribute capital injection to the Joint Venture to support and facilitate the construction of the International School.

Based on the foregoing, the Directors are of the view that the terms of the Capital Injection are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) for the Capital Injection exceeds 5% but all are less than 25%, the Capital Injection constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

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|---------------------------|--|
| “2018 Guoxi Nanjing Loan” | a loan in the principal amount of RMB40 million provided by Guoxi Nanjing to the Joint Venture pursuant to the terms of a loan agreement dated 9 April 2018 entered into between Guoxi Nanjing (formerly signed as CDB Nanjing) and the Joint Venture |
| “2019 Guoxi Nanjing Loan” | a loan in the principal amount of RMB70 million provided by Guoxi Nanjing to the Joint Venture pursuant to the terms of a loan agreement dated 8 July 2019 entered into between Guoxi Nanjing (formerly signed as CDB Nanjing) and the Joint Venture |
| “2020 Guoxi Nanjing Loan” | a loan in the principal amount of RMB17.5 million provided by Guoxi Nanjing to the Joint Venture pursuant to the terms of the 2020 Loan Agreement |
| “2020 Loan Agreement” | a loan agreement dated 17 December 2020 entered into by Guoxi Nanjing (formerly signed as CDB Nanjing), The First Construction Company of JPC and the Joint Venture in respect of a loan in the aggregate principal amount of RMB35 million provided by Guoxi Nanjing and The First Construction Company of JPC to the Joint Venture, as amended and supplemented by a supplemental loan agreement dated 24 March 2021 |

“2020 JPC Loan”	a loan in the principal amount of RMB17.5 million provided by The First Construction Company of JPC to the Joint Venture pursuant to the terms of the 2020 Loan Agreement
“2021 JPC Loan”	a loan in the principal amount of RMB35 million provided by The First Construction Company of JPC to the Joint Venture pursuant to the terms of a loan agreement dated 9 July 2021 entered into between The First Construction Company of JPC and the Joint Venture
“Board”	the board of Directors
“Capital Injection”	the pro-rata capital injection to be made by each of Guoxi Nanjing and The First Construction Company of JPC to the Joint Venture pursuant to the terms of the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 18 May 2022 entered into by Guoxi Nanjing, The First Construction Company of JPC and the Joint Venture in respect of the Capital Injection
“Company”	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Stock Exchange of Hong Kong
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guoxi Nanjing”	Guoxi Nanjing Investment Development Co., Ltd.* (國錫南京投資發展有限公司), formerly known as CDB Nanjing Investment Development Co., Ltd. (國開南京投資發展有限公司) (“ CDB Nanjing ”), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Joint Venture”	Nanjing Guoying Zhongxi Development Company Limited* (南京國英中西建設開發有限公司), a company established in the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong
“PRC”	the People’s Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“The First Construction Company of JPC”	The First Construction Company of Jiangsu Provincial Construction Group Co., Ltd.* (江蘇省建築工程集團第一工程有限公司), a company established in the PRC

By order of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officer

Hong Kong, 18 May 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Liu Heqiang (Chief Executive Officer), Mr. Hu Zhiwei, Ms. Yang Meiyu and Mr. Shi Janson Bing; four non-executive Directors, namely Mr. Liu Yuhai (Chairman), Mr. Li Yao Min (Vice Chairman), Mr. Wang Hongxu and Mr. Wang Jiangan; and four independent non-executive Directors, namely Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. Lo Wai Hung.

If there is any inconsistency between the Chinese names of the PRC entities, departments, facilities or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.

* for identification purposes only