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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)

(1) UPDATE ON VERY SUBSTANTIAL DISPOSAL DISPOSAL OF SUBSIDIARY; AND (2) PROFIT WARNING

This announcement is made by China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 June 2022 and 12 August 2022 and the circular of the Company dated 18 August 2022 (the “**Circular**”) in relation to the disposal of the entire equity interest in the Target Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Circular.

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, as at the date of this announcement, the Sale Equity is still listed on the Shenyang Assets Exchange and remains open for bidding, and the bidding is expected to close on 5 September 2023. However, based on the latest communication between the management of the Company and the Purchaser and the Board’s assessment, the Purchaser may not be able to perform its obligations to purchase the Sale Equity in accordance with the terms of the Agreement (as supplemented by the Confirmation Letter) in the short term due to the financing difficulties faced by the Purchaser resulting from the adverse impact on the economy and the income of the local government due to COVID-19 pandemic.

The Company will continue to closely communicate with the Purchaser to urge it to continue to perform its purchase obligations to purchase the Sale Equity in the future. The Company will take appropriate actions as may be necessary to protect the interests of the Company according to the Agreement (as supplemented by the Confirmation Letter) as well. Further announcement will be made by the Company as and when appropriate.

As a result of the aforementioned, the Board is preliminarily of the view that the Group is expected to incur an impairment loss of approximately RMB109 million for the year ended 31 December 2022. Based on the Board's preliminary assessment of the Group's unaudited consolidated management accounts and other information currently available to the Board, the Group is expected to record a net profit of approximately RMB7 million for the year ended 31 December 2022, as compared with a net profit of RMB131 million for the year ended 31 December 2021 and the decline of the net profit is mainly due to the said impairment loss.

As at the date of this announcement, the Company is still in the midst of finalising the consolidated financial results of the Group for the year ended 31 December 2022. The information contained in this announcement is only based on the Board's preliminary assessment of information currently available to it, which has not been reviewed or confirmed by the Company's independent auditor or audit committee, and may be subject to adjustments.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By the order of the Board
China New Town Development Company Limited
Hu Zhiwei
Executive Director

Hong Kong, 28 February 2023

As at the date of this announcement, the executive directors of the Company are Mr. Hu Zhiwei, Ms. Yang Meiyu, Mr. Shi Janson Bing and Mr. Liu Fangqing; the non-executive directors of the Company are Mr. Liu Yuhai (Chairman), Mr. Li Yao Min (Vice Chairman), Mr. Wang Jiangan and Mr. Wang Hongxu; and the independent non-executive directors of the Company are Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. Lo Wai Hung.