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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 IN RELATION TO PROVISION OF LOAN AND FINANCIAL ASSISTANCE TO THE JOINT VENTURE**

##### **PROVISION OF LOAN AND FINANCIAL ASSISTANCE TO THE JOINT VENTURE**

On 4 January 2024, Guoxi Nanjing (as lender), the Joint Venture (as borrower) and Nanjing Huisi, entered into the Tripartite Agreement, pursuant to which, among others, Guoxi Nanjing granted the Loan in a principal amount of RMB10 million to the Joint Venture for a term of no more than 3 months at an interest rate of 7% per annum. The interest rate was determined on arm's length negotiations between Guoxi Nanjing and the Joint Venture with reference to market interest rate. The Loan was fully repaid by the Joint Venture on 23 January 2024.

On 21 August 2024, the Board approved that Guoxi Nanjing shall pay to the Bank for and on behalf of the Joint Venture an aggregate sum of no more than RMB35 million to assist the Joint Venture in repaying the Current Overdue Principal, the Accrued Interest and Related Penalty Interest in relation to the Bank Loan in the remaining period of 2024 (the “**Financial Assistance**”). On 23 August 2024, Guoxi Nanjing made the first payment of RMB20,357,769.94 to the Bank for and on behalf of the Joint Venture for the repayment of the Current Overdue Principal and the corresponding Accrued Interest up to 23 August 2024. The Financial Assistance will be accounted for as debt instruments at the amortised cost in the consolidated financial statements of the Group, and constitutes the provision of financial assistance by the Company to the Joint Venture under the Listing Rules. The interest rate of the Financial Assistance is 5.88% per annum, which is consistent with the shareholder’s loan previously granted to the Joint Venture by Guoxi Nanjing as disclosed in the announcement of the Company dated 18 January 2024.

### **LISTING RULES IMPLICATIONS**

All relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Tripartite Agreement on a standalone basis are less than 5%; therefore the Tripartite Agreement on a standalone basis does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the provision of Financial Assistance exceeds 5% but is less than 25%, the provision of the Financial Assistance constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

The Directors consider that since the Financial Assistance is provided by the Group to the Joint Venture within 12 months of the Group’s entering into the Tripartite Agreement with the Joint Venture, the transaction contemplated under the Tripartite Agreement and the provision of Financial Assistance shall be aggregated under Rules 14.22 and 14.23 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Tripartite Agreement and the provision of Financial Assistance on an aggregate basis exceeds 5% but is less than 25%, the Tripartite Agreement and the provision of financial assistance in aggregate constitute a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

Reference is made to the announcements of the Company dated 17 July 2024, 25 July 2024 and 31 July 2024 in relation to, amongst others, the default of the Bank Loan by the Joint Venture.

## BACKGROUND

As disclosed in the announcement of the Company dated 17 July 2024, on 21 January 2021, Xincheng Kaiyuan and JPC entered into a guarantee in favor of the Bank relating to the Bank Loan, pursuant to which each of Xincheng Kaiyuan and JPC agreed to guarantee the punctual due payment of the Bank Loan and interest by the Joint Venture according to the proportion of its equity (the “**Guarantee**”).

On 4 January 2024, Guoxi Nanjing (as lender), the Joint Venture (as borrower) and Nanjing Huisi, entered into the Tripartite Agreement, pursuant to which, among others, Guoxi Nanjing granted the Loan in a principal amount of RMB10 million to the Joint Venture for a term of no more than 3 months at an interest rate of 7% per annum. The interest rate was determined on arm’s length negotiations between Guoxi Nanjing and the Joint Venture with reference to market interest rate. The Loan was fully repaid by the Joint Venture on 23 January 2024.

Xincheng Kaiyuan has recently received a notification letter from the Bank stating that the Bank Loan has been defaulted and requested Xincheng Kaiyuan to perform its guarantee obligation under the Guarantee and pay to the Bank on or before 23 August 2024 the guaranteed sum of 50% of approximately RMB474.58 million (i.e. approximately RMB237.29 million), being the aggregate sum of the total overdue principal, the accrued interest and the related penalty interest calculated up to and inclusive of 23 August 2024.

On 19 August 2024, Guoxi Nanjing received a letter from the Joint Venture, requesting Guoxi Nanjing as a shareholder to provide liquidity support for the Joint Venture to overcome its financial difficulties at this stage and to avoid the continuous adverse effect of the default of the Bank Loan.

Through further negotiations with the Bank, the Bank has principally agreed to further negotiate with the Group in relation to the default of the Bank Loan by the Joint Venture on the conditions (the “**Conditions**”) that the Company repays on behalf of the Joint Venture the current overdue principal of the Bank Loan (the “**Current Overdue Principal**”), the accrued interest up to the end of 2024 (the “**Accrued Interest**”) and the related penalty interest relating to the Current Overdue Principal (the “**Related Penalty Interest**”), among which the Current Overdue Principal and the corresponding Accrued Interest up to 23 August 2024 shall be repaid by 23 August 2024, the Related Penalty Interest shall be repaid in accordance with the requirement of the Bank in the remaining period of 2024, and the remaining Accrued Interest shall be repaid in accordance with the terms of the Bank Loan in the remaining period of 2024. The Company estimates that the aggregate sum of the Current Overdue Principal, the Accrued Interest and the Related Penalty Interest will be approximately but not more than RMB35 million with the exact amount of Accrued Interest to be confirmed by the Bank.

## **PROVISION OF FINANCIAL ASSISTANCE TO THE JOINT VENTURE**

In order to maintain the relationship with the Bank and to allow time for further negotiation with the Bank on the restructuring of the Bank Loan as well as to lower the risk of triggering the Guarantee, the Company has agreed to the Conditions.

On 21 August 2024, the Board approved that Guoxi Nanjing shall pay to the Bank for and on behalf of the Joint Venture an aggregate sum of no more than RMB35 million to assist the Joint Venture in repaying the Current Overdue Principal, the Accrued Interest and Related Penalty Interest in relation to the Bank Loan in the remaining period of 2024 (the “**Financial Assistance**”). On 23 August 2024, Guoxi Nanjing made the first payment of RMB20,357,769.94 to the Bank for and on behalf of the Joint Venture for the repayment of the Current Overdue Principal and the corresponding Accrued Interest up to 23 August 2024. The Financial Assistance will be accounted for as debt instruments at the amortised cost in the consolidated financial statements of the Group, and constitutes the provision of financial assistance by the Company to the Joint Venture under the Listing Rules. The interest rate of the Financial Assistance is 5.88% per annum, which is consistent with the shareholder’s loan previously granted to the Joint Venture by Guoxi Nanjing as disclosed in the announcement of the Company dated 18 January 2024.

## **REASONS AND BENEFITS FOR PROVISION OF THE LOAN AND FINANCIAL ASSISTANCE**

The Loan was provided by the Group for the Joint Venture to settle the principal of RMB10 million of the Bank Loan and avoid delay payment of the Bank Loan due to a short time gap between the Joint Venture’s rental income and the repayment schedule of the Bank Loan.

As of the date of this announcement, the bank account of Joint Venture with over RMB60 million of deposit has been frozen by the Nanjing Jiangning District People’s Court due to its involvement in some litigations (the “**Litigations**”) and is unable to make the payments requested by the Bank in relation to the repayment of the Bank Loan.

The provision of the Financial Assistance can alleviate the financial difficulties of the Joint Venture at this stage, and thus help to maintain a stable operation of the international school whose campus is let by the Joint Venture, and to avoid the potential adverse effect affecting the normal education activities in the campus at this stage. The Board believes that not only can this protect the Group’s socially responsible image as a state-owned enterprise, it can also ensure the rental income of the Joint Venture and maintain the corporate value of the Joint Venture.

Furthermore, as stated above, if the Guarantee of Xincheng Kaiyuan is triggered, Xincheng Kaiyuan will be required to pay to the Bank on or before 23 August 2024 the guaranteed sum in the amount of approximately RMB237.29 million. As such, the provision of the Financial Assistance will allow the Company more time and room to further negotiate with the Bank on the restructuring the Bank Loan to lower the risk of

triggering the Guarantee of Xincheng Kaiyuan and subsequently alleviate the pressure on the Group's financial performance and liquidity. Compared with the guaranteed sum of RMB237.29 million, the provision of the Financial Assistance involves a smaller sum and represents a more economical solution to the default of the Bank Loan at this stage.

Following the provision of Financial Assistance, the Group will assist the Joint Venture in the Litigations for the release of the Joint Venture's bank account. Meanwhile, upon the provision of the Financial Assistance, the Group shall also pursue legal actions to claim against the Joint Venture to recover the previously granted shareholder's loan and the Financial Assistance, and to claim against the First Construction Company of JPC for failing to fulfill their obligation to provide timely financial support to the Joint Venture as a shareholder. Meanwhile, the Group will further its negotiation with the Bank on the restructuring of the Bank Loan and strive to obtain a more beneficial term of the debt restructuring and asset disposal of the Joint Venture. If a consensus on the debt restructuring can be reached with the Bank, it will help alleviate the risk of triggering the Guarantee and further litigations.

As such, the Directors are of the view that the terms of the Loan and the Financial Assistance are fair and reasonable and are in the interests of the Company and Shareholders as a whole. The Group will finance the Financial Assistance from internal resources.

## **INFORMATION ON THE GROUP AND GUOXI NANJING**

The Group is primarily engaged in the business segment of new urbanization, which invests, develops and operates diversified urbanization projects nationwide in the PRC.

Guoxi Nanjing is an indirect wholly-owned subsidiary of the Company, which is incorporated in the PRC with limited liability and is currently holding 50% of the interest in the Joint Venture. It is principally engaged in investments and asset management.

## **INFORMATION ON THE JOINT VENTURE**

The Joint Venture is a jointly controlled entity of the Group, which is incorporated in the PRC with limited liability. It is principally engaged in the construction and development of school projects in Nanjing. As at the date of this announcement, the Joint Venture is held as to 50% by Guoxi Nanjing and 50% by the First Construction Company of JPC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of the First Construction Company of JPC is an individual Mr. Zhao Jinpei, who is an Independent Third Party.

## INFORMATION ON NANJING HUISI

Nanjing Huisi is a subsidiary of an associated company of the Group, which is incorporated in the PRC with limited liability. It is principally engaged in the provision of quality-oriented education training services and other management services. As at the date of this announcement, Nanjing Huisi is indirectly held as to 70% by Kaiyuan Education Fund LP, a limited partnership established in the Cayman Islands, and 30% by Beijing Xicheng Industry Investment Management Company Limited\* (北京熙誠產業投資管理有限公司), a company established in the PRC. Kaiyuan Education Fund LP is managed by its general partner, Kaiyuan Education Fund GP Holding Limited, a limited company incorporated in the Cayman Islands which is owned by New Town Education, China-West Education Investment Holdings Company Limited (“CWE”), Excel Access International Limited and Smart Sphere Limited as to 40%, 15%, 25% and 20%, respectively. New Town Education Company Limited, CWE and other limited partners have committed approximately 58%, 23% and 19% contribution of Kaiyuan Education Fund LP by 31 December, 2023. Save for the Company, no other ultimate beneficial owner controls one-third or more of the equity interests of Nanjing Huisi.

## LISTING RULES IMPLICATIONS

All relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Tripartite Agreement on a standalone basis are less than 5%; therefore the Tripartite Agreement on a standalone basis does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Bank”	the Agricultural Bank of China Limited
“Bank Loan”	the loan facility up to RMB500 million granted by the Bank to the Joint Venture pursuant to the fixed asset facility agreement (no. 32010420200001328) entered into between the Joint Venture and the Bank
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guoxi Nangjing”	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), a company established in the PRC and an indirectly wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“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 and a jointly controlled entity of the Group
“JPC”	Jiangsu Provincial Construction Group Co., Ltd.* (江蘇省建築工程集團有限公司), a company established in the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of RMB10 million provided by Guoxi Nanjing to the Joint Venture pursuant to the terms of the Tripartite Agreement
“Nanjing Huisi”	Huisi Corporate Management (Nanjing) Company Limited* (匯思企業管理(南京)有限公司), a company established in the PRC
“New Town Education”	New Town Education Company Limited, a company established in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“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 and a subsidiary of JPC
“Tripartite Agreement”	an agreement dated 4 January 2024 entered into among Guoxi Nanjing, the Joint Venture and Nanjing Huisi in respect of, among others, the provision of the Loan
“Xincheng Kaiyuan”	Beijing Xincheng Kaiyuan Asset Management Company Limited* (北京新成開元資產管理有限公司), previously known as CDB New Town (Beijing) Asset Management Company Limited* (國開新城(北京)資產管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company



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per cent

For and on behalf of  
**China New Town Development Company Limited**  
**Hu Zhiwei**  
*President and Executive Director*

Hong Kong, 23 August 2024

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

*\* For identification purpose only*