

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS**

On 29 December 2022 (after trading hours), the Company entered into the (i) Car Parking Space Sales Agency Services Framework Agreement; (ii) Property Management Services Framework Agreement; and (iii) Value-added Services Framework Agreement (collectively, the “**Agreements**”) with Zhong An Intelligent, an indirect subsidiary of Zhong An, for a term from the Listing Date to 31 December 2024 in relation to integrated property management services provided by Zhong An Intelligent Group to the Group. While the Existing Property Management Services Framework Agreement and the Existing Value-added Services Framework Agreement (collectively, the “**Existing Agreements**”) entered into between Zhong An and the Company will expire on 31 December 2023, since the signing entity of the relevant agreements has been changed from Zhong An to Zhong An Intelligent (which is an indirect subsidiary of Zhong An) and due to the Group’s business needs, Zhong An Intelligent and the Company entered into the Agreements to supersede the Existing Agreements conditional upon commencement of the terms of the Agreements.

#### **LISTING RULES IMPLICATIONS**

Zhong An Intelligent is an indirect subsidiary of Zhong An. As Zhong An is a controlling shareholder of the Company, it is a connected person of the Company. In addition, as Zhong An Intelligent is an associate of Zhong An, it is a connected person of the Company. Accordingly, the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.76(2) of the Listing Rules, as (i) the transactions under the Agreements are on normal commercial terms; and (ii) the relevant percentage ratios in respect of the highest annual cap exceeds 0.1% but less than 5%, the Agreements are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## BACKGROUND

Reference is made to the announcement of the Company dated 13 April 2021 with respect to the Existing Agreements.

While the Existing Agreements were entered into on 13 April 2021 and will expire on 31 December 2023, since the signing entity of the relevant agreements has been changed from Zhong An to Zhong An Intelligent (which is an indirect subsidiary of Zhong An) and due to the Group's business needs, Zhong An Intelligent and the Company entered into the Agreements to supersede the Existing Agreements conditional upon commencement of the terms of the Agreements. Details of the Agreements are set out below.

### 1. Car Parking Space Sales Agency Services Framework Agreement

Date of the agreement:	29 December 2022
Parties:	(a) the Company (for itself and on behalf of its subsidiaries, as service recipients); and  (b) Zhong An Intelligent (for itself and on behalf of its subsidiaries, as service providers)
Term:	Listing Date to 31 December 2024 (subject to renewal by mutual consent)
Nature and scope of services:	Provision of agency services for the sales of unsold car parking space, including marketing and advertising services, on an exclusive basis, for such unsold car parking space owned by the Group and located at property projects of the Group that are currently managed by Zhong An Intelligent Group or expected to be provided for Zhong An Intelligent Group's management.
Pricing policy and payment:	The fees payable to Zhong An Intelligent Group shall be determined on arm's length basis with reference to (i) the nature and location of the relevant property projects; (ii) the scope of the car parking space sales agency services; (iii) the expected operational costs (including, among others, labour costs and administrative costs) in relation to the provision of the car parking space sales agency services; and (iv) the fees charged by other service providers for similar services in the market. The terms offered by Zhong An Intelligent Group to the Group shall not be less favourable to Zhong An Intelligent Group than terms offered by Zhong An Intelligent Group to its independent customers for the same or similar type and scope of car parking space sales agency services.

Historical figures:

The following table sets out the historical transaction amount for fees paid by the Group in respect of the car parking space sales agency services for the three years ended 31 December 2021 and the six months ended 30 June 2022:

<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Nil	Nil	2,623	208

Annual caps:

The following table sets out the proposed annual caps of the transaction amounts in respect of car parking space sales agency services to be provided under the Car Parking Space Sales Agency Services Framework Agreement:

<b>For the year ending 31 December</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
4,000	7,500	11,000

The annual caps are determined with reference to:

- 1) the historical transaction amounts for the year ended 31 December 2021 and the six months ended 30 June 2022;
- 2) the estimated service fee based on the service fee charged by Zhong An Intelligent Group under existing contracts;

- 3) the expected annual increase in the total fees payable by the Group for the car parking space sales agency services for the three years ending 31 December 2024, with reference to the following:
  - (a) the estimated number of unsold car parking spaces owned by the Group and to be sold with the assistance of Zhong An Intelligent Group for the three years ending December 31, 2024. Such estimate is based on (1) number of unsold parking spaces owned by the Group and located at property projects of the Group that are currently managed by Zhong An Intelligent Group; and (2) estimated number of unsold car parking spaces owned by the Group and located at property projects of the Group that are expected to be delivered to Zhong An Intelligent Group for its management, based on the Group's future development plan;
  - (b) the expected increase in the service fees to be charged by Zhong An Intelligent Group considering the expected inflation and increment in the operational costs as incurred by it; and
- 4) the substantial increase in the proposed annual caps was due to the increased efforts of Zhong An Intelligent Group to develop its car parking space sales agency services. Such service offering only commenced in May 2020 and relate only to one property management project.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps under the Car Parking Space Sales Agency Services Framework Agreement are fair and reasonable.

## **2. Property Management Services Framework Agreement**

- Date of the agreement: 29 December 2022
- Parties:
- (a) the Company (for itself and on behalf of its subsidiaries, as service recipients); and
  - (b) Zhong An Intelligent (for itself and on behalf of its subsidiaries, as service providers)
- Term: Listing Date to 31 December 2024 (subject to renewal by mutual consent)

Nature and scope of services: Provision of property management services to the Group in respect of non-residential property units that are unsold or undelivered. The scope of property management services includes (i) security services; (ii) cleaning services; (iii) gardening and landscaping services; (iv) repair and maintenance services and/or (v) car park management services.

Pricing policy and payment: The fees payable to Zhong An Intelligent Group under the Property Management Services Framework Agreement will be determined on arm's length basis with reference to (i) the nature, size and location of the relevant properties; (ii) the scope of the property management services; (iii) the expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the property management services; and (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market. The fees charged by Zhong An Intelligent Group to the Group shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by Zhong An Intelligent Group to the Group shall not be less favourable to Zhong An Intelligent Group than terms offered by Zhong An Intelligent Group to its independent customers for the same or similar type and scope of property management services.

The payment terms for the continuing connected transactions will be stipulated in the respective individual implementation agreements which may from time to time be entered into among the parties, and shall normally be settled by bank transfer on an agreed period basis.

Historical figures: The following table sets out the historical transaction amount for fees paid by the Group in respect of the property management services for the three years ended 31 December 2021 and the six months ended 30 June 2022:

<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
22,669	23,902	23,494	11,524

Annual caps:

The following table sets out the proposed annual caps of the transaction amounts in respect of the property management services to be provided under the Property Management Services Framework Agreement:

<b>For the year ending 31 December</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
26,000	30,000	38,000

The annual caps are determined with reference to:

1. the historical transaction amounts during the three years ended 31 December 2021 and the six months ended 30 June 2022;
2. the expected increase in GFA of property units developed by the Group and to be managed by Zhong An Intelligent Group that are unsold and undelivered and expected increase in the demand for its services, taking into account the following:
  - (a) the increasing estimated GFA of property units to be delivered by the Group and to be managed by Zhong An Intelligent Group for the three years ending 31 December 2024 which is estimated based on existing contracts on hand and the delivery schedule of the Group;
  - (b) the expected increase in the demand for property management services with reference to the land reserve and contracted sales GFA;
  - (c) the estimated service fee to be received from the Group based on the estimated fees per sq.m. at which similar services will be charged and the historical percentage of property management service fee attributable to the Group; and
  - (d) the expected increase in the service fees to be charged by Zhong An Intelligent Group considering the expected inflation and increment in the operational costs as incurred by it.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps under the Property Management Services Framework Agreement are fair and reasonable.

### 3. Value-added Services Framework Agreement

Date of the agreement:	29 December 2022
Parties:	(a) the Company (for itself and on behalf of its subsidiaries, as service recipients); and  (b) Zhong An Intelligent (for itself and on behalf of its subsidiaries, as service providers)
Term:	Listing Date to 31 December 2024 (subject to renewal by mutual consent)
Scope of services:	Provision of value-added services which includes (i) sales office management services mainly including provision of property management services at property sales venues and display units of our Group, (ii) preliminary planning and design consultancy services to the Group and (iii) pre-delivery inspection services.
Pricing policy and payment:	The fees payable by the Group to Zhong An Intelligent Group under the Value-added Services Framework Agreement will be determined on arm's length basis with reference to (i) the scope of the value-added services; (ii) the expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the value-added services; and (iii) the fees charged by other pre-delivery service providers for similar services in the market. The terms offered by Zhong An Intelligent Group to the Group shall not be less favourable to Zhong An Intelligent Group than terms offered by Zhong An Intelligent Group to its independent customers for the same or similar type and scope of value-added services.
Historical figures:	The following table sets out the historical audited transaction amount for fees paid by the Group in respect of the Value-added Services for the three years ended 31 December 2021 and the six months ended 30 June 2022:

<b>For the year ended 31 December</b>			<b>For the six months ended</b>
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>30 June</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Nil	1,034	4,221	2,610

Annual caps:

The following table sets out the proposed annual caps of the transaction amounts in respect of the value-added services to be provided under the Value-added Services Framework Agreement:

<b>For the year ending 31 December</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
7,500	4,000	4,200

The annual caps are determined with reference to:

1. the historical transaction amounts and growth trend during the three years ended 31 December 2021 and the six months ended 30 June 2022;
2. the expected annual increase in the total fees payable by the Group for the value-added services for the three years ending December 31, 2024, with reference to the following:
  - (a) the number of projects based on existing contracts;
  - (b) the estimated duration of the service period of the expected projects based on the average duration of the existing projects;
  - (c) the estimated number of staff based on the average number of staff assigned to each existing project;
  - (d) the estimated service fees based on the average service fee charged per staff for the existing projects; and
  - (e) the expected increase in the service fees to be charged by Zhong An Intelligent Group considering the expected inflation and increment in the operational costs as incurred by it.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps under the Value-added Services Framework Agreement are fair and reasonable.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The relevant property management services contemplated under the Agreements are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and Zhong An Intelligent Group.

In line with the market practice and the Company's past practice, the Company considered it necessary for Listing Rules compliance purposes and administrative convenience to enter into framework agreements with Zhong An Intelligent in order to better document and manage these continuing connected transactions. The Agreements serve to streamline such continuing connected transactions between members of the Group and Zhong An Intelligent Group by providing a single basis upon which the Company could comply with the applicable Listing Rules requirements and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

Zhong An Intelligent Group are with respectable experience and reputation in their areas of businesses or services and solid financial standing. The Directors believe that the maintenance of the strategic business relationships with them will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's growth in the long run, as well as to ensure un-interrupted and smooth services received by them.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements and the transactions contemplated thereunder and their respective annual caps are fair and reasonable, entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Zhong An Intelligent is an indirect subsidiary of Zhong An. As Zhong An is one of the controlling shareholders (as defined under the Listing Rules) of the Company, it is a connected person of the Company. In addition, as Zhong An Intelligent is an associate of Zhong An, it is a connected person of the Company. Accordingly, the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.76(2) of the Listing Rules, as (i) the transactions under the Agreements are on normal commercial terms; and (ii) the relevant percentage ratios in respect of the highest annual cap exceeds 0.1% but less than 5%, each of the Agreements are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Shi, being the non-executive director of the Company and executive director of Zhong An Intelligent, abstained from voting on the relevant Board resolutions to approve the Agreements. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Agreements and the transactions contemplated thereunder.

## GENERAL INFORMATION

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

Zhong An Intelligent Group is an integrated property management service provider providing property management services and other value-added services to property developers and property owners and residents.

## DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“Company”	China New City Commercial Development Limited, an exempted 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: 1321)
“Car Parking Space Sales Agency Services Framework Agreement”	the car parking sales agency services framework agreement entered into on 29 December 2022 between the Company and Zhong An Intelligent
“Directors”	the directors of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries from time to time
“Listing Date”	the date on which dealings in the shares of Zhong An Intelligent on the Main Board of the Stock Exchange first commence
“ Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property Management Services Framework Agreement”	the property management services framework agreement entered into on 29 December 2022 between the Company and Zhong An Intelligent
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Value-added Services Framework Agreement”	the value-added services framework agreement entered into on 29 December 2022 between the Company and Zhong An Intelligent

“Zhong An”	Zhong An Group Limited, an exempted 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)
“Zhong An Intelligent”	Zhong An Intelligent Living Service Limited, a company incorporated in the Cayman Islands with limited liability, an indirect subsidiary of Zhong An
“Zhong An Intelligent Group”	Zhong An Intelligent and its subsidiaries from time to time

*Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

By order of the Board  
**China New City Commercial Development Limited**  
**Shi Zhongan**  
*Chairperson*

The PRC, 29 December 2022

*As at the date of this announcement, the Board comprises Mr. Shi Nanlu and Mr. Liu Bo as executive Directors; Mr. Shi Zhongan, Mr. Tang Min and Mr. Zhang Chunsheng, as non-executive Directors; and Mr. Ng Sze Yuen, Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung, as independent non-executive Directors.*