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NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

DISCLOSEABLE TRANSACTION ACQUISITION OF CONCRETE MIXING TRANSPORT TRUCKS

PURCHASE AGREEMENT

On 24 May 2024, the Company as purchaser, entered into the Purchase Agreement with the Vendor, as vendor, pursuant to which the Company agreed to purchase and the Vendor agreed to sell a total of 85 Concrete Mixing Transport Trucks at a total consideration of RMB14,720,000.00 (equivalent to approximately HK\$16,000,000.00) which shall be satisfied by the issue and allotment of the 18,475,750 Consideration Shares at the issue price of HK\$0.866 per Consideration Share on Completion. The Consideration Shares shall be issued under the General Mandate.

IMPLICATION OF THE LISTING RULES

As the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Acquisition is above 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 24 May 2024, the Company as purchaser, entered into the Purchase Agreement with the Vendor, as vendor, pursuant to which the Company agreed to purchase and the Vendor agreed to sell a total of 85 Concrete Mixing Transport Trucks at a total consideration of RMB14,720,000.00 (equivalent to approximately HK\$16,000,000.00) which will be satisfied by the issue and allotment of 18,475,750 Consideration Shares at the Issue Price of HK\$0.866 per Consideration Share under the General Mandate on Completion.

Date

24 May 2024

Parties

The Company, as purchaser; and

The Vendor, as vendor

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Asset to be acquired

85 Concrete Mixing Transport Trucks free from all Encumbrances

Consideration

RMB14,720,000.00 (equivalent to approximately HK\$16,000,000.00) (inclusive of taxes and levies) which will be satisfied by the issue and allotment of 18,475,750 Consideration Shares at the Issue Price of HK\$0.866 per Consideration Share under the General Mandate on Completion.

The Consideration was arrived at based on normal commercial terms after arm's length negotiation between the Company and the Vendor and was determined with reference to (i) the valuation of the 85 Concrete Mixing Transport Trucks in the approximate sum of RMB14,720,000.00 (equivalent to HK\$16,000,000.00) as at 24 May 2024 prepared by an independent valuer on market approach basis; and (ii) the reasons and benefits of the Acquisition as set out under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

Conditions Precedents

The Purchase Agreement shall be conditional upon and subject to:

- (a) the Company being reasonably satisfied with the results of the due diligence review to be conducted on the Concrete Mixing Transport Trucks;
- (b) the Stock Exchange granting the approval for the listing and permission to deal in the Consideration Shares and such approval not having been revoked; and

- (c) all necessary consents, licences and approvals required to be obtained on the part of each of the Company and the Vendor in respect of the Purchase Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect.

CONSIDERATION SHARES

The Issue Price of HK\$0.866 per Consideration Share represents:

- (i) a premium of approximately 76.73% to the closing price of HK\$0.490 per Share as quoted on the Stock Exchange on the date of the Purchase Agreement; and (ii) the average closing price of HK\$0.866 per Share for the last five trading days up to and including the Last Trading Date.

The Consideration Shares are to be issued by the Company under the General Mandate. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The Issue Price was arrived at after arm's length negotiations between the parties to the Purchase Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Delivery and Conveyance of Title

The 85 Concrete Mixing Transport Trucks shall be delivered by the Vendor to the Group on the Delivery Date.

The Vendor shall convey title of the 85 Concrete Mixing Transport Trucks to the Group upon the Delivery, and agrees and covenants to execute and provide to the Group all documents for the purpose of transferring the title of the 85 Concrete Mixing Transport Trucks to and (if applicable) registering the 85 Concrete Mixing Transport Trucks in the name of the member(s) of the Group, including but not limited to, vehicles registration documents, movement permit, assignment duly executed by the Vendor in favour of the member(s) of the Group pursuant to which the Vendor shall assign, among others, the 85 Concrete Mixing Transport Trucks and all the rights, titles and interests thereto to the Group or any other documents (as the case may be).

The 85 Concrete Mixing Transport Trucks shall be at the Vendor's risk and expense until the same are delivered to the Group subject to the terms and conditions of the Purchase Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In view of the government initiatives in promulgating urban renewal at various cities in the PRC, the Company is positive that demands of property development related business will be flourishing in the near future.

As the Company has been carrying out the property development business in the PRC, the Company intends to diversify its business into the provision of logistic and transportation and preparation services of concrete for various property developers in the PRC as a lateral expansion of the business of the Group and serve as an additional source of the revenue of the Group. The purchase of the 85 Concrete Mixing Transport Trucks shall be used for preparation and transportation of concrete.

The Directors consider the Acquisition would allow the Group to diversity its property development business. The Board considers that the terms of the Purchase Agreement (including but not limited to the Consideration and the issue and allotment of the Consideration Shares) are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company. The Group are principally engaged in (i) property development and investment in the PRC; and (ii) operation of supermarket retail.

The Vendor

To the best of Director's knowledge, information and belief having made all reasonable enquiries, the Vendor is a domestic company established under the laws of the PRC and carrying out logistic and transportation business in the PRC.

EFFECT ON SHAREHOLDING STRUCTURE TO THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Acquisition and the issue and allotment of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company takes place):

	Shareholding as at the date of this announcement		Shareholding immediately upon Completion	
	Shares	%	Shares	%
Han Junran (“ Mr. Han ”) (Note 1)	76,255,009	65.04	76,255,009	56.19
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (Note 2)	45,553,255	38.85	45,553,255	33.56
Zhongtai International Asset Management Limited (Note 2)	45,553,255	38.85	45,553,255	33.56
The Vendor	–	–	18,475,750	13.61
Public Shareholders	<u>40,990,035</u>	<u>34.96</u>	<u>40,990,035</u>	<u>30.20</u>
Total	<u>117,245,044</u>	<u>100.00</u>	<u>135,720,794</u>	<u>100.00</u>

Notes:

- (1) Mr. Han is deemed to be interested in 37,733,255 Shares held by Junyi Investment, a company incorporated under the laws of the BVI and solely-owned by him. Mr. Han is a beneficial owner of 38,521,754 Shares.
- (2) The security interest of the 45,553,255 shares of the Company is held by Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP), an investment fund managed by Zhongtai International Asset Management Limited.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE ACQUISITION

As the relevant percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempted from the Shareholders’ approval under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the 85 Concrete Mixing Transport Trucks in accordance with the terms and conditions of the Purchase Agreement
“Board”	board of Directors
“business day”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	New City Development Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (Stock Code: 456)
“Completion”	completion of the sale and purchase of 85 Concrete Mixing Transport Trucks
“Concrete Mixing Transport Trucks”	85 second-hand concrete mixing transport trucks now own by the Vendor
“Consideration”	the total consideration payable by the Group under the Purchase Agreement to the Vendor for purchase of the 85 Concrete Mixing Transport Trucks
“Consideration Shares”	18,475,750 new Shares of the Company to be issued by the Company to the Vendor (or such designated party as the Vendor may direct) at an Issue Price per Consideration Share

“Delivery”	the physical delivery of the 85 Concrete Mixing Transport Trucks by the Vendor to the Group in accordance with the terms and conditions of the Purchase Agreement
“Delivery Date”	on or before 30 June 2024 or such later date as the Company and the Vendor may agree in accordance with the terms and conditions of the Purchase Agreement
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2023
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	the issue price of HK\$0.866 per Consideration Share
“Last Trading Date”	23 May 2024, being the last trading day of the Shares on the Stock Exchange prior to the date of the Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchase Agreement”	the sale and purchase agreement dated 24 May 2024 entered into among the Company and the Vendor in relation to the Acquisition
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	惠州市金沙商貿有限公司(in English for identification purposes only Hui Zhou Jinsha Trading Company Limited), a domestic company established under the laws of the PRC and held as to 95% by 單朋朋 (Shan Peng Peng) and 5% by 劉素如 (Liu Su Ru)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“%”	per cent.

For illustration purpose only, unless otherwise specified, the exchange rate adopted in this announcement is HK\$1.00 = RMB0.92.

By order of the Board
New City Development Group Limited
Han Junran
Chairman

Hong Kong, 24 May 2024

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Han Junran (Chairman) and Mr. Luo Min; and (ii) five independent non-executive Directors, namely Mr. Chan Yiu Tung, Anthony, Dr. Ouyang Qingru, Mr. Leung Kwai Wah, Alex, Mr. Zhang Jing and Mr. Luo Zhen.

* *For identification purposes only*