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If you have sold or transferred all your shares in China New Town Development Company Limited, you should at once hand this Circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(Company Registration Number: 1003373)

(Stock Code: 1278)

MAJOR TRANSACTION
LIMITED PARTNERSHIP AGREEMENT

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Circular.

The Limited Partnership Agreement and the transaction contemplated thereunder has been approved by written shareholders’ approval from Shareholders holding more than 50% of the issued share capital of the Company pursuant to Rule 14.44 of the Listing Rules. This Circular is being despatched to the Shareholders for information only.

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DEFINITIONS

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

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| “Accounting Date” | for each investment project that the partnership has invested, means the date on which investment income from the investment project is realized and the Partnership shall calculate the investment principal and income distributable amongst the Partners on such Accounting Date |
| “associate” | has the meaning ascribed thereto under the Listing Rules |
| “Beijing Xincheng” | Beijing Xincheng Kaiyuan Asset Management Company Limited* (北京新成開元資產管理有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Business Day(s)” | a day other than statutory holidays and rest days in the PRC |
| “CDBIH” | China Development Bank International Holdings Limited, a company incorporated in Hong Kong and a substantial shareholder of the Company |
| “Circular” | this circular dated 10 July 2024 |
| “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 |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Distribution Date” | means the date on which the Partnership distributes the investment principal and income as calculated on the Accounting Date to the Partners, which shall be determined by the Partners’ meeting |
| “Final Closing Date” | means the 12 months from the date of the Initial Closing Date |
| “Group” | the Company and its subsidiaries as at the date of this Circular |
| “Hainan Yunhu” | Hainan Yunhu Enterprise Management Partnership (Limited Partnership)* (海南雲虎企業管理合夥企業(有限合夥)), a limited partnership established in the PRC |

DEFINITIONS

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| “Hangzhou Oxygen” | Hangzhou Oxygen Enhancement Investment Co., Ltd.* (杭州增氧投資有限公司), a company established in the PRC |
| “HK\$” | the Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | parties independent of and not connected with the Company and its connected persons |
| “Initial Closing Date” | means the date on which the Limited Partnership Agreement took effect, namely 23 May 2024 |
| “Investment Commencement Date” | means the date on which all partners have paid up their initial contribution to the Partnership or the next day to the last date on which all partners shall pay up their initial contribution to the Partnership, whichever is earlier |
| “Kaihe Beijing” | Kaihe (Beijing) Private Equity Fund Management Co., Ltd.* (開禾(北京)私募基金管理有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Latest Practicable Date” | the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular, being 4 July 2024 |
| “Limited Partnership Agreement” | the partnership agreement dated 23 May 2024 entered into among Beijing Xincheng, Wuxi Kaihe, Hainan Yunhu, and Yixing New in relation to the formation of the Partnership |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Partners” | general partner and limited partners of the Partnership, being Wuxi Kaihe, Beijing Xincheng, Hainan Yunhu and Yixing New at establishment |
| “Partnership” | Yixing Kaihe Oxygen Enhancement Private Equity Investment Fund Partnership (Limited Partnership)* (宜興市開禾增氧私募股權投資基金合夥企業(有限合夥)), a limited partnership to be established in the PRC |
| “PRC” | the People’s Republic of China, and for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |

DEFINITIONS

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| “related party(ies)” | a person or entity who has control, joint control, or significant influence over the relevant entity, or the other person or entity who is controlled, jointly controlled, or significantly influenced by the same person or entity |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Hengchang” | Shanghai Hengchang Trading Co., Ltd.* (上海恒常商貿有限公司), a company established under the laws of PRC with limited liability |
| “Shanghai Management” | Shanghai CNTD Management Consulting Company Limited* (上海智源管理諮詢有限公司), a company established under the laws of PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Shanghai Yuanyi” | Shanghai Yuanyi Industrial Co., Ltd.* (上海元頤實業有限公司), a company established under the laws of the PRC with limited liability |
| “Share(s)” | the share(s) of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Wuxi Kaihe” | Wuxi Kaihe Oxygenation Equity Investment Co., Ltd.* (無錫開禾增氧股權投資有限公司), a company established in the PRC |
| “Xitong International” | Xitong International Holdings (HK) Limited, a company established in Hong Kong and a substantial shareholder of the Company |
| “Yixing New” | Yixing New Kinetic Energy Industry Fund Partnership (Limited Partnership)* (宜興新動能產業基金合夥企業(有限合夥)), a limited partnership established in the PRC |
| “Yunzhi (Hainan)” | Yunzhi (Hainan) Enterprise Management Co., LTD. (雲智(海南)企業管理有限公司), a company established in the PRC |
| “%” | per cent. |

* For identification purpose only, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

LETTER FROM THE BOARD



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)

(Company Registration Number: 1003373)

(Stock Code: 1278)

Executive Directors:

Mr. Hu Zhiwei (*President*)
Ms. Yang Meiyu (*Chief Executive Officer*)
Mr. Shi Janson Bing
Mr. Liu Fangqing

Registered office:

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P.O. Box 3340
Road Town, Tortola
British Virgin Islands

Non-executive Directors:

Mr. Liu Yuhai (*Chairman*)
Mr. Li Yao Min (*Vice Chairman*)
Mr. Wang Hongxu
Mr. Feng Xiaoliang

*Headquarters and principal place of
business in Hong Kong:*

Suite 6508, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

INEDs:

Mr. Henry Tan Song Kok (*Lead INED*)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. Lo Wai Hung

Hong Kong, 10 July 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
LIMITED PARTNERSHIP AGREEMENT

1. INTRODUCTION

Reference is made to the announcement issued by the Company on 23 May 2024 in relation to the establishment of the Partnership.

LETTER FROM THE BOARD

The Board is pleased to announce that on 23 May 2024, Beijing Xincheng, an indirect wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with Wuxi Kaihe, Hainan Yunhu and Yixing New in relation to the establishment of the Partnership for the purpose of investment.

The purpose of this Circular is to provide you with, among others, (i) further details of the establishment of the Partnership; (ii) the financial information of the Group; and (iii) other information of the Company as required under the Listing Rules.

2. THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are set out as follows:

Date

23 May 2024

Parties

- (1) Wuxi Kaihe, as general partner and executive partner;
- (2) Beijing Xincheng, as limited partner;
- (3) Hainan Yunhu, as limited partner; and
- (4) Yixing New, as limited partner.

Wuxi Kaihe is a company established under the laws of the PRC with limited liability and is owned as to 48% by Kaihe Beijing (a wholly-owned subsidiary of the Company), 37% by Hangzhou Oxygen, and 15% by Yunzhi (Hainan). Wuxi Kaihe is not a subsidiary of the Company and the financial results of Wuxi Kaihe are not consolidated into the financial statements of the Group.

Name of the Partnership

Yixing Kaihe Oxygen Enhancement Private Equity Investment Fund Partnership (Limited Partnership)* (宜興市開禾增氧私募股權投資基金合夥企業(有限合夥)).

LETTER FROM THE BOARD

Investment Period and Term of the Partnership

The term of the Partnership will be nine (9) years according to the administrative registration licence. However, as agreed by all Partners pursuant to the Limited Partnership Agreement, the term of the Partnership will be seven (7) years. The investment period shall commence from the Investment Commencement Date until the fourth (4th) anniversary of the Investment Commencement Date (the “**Investment Period**”); and the period commencing from the next day following the expiry of the Investment Period until the third anniversary thereof shall be the exit period (the “**Exit Period**”). During the Exit Period, the Partnership shall only carry out the exit of investments made during the Investment Period and shall not invest in any new investment projects, save for those already approved by the investment committee of the Partnership during the Investment Period.

The executive partner has the right to decide to extend the duration of the Partnership for one (1) year, in which such extended period shall be regarded as the Exit Period. Thereafter, the duration of the Partnership can be further extended with the consent obtained during the Partners’ meeting and the extended period shall also be regarded as the Exit Period. The executive partner would consider exercising its right to extend the duration of the Partnership in circumstances where the Partnership may require more time to exit an investment project or when it would yield a more favourable investment return of an investment project to exit at a later and more suitable time.

Purpose and business scope of the Partnership

Purpose

The purpose of the Partnership is to achieve capital appreciation, principally through making investments as permitted by applicable laws and regulations.

Objective and strategy

In accordance with the relevant laws and regulations, and the provisions of the China Securities Regulatory Commission and the China Fund Industry Association, the Partnership will invest mainly in equity interests of high quality companies in the fields of new generation information technology and new energy related industries through direct or indirect investment in various investment vehicles. The usual exit strategy to recognise the corresponding investment income involves various channels, such as initial public offerings involving the listing of A shares, Hong Kong stocks, and US stocks, mergers and acquisitions, as well as the repurchase of shares. Once investment income is received from an investment project, the Partnership shall, on each Accounting Date, calculate the investment principal and income distributable amongst the Partners and distribute such distributable proceeds (after deduction of fees and expenses and tax payable by the Partnership) on the Distribution Date in accordance with the profit distribution mechanism in the Limited Partnership Agreement as further set out in the section headed “Letter from the Board — 2. the

LETTER FROM THE BOARD

Limited Partnership Agreement — Profit distribution and loss sharing — Profit distribution” in this Circular. Unless unanimously agreed by all Partners, the Partnership shall not make any revolving investments.

Unless unanimously agreed by all Partners, in principle, the cumulative investment amount of the Partnership in a single enterprise shall not exceed 20% of the final subscribed capital contribution of the Partnership, and the equity held in the invested enterprise shall not exceed 30% of the total equity of such invested enterprise, and shall not be the largest investor of such invested enterprise. The proportion of the Partnership investing in new-generation information technology and new energy-related industrial chain projects shall not be lower than 60% of the Partnership’s final paid-in capital contribution. The Partnership may also invest in other industries such as biomedicine, elderly healthcare, other strategic emerging fields and synergistic industries that meet the strategic needs of the Company. The Board considers that the abovementioned industries are supported by recent favourable national policies of the PRC and possesses potential for development. In addition, high-quality targets have emerged within these industries, which would allow the Partnership to select and invest in such targets to gain investment returns for the Partnership, which is in line with development and investment strategy of the Partnership. The Board further considers that the Company, through the Partnership, will accumulate industry experience through the investment in these industries which are in line with the development prospects of the new economy and to develop itself into a comprehensive platform enterprise. Taking into account the above, the Board is of the view that the Partnership’s investment in the abovementioned industries is in the interests of the Company and the Shareholders as a whole.

Pursuant to the Limited Partnership Agreement, the Partnership shall be prohibited from, among others, (i) engaging in the businesses of guarantees, mortgages or entrusted loans; (ii) investing in stocks on a secondary market (except for the purposes of mergers and acquisitions and reorganisations), futures, real estate, securities investment funds, corporate bonds rated below AAA, trust products, insurance plans and other financial derivatives; (iii) providing sponsorships and donations to any third party (except for approved public welfare donations); (iv) making investments with unlimited joint and several liability; (v) accepting deposits, or lending to the third party; and (vi) engaging in other businesses prohibited by national laws and regulations.

For any investments made by the Partnership, the fund manager and the entities invested by the investors of the fund manager and the general partner and the entities invested by the investors of the general partner (collectively, the “**Partnership, Management and Related Investors**”) in the enterprises of Yixing City or any enterprises to be introduced into Yixing City by the Partnership, Management and Related Investors, the amount of capital investment shall not be less than 1.5 times the amount of the capital contribution paid up by Yixing New in the Partnership.

LETTER FROM THE BOARD

Capital Commitment

The total capital contribution committed to be subscribed by all Partners to the Partnership is RMB1,000,000,000 on the Initial Closing Date, which will be settled by the Partners by instalments by way of cash per the capital contribution payment notice (the “**Payment Notice**”) of the fund manager. The amount and proportion of the capital contribution subscribed by each of the Partners on the Initial Closing Date are set out below:

| Partners | Total subscribed capital contribution (RMB'000) | Approximate proportion of capital contribution in the Partnership |
|------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Wuxi Kaihe | 1,000 | 0.1% |
| Beijing Xincheng | 409,000 | 40.9% |
| Hainan Yunhu | 400,000 | 40.0% |
| Yixing New | <u>190,000</u> | <u>19.0%</u> |
| Total | <u>1,000,000</u> | <u>100.00%</u> |

Prior to the filing for registration of the Partnership as a fund with the Asset Management Association of China (中國證券投資基金業協會) (the “AMAC”), the aggregate initial capital contribution by the Partners to the Partnership must meet the minimum requirement of the AMAC for the initial paid-up capital of a private equity fund of no less than RMB10 million. For the purpose of the said filing, each limited partner shall contribute the respective paid-up capital (the “**Required Paid-up Capital**”) as follows:

| Partners | Paid-up capital required (RMB'000) |
|------------------|-------------------------------------------------------|
| Wuxi Kaihe | 1,000 |
| Beijing Xincheng | 4,090 |
| Hainan Yunhu | 4,000 |
| Yixing New | <u>1,900</u> |
| Total | <u>10,990</u> |

The above Required Paid-up Capital shall be settled by each Partner upon receiving the Payment Notice issued by the fund manager, and such notice shall be issued by the fund manager 10 business days before the payment shown on such notice. As at the Latest Practicable Date, the Partnership is preparing for the filing with the

LETTER FROM THE BOARD

AMAC for registration of the Partnership and the Payment Notice for the contribution of the Required Paid-up Capital has been issued by the fund manager to the Partners in late June 2024.

The initial capital contribution for each limited partner shall be the difference between the 10% of the respective total committed capital contribution of the Partnership on the Initial Closing Date and the respective Required Paid-up Capital paid by such limited partner, which shall be settled by each limited partner according to the Payment Notice issued by the fund manager. The fund manager should issue the Payment Notice 10 business days before the payment date shown on the notice. As at the Latest Practicable Date, the Payment Notice for the contribution of the initial capital contribution is expected to be issued after the completion of the filing with the AMAC for registration of the Partnership, which is expected to be in July 2024. Subsequently, the remaining capital contribution of each limited partner shall be settled by each such limited partner according to the Payment Notice issued by the fund manager, which shall be issued in advance of 10 business days. The Payment Notice for the remaining capital contribution of each limited partner is expected to be issued when funds available to the Partnership are insufficient to cover the total investment amount required for each investment project of the Partnership. Accordingly, the issuance of the Payment Notices for the remaining capital contribution will be subject to the capital requirements of the investment projects to be passed by the investment committee of the Partnership during the Investment Period. Within 12 months from the Initial Closing Date, subject to compliance with applicable laws and regulations, the Partnership may, with the unanimous consent of all Partners, increase the total amount of capital contributions by way of acceptance of new limited partners or by increasing the amount of capital contributions of the existing limited partners.

As agreed by all Partners, at no time and under no circumstances shall the proportion of committed capital contribution of Yixing New exceed 20% of the total committed capital contribution of the Partnership. If at any time the proportion of committed capital contribution of Yixing New exceeds 20% of the total committed capital contribution of the Partnership, Yixing New shall have the right (i) not be required to pay up to the Partnership the portion of the capital contribution in excess of 20% of the total committed capital contribution of the Partnership; or (ii) to request a reduction of its committed capital contribution to the Partnership such that the proportion of the committed capital contribution of Yixing New in the Partnership does not exceed 20% of the total committed capital contribution of the Partnership.

The proportion of capital contribution subscribed by each of the Partners to the Partnership was determined after arm's length negotiations between the Partners, while the total amount of capital contribution to the Partnership on the Initial Closing Date was determined after arm's length negotiations between the Partners, with reference to, among other things, the projected capital requirements of the Partnership, including the possible investments in the fields of new generation information technology and

LETTER FROM THE BOARD

new energy related industries. It is estimated that the total investment amount will be approximately RMB1 billion. As such, the Partners determined that the total amount of capital contribution of the Partnership shall be RMB1 billion.

The Group intends to finance its capital contribution by its internal resources.

Partners

Wuxi Kaihe, as the executive partner and general partner, is responsible for, among other things, the representation of the Partnership and delegating representatives to the Partnership, daily management of the Partnership (save for any matters in which the fund manager is responsible), formulating of management system of the Partnership, convening, presiding over and participating in the Partners' meeting, putting forward investment proposals at the Partners' meeting, opening and maintaining the bank account of the Partnership and regularly reporting to the limited partners the operation and financial status of the Partnership and exercising the shareholder voting rights on behalf of the Partnership in relation to any investees of the Partnership. Wuxi Kaihe, as the executive partner, shall receive a remuneration at the rate of 2% per annum during the Investment Period and 1% during the Exit Period according to the actual paid-up capital of the Limited Partnership. During the extended Exit Period (if any) of the Partnership, Wuxi Kaihe, as the executive partner, shall not receive any remuneration.

Wuxi Kaihe was established as a joint venture by Kaihe Beijing (a wholly-owned subsidiary of the Company), Hangzhou Oxygen and Yunzhi (Hainan) in which they hold 48%, 37% and 15% of the equity interest of Wuxi Kaihe, respectively. The board of Wuxi Kaihe consists of four directors, including two directors appointed by Kaihe Beijing, one director appointed by Hangzhou Oxygen and one director appointed by Yunzhi (Hainan). Each director shall be entitled to one vote in the board of Wuxi Kaihe. All resolutions of Wuxi Kaihe requires the consent of at least three directors to be passed.

Each of the directors of Wuxi Kaihe have extensive experience in various industries such as finance investment, investment management, investment banking and finance and legal management with educational background in finance and economics. In particular, certain of the directors possess experience in fund management and the establishment and launch of private equity investment funds, investing in fields such as new energy, biomedicine, consumer goods and technology industries, which brings a valuable mix of relevant knowledge in fields which are in line with the investment and development strategy of the Partnership. Furthermore, they each held or hold various positions in large-scale enterprises including but not limited to China Development Bank Capital Corporation Limited, China Reits Investment, Guizhou Provincial Cultural Investment Fund Department (貴州省文投基金), Yanchuang Capital Group (燕創資本集團), Guolian Securities, Zhongde Investment Group (中德投資控股集團) and the Shanghai Carbon Neutral Technology Innovation Alliance (上海市碳中和技術創新聯盟) and where they were responsible for a number of financing, initial public offering, merger and acquisition projects and restructuring.

LETTER FROM THE BOARD

Given that each of the directors of Wuxi Kaihe will also serve as fixed members of the investment committee of the Partnership, they are required to abstain from voting in the investment committee of the Partnership in the event of any conflicts of interests or in accordance with the terms of the Limited Partnership Agreement.

Kaihe Beijing and Hangzhou Oxygen each hold a private securities investment fund manager qualification. Kaihe Beijing had initiated and established four private equity funds since its establishment. Among them, three project funds with an aggregate investment amount of over RMB1,900 million established specifically for the purposes of urbanization construction have completed its liquidation, with the aggregate exit and distribution amount of over RMB2,300 million. The equity investment projects of Kaihe Beijing group (being the Company and its subsidiaries) include, among others, the biomedical, intelligent driving and medical industries. In addition, Hangzhou Oxygen had launched and set up 12 funds and completed 20 project investments in the semiconductor and intelligent driving industries.

The investment strategy of the Partnership is to select high-quality targets in new energy, new-generation information technology, biomedicine, elderly healthcare and other strategic emerging areas for investment. Wuxi Kaihe would, before putting forward investment proposals in the Partners' meeting, consider factors relating to the investee including but not limited to the background of the management team of the investee, cash flow and scale of profits, core technology advantages and barriers to competition of the investee.

Wuxi Kaihe, as the general partner, shall assume unlimited joint liabilities for the Partnership's debt.

The limited partners shall not participate in management or exercise of any control in the investment of the Partnership or conduct any activity in the Partnership's name.

Having considered the above factors, including but not limited to (i) the extensive experience of the shareholders of Wuxi Kaihe in managing funds and investment projects; and (ii) the background, qualifications and rich experience of the board of directors of Wuxi Kaihe in investment and investment management capability, the Board is of the view that Wuxi Kaihe and its board of directors have the appropriate experience and expertise to assess and put forward investment proposals, and to conduct daily management of the Partnership.

Management

Kaihe Beijing, as the fund manager of the Partnership, is registered in the AMAC as a private equity fund manager and is responsible for, among other things, screening and verifying the qualified investors of the Partnership and the handling of the relevant filings and applications of the Partnership with the AMAC and subsequent information reporting. Kaihe Beijing shall collect management fees as remuneration,

LETTER FROM THE BOARD

and the management fee of the Partnership is RMB100,000 per year during the term of seven (7) years of the Partnership. During the extended Exit Period (if any) of the Partnership, Kaihe Beijing, as the fund manager, shall not receive any management fee.

In determining the absence of remuneration and management fee of the executive partner and the fund manager respectively during the extended Exit Period (if any) of the Partnership, the Board considers that (i) the executive partner and fund manager is responsible for conducting the relevant investment and exit work of the Partnership during the corresponding Investment Period and Exit Period and such exit work of the Partnership during the extended Exit Period (if any) of the Partnership is a continuation of the original obligations of the executive partner and the fund manager which were not complete during the original Exit Period and therefore it was agreed between the parties that no remuneration or management fees shall be charged by the executive partner and fund manager respectively during the extended Exit Period; and (ii) it is industry practice for executive partners and fund managers not to receive remuneration or management fees during the extended Exit Period of partnerships. Having considered the above, the Board is of the view that the absence of remuneration and management fee of the executive partner and fund manager of the Partnership during the extended Exit Period (if any) respectively is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Investment Committee

An investment committee of the Partnership will be set up to, amongst other things, decide the investment, management and withdrawal of the Partnership, apply the idle funds in value-added investment, and to appoint and remove professional advisers as appropriate. The proposed investment projects of the Partnership are from a variety of sources including industry research, networking, professional advisors and other channels. The Partnership will then, after the general partner had conducted detailed pre-investment due diligence and review meetings and taking into account factors such as market prospects, corporate governance, financial status, the technology and products offered, risk assessment and exit strategies, propose the investment decision to the investment committee of the Partnership for voting.

The investment committee consists of five members, all of whom shall be nominated by the executive partner, namely Wuxi Kaihe. Four members shall be fixed members of the investment committee while one member shall be an external expert which shall be independent of the Partnership, its Partners and their respective beneficial owners. The external expert shall be appointed by the executive partner and the executive partner shall have the right to appoint a different external expert corresponding to the industries of each investment project to be approved. In selecting the external expert, Wuxi Kaihe will first form a pool of external experts in the industries of new energy, new generation information technology, biomedicine, elderly healthcare and other strategic emerging areas which satisfy the following criteria, (i) possessing rich experience in the industry; (ii) have served in well-known enterprises in such industry or have made investments in such industry; and (iii) have a deep understanding and foresight of the direction of industrial development and

LETTER FROM THE BOARD

technological development. Wuxi Kaihe will then, according to the demands of the relevant investment project, appoint a suitable external expert from the pool to the investment committee. Yixing New has the right to appoint an observer to attend the meetings of the investment committee. Each member of the investment committee of the Partnership shall be entitled to one vote. All the resolutions of the investment committee shall be passed with more than 80% consent of the members of the investment committee who have attended the meeting (not including any members who have abstained from voting due to conflicts of interest or in accordance with the terms of the Limited Partnership Agreement).

Similarly, members of the investment committee are required to have extensive investment experience and successful exit cases of investment projects in the corresponding fields. Given that the board of directors of Wuxi Kaihe fulfils the above requirements, each of the directors of the board of directors of Wuxi Kaihe will also serve as fixed members of the investment committee of the Partnership.

Partners' meeting

The Partners' meeting will be responsible for approving matters in relation to, among other things, modifying the Limited Partnership Agreement, change of business scope, principal place of business, the name of the fund, the organisation structure and matters related to profit distribution, change or extend the term of the Partnership, disposal of material assets, review related-party transactions and conflict of interests matters, approving the transfer of interest held by the Partners, appointment, accepting new Partners, withdrawal or removal of the Partners, dissolution and winding-up of the Partnership, and appointment and change of executive partner.

The above matters shall be resolved upon the consent of all Partners, except the relevant Partner shall abstain from voting if it has a material interests in matters such as related-party transactions. In the event of a failure of the Partners to reach an agreement for a matter in the Partner's meeting, an in-depth communication shall be conducted between the Partners until an agreement is reached to execute, or not to executive the relevant matter.

Profit distribution and loss sharing

Profit distribution

Once investment income is received from an investment project, the Partnership shall, on each Accounting Date, calculate the investment principal and income distributable amongst the Partners and distribute such distributable proceeds (after deduction of fees and expenses and tax payable by the Partnership) on the Distribution Date in accordance with the terms and conditions of the Limited Partnership Agreement, in the following manner:

- (1) firstly, to all the limited partners proportional to the actual capital contribution of each limited partner until the limited partners have recovered their cumulative capital contributions;

LETTER FROM THE BOARD

- (2) secondly, if any residual left, to the general partner until the cumulative amount distributed to the general partner is equal to the actual capital contribution paid by such general partner;
- (3) thirdly, if any residual left, to all the limited partners proportional to the actual capital contribution of each limited partner until the cumulative amount distributed to the limited partner is equal to an amount calculated according to the following formula:

the cumulative amount of paid-in capital of the limited partner x 8% x the number of days that cumulative amount of paid-in capital has actually been utilized ÷ 365;

- (4) fourthly, if any residual left, to the general partner until the cumulative amount distributed to the general partner is equal to an amount calculated according to the following formula:

the cumulative amount of paid-in capital of the general partner x 8% x the number of days that cumulative amount of paid-in capital has actually been utilized ÷ 365;

- (5) finally, 20% and 80% of any residual left after (1) to (4) above shall be distributed among the general partner as performance remuneration and the limited partners according to the proportion of actual capital contribution, respectively.

In addition, any distributable income not derived from investment projects (“**Non-investment Income**”) such as interest income derived from uninvested funds, shall be distributable on the closest Distribution Date of investment income (or any other date as may be agreed by the Partners) after receiving such Non-investment Income. The executive partner is responsible for the payment of each Partner’s distributions on the Distribution Date.

Loss sharing

The Partners shall bear the losses up to their respective capital contributions subscribed by each Partner in the order and manner identical to that of profit distribution as described above. The general partner will be fully responsible for all debt and liabilities of the Partnership which is due and cannot be repaid with the assets of the Partnership. Under the Limited Partnership Agreement, the Partnership shall not borrow from any third party and shall not provide any form of corporate guarantee for any third party.

Transfer of interest in the Partnership

Subject to the terms and conditions of the Limited Partnership Agreement, a limited partner or general partner may transfer its equity interest to any party upon obtaining the consent of all Partners.

LETTER FROM THE BOARD

3. FINANCIAL EFFECTS OF THE ENTERING INTO OF THE LIMITED PARTNERSHIP AGREEMENT

Upon the establishment of the Partnership, the Partnership will not be a subsidiary of the Company and the financial results of the Partnership will not be consolidated into the financial statements of the Group. It is expected that the establishment of the Partnership and the capital contribution by Beijing Xincheng to the Partnership as contemplated under the Limited Partnership Agreement will not have any material impact on and the total assets and liabilities of the Group will remain unchanged upon establishment of the Partnership.

4. INFORMATION ON THE GROUP, WUXI KAIHE, HAINAN YUNHU AND YIXING NEW

The Company is primarily engaged in the business segment of new urbanization, which invests, develops and operates diversified urbanization projects nationwide in China. Beijing Xincheng is an indirect wholly-owned subsidiary of the Company, which is established under the laws of the PRC with limited liability. It is principally engaged in urbanization investment.

Wuxi Kaihe

Wuxi Kaihe is a company established under the laws of the PRC with limited liability and is owned as to 48% by Kaihe Beijing (a wholly-owned subsidiary of the Company), 37% by Hangzhou Oxygen, and 15% by Yunzhi (Hainan). Wuxi Kaihe is principally engaged in investment management, asset management, investment consulting, business management consulting. Hangzhou Oxygen is held as to approximately 56.9% by Chen Yueming (陳月明) and 43.1% in aggregate by four Independent Third Parties, each of whom holding not more than 15% of the equity interest in Hangzhou Oxygen, while Yunzhi (Hainan) is held as to 90% by Feng Yuan (馮媛) and 10% by Lai Jianghong (賴江紅). To the best information, knowledge and belief of the Directors having made all reasonable enquiries, each of Hangzhou Oxygen, Yunzhi (Hainan), and their respective ultimate beneficial owners is an Independent Third Party.

Having considered the factors as further detailed in the section headed “Letter from the Board — 2. the Limited Partnership Agreement — Partners” in this circular, including (i) the extensive experience of the shareholders of Wuxi Kaihe in managing funds and investment projects; and (ii) the background, qualifications and rich experience of the board of directors of Wuxi Kaihe in investment and investment management capability, the Board is of the view that Wuxi Kaihe would have the ability to discharge its duties as the Partnership’s executive and general partner.

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Hainan Yunhu

Hainan Yunhu is a limited partnership with Yunhu (Hainan) Investment Co., LTD. (雲虎(海南)投資有限公司) (“**Yunhu Hainan**”) as executive partner established under the laws of the PRC, which is held as to 90% by Shenzhen Xinzhengwei Technology Co., Ltd. (深圳市新正為科技有限公司) (“**Shenzhen Xinzhengwei**”) and 10% by Yunhu Hainan. Shenzhen Xinzhengwei is jointly wholly-owned by two natural persons, namely Liu Guishuang (劉貴雙) and Liu Chengping (劉成平), and Yunhu Hainan is jointly wholly-owned by the other two natural persons, namely Lin Feng (林楓) and Tao Feng (陶峰). Hainan Yunhu is principally engaged in enterprise management, investment activities. To the best information, knowledge and belief of the Directors having made all reasonable enquiries, each of Hainan Yunhu, Shenzhen Xinzhengwei, Yunhu Hainan and their respective ultimate beneficial owners is an Independent Third Party.

Yixing New

Yixing New is limited partnership established under the laws of the PRC and its executive partner is Yixing Financial Development Group Co., Ltd.* (宜興市金融發展集團有限公司) (“**Yixing Financial**”), which is ultimately held by Yixing City State-owned Assets Committee (宜興市國有資產委員會) (the “**Yixing State-owned Assets Committee**”). Yixing New is principally engaged in investment management. To the best information, knowledge and belief of the Directors having made all reasonable enquiries, each of Yixing New, Yixing Financial, the Yixing State-owned Assets Committee and their respective ultimate beneficial owners is an Independent Third Party.

5. REASONS FOR AND BENEFIT OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

The purpose of establishment of the Partnership is to enable the Group to tap into the new generation of information technology and new energy market to effectively implement its transformation strategy and to actively seize investment opportunities in these fields under the favourable national policy. Firstly, the Group is committed to developing itself into a comprehensive platform enterprise including investment, construction, industry and investment promotion and operation. To effectively utilize and give full play to the advantages of the Group’s resources and strategies, the Partnership is established to enable the Group to cooperate with the government of Yixing City and other industrial partners to jointly build a market-based investment platform to invest in a new generation of information technology, new energy and other strategic emerging fields, and to promote and implement national policies.

Secondly, the Group participates in the active management of the Partnership, the formulation of investment strategies and implements necessary management, which is effective in realizing the strategic goal of building the platform of the Partnership. The participation in formulation of investment strategies of the Partnership is also conducive to the Group’s recruitment of outstanding talents and integration of industrial resources.

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Thirdly, as the Group is currently in an important development stage of strategic transformation, and the implementation of transformation strategy requires in-depth industrial knowledge, the Group can effectively access and enhance its knowledge of different industries by minority investment and the construction of a broader investment portfolio through the Partnership. The Partnership will enable the Group to identify a more accurate selection of industries, tracks and targets which may be suitable for business entry. Furthermore, the Group and the Partnership share the same investment strategy and direction, being strategic emerging industries which are supported by recent favourable national policies, and the Group is able to, through the Partnership, broaden its channel of project sources and locate high-quality investment projects in such industries and obtain the latest up-to-date information in these industries to enhance its understanding and cognition. On the one hand, the Group will be able to obtain investment returns through the Partnership, while on the other hand, the Group will be able to leverage its advantages through synergistic development with the Partnership. As such, the Company is of the view that the Partnership will create synergistic effect to the Group's existing business and can enhance returns to the Shareholders and provide the Group with opportunities in the early investment stage to obtain industry knowledge and high-quality projects in advance of any investments. As such, the establishment of the Partnership has a strategic significance for the development of the Group.

In view of the expected return to be generated, the Directors are of the view that the transactions contemplated under the Limited Partnership Agreement is beneficial to the Company.

Having considered the above, the Directors are of the view that the terms of the Limited Partnership Agreement are on normal commercial terms that are fair and reasonable, and the Limited Partnership Agreement is in the interests of the Company and the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the transaction contemplated under the Limited Partnership Agreement exceeds 25% but less than 100%, the transaction contemplated under the Limited Partnership Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of their respective associates has any material interest in the Limited Partnership Agreement and the transaction contemplated thereunder. As such, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Limited Partnership Agreement and the transaction contemplated thereunder. The Company has obtained a written approval from Xitong International and CDBIH, being a closely allied group of Shareholders, which, as at the date of this Circular, held 2,917,000,000 Shares and 2,430,921,071 Shares, respectively, representing approximately 29.99% and 24.99% of the issued share capital of the Company, respectively, for the Limited Partnership Agreement

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and the transaction contemplated thereunder in lieu of a resolution to be passed at a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As such, no extraordinary general meeting will be convened by the Company to approve the Limited Partnership Agreement and the transaction contemplated thereunder.

7. RECOMMENDATION

For the reasons set out above and for Shareholders' reference, the Directors consider that the terms of the Limited Partnership Agreement are on normal commercial terms that are fair and reasonable, and the Limited Partnership Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would have recommended the Shareholders to vote in favour of the resolutions if the Company were to convene an extraordinary general meeting for the approval of the Limited Partnership Agreement and the transactions contemplated thereunder.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Circular.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

The audited financial information of the Group for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 are disclosed in the following documents of the Company published on 28 April 2022, 27 April 2023 and 24 April 2024, respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.china-newtown.com):

- (i) annual report of the Company for the financial year ended 31 December 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800892.pdf>);
- (ii) annual report of the Company for the financial year ended 31 December 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702568.pdf>);
and
- (iii) annual report of the Company for the financial year ended 31 December 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401914.pdf>).

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of preparing this indebtedness statement, the indebtedness of the Group was as follows:

- (i) secured and guaranteed borrowings of approximately RMB645,791 thousand, secured by the investment property;
- (ii) unsecured and unguaranteed borrowings of approximately RMB140,139 thousand;
- (iii) lease liabilities of approximately RMB19,426 thousand relating to buildings and motor vehicles;
- (iv) a financial guarantee to the extent of approximately RMB250,000 thousand;
and
- (v) guaranteed bonds of approximately RMB1,502,868 thousand.

Pledge of assets

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of preparing this indebtedness statement, the secured interest-bearing loans and borrowing is secured by the assets of the Group as follows:

- (i) pledge of investment properties of the Group with a carrying amount of RMB1,485,700 thousand at 31 May 2024.

Contingent liabilities

Shanghai Management is currently a defendant in the lawsuits brought by Shanghai Hengchang and Shanghai Yuanyi which were alleged for the over-received amount of RMB14,400,000 and RMB1,000,000, respectively. For further details of the litigation, please refer to the section headed “3. LITIGATION” in Appendix II of this Circular.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal account payables in the ordinary course of business, the Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 31 May 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular. The Group confirms that there has not been any material change in its indebtedness position since 31 May 2024.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2023 (being the date which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that after taking into account the Group’s business prospects, the financial resources available to the Group, including the continuing availability of the financing facilities, following the establishment of the Partnership and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

On top of the fix-income investment, the Group will continue to seek investment opportunities and maintain business transformation prudently amid challenges, and leverage resource advantages from shareholders. For fix-income investment sector, the Group will maintain a stable portfolio and try to seek a good balance of investment return and risk management. Meanwhile, the Group will expand equity investment business in new economic areas based on market demands and aligned with national policies. The Group is aiming to promote high quality and stable development of the business and create long-term and sustainable core values for the shareholders.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DIRECTORS' INTERESTS

(a) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") were as follows:

Long Position in the Shares

| Name of Director | Capacity | Number of shares held | | | Total | Approximate percentage of the issued Shares |
|------------------|------------------|-----------------------|-----------------|--------------------|-----------|---------------------------------------------|
| | | Personal interest | Family interest | Corporate interest | | |
| Li Yao Min | Beneficial owner | 8,352,672 | — | — | 8,352,672 | 0.086% |
| Henry Tan | Beneficial owner | 600,000 | — | — | 600,000 | 0.006% |
| Song Kok | | | | | | |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' and Other Persons' Interests in Securities

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following persons who (other than a Director and the chief executive of the Company) or organisations which had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares, which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

| Name | Capacity | Number of shares held | | | Total | Approximate percentage of the issued Shares |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|--------------------|----------------|---------------|---------------------------------------------|
| | | Direct interest | Corporate interest | Other interest | | |
| Xitong International ⁽¹⁾ | Beneficial owner | 2,917,000,000 | — | — | 2,917,000,000 | 29.99% |
| Wuxi Communications ⁽¹⁾ | Interests of a controlled corporation | — | 2,917,000,000 | — | 2,917,000,000 | 29.99% |
| CDBIH ⁽²⁾ | Beneficial owner | 2,430,921,071 | — | — | 2,430,921,071 | 24.99% |
| China Development Bank Capital Corporation Limited ("CDB Capital") ⁽²⁾ | Interest of a controlled corporation | — | 2,430,921,071 | — | 2,430,921,071 | 24.99% |
| China Development Bank Corporation ("CDB") ⁽²⁾ | Interest of a controlled corporation | — | 2,430,921,071 | — | 2,430,921,071 | 24.99% |
| SRE Investment Holding Limited ("SREI") | Beneficial owner | 1,468,356,862 | — | — | 1,468,356,862 | 15.10% |
| Shi Jian ("Mr. Shi") ⁽³⁾ | Beneficial owner and interests of a controlling corporation | 6,104,938 | 1,468,356,862 | — | 1,474,461,800 | 15.16% |
| Jia Yun Investment Limited ("Jia Yun") ⁽⁴⁾ | Person having a security interest in shares | — | — | 1,027,849,803 | 1,027,849,803 | 10.57% |
| Jiabo Investment Limited ("Jiabo") ⁽⁴⁾ | Interests of a controlled corporation | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |
| Jiashun (Holding) Investment Limited ("Jiashun") ⁽⁴⁾ | Interest of controlled corporations | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |
| Jiasheng (Holding) Investment Limited ("Jiasheng") ⁽⁴⁾ | Interest of controlled corporations | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |
| Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") ⁽⁴⁾ | Interest of controlled corporations | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |
| China Minsheng Jiaye Investment Co., Ltd. ("China Minsheng Jiaye") ⁽⁴⁾ | Interest of controlled corporations | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |
| China Minsheng Investment Corp., Ltd. ("China Minsheng") ⁽⁴⁾ | Interest of controlled corporations | — | 1,027,849,803 | — | 1,027,849,803 | 10.57% |

Notes:

1. Xitong International is a wholly-owned subsidiary of Wuxi Communications. Wuxi Communications is, therefore, deemed under Part XV of the SFO to be interested in the 2,917,000,000 Shares held by Xitong International.
2. CDBIH is a wholly-owned subsidiary of CDB Capital and CDB Capital, in turn, is wholly owned by CDB. Both CDB and CDB Capital are, therefore, deemed under Part XV of the SFO to be interested in the 2,430,921,071 Shares held by CDBIH.
3. Pursuant to Part XV of the SFO, Mr. Shi is deemed interested in a total of 1,474,461,800 Shares for the following reasons: (i) Mr. Shi holds 6,104,938 Shares directly; and (ii) Mr. Shi is deemed interested in 1,468,356,862 Shares held by SREI by virtue of the fact that he and his wife, Ms. Si Xiao Dong together beneficially own 81% of the issued share capital of SREI as a controlling shareholder. On 4 March 2022, the Company has confirmed with Mr. Shi that all 6,104,938 Shares held directly by him have been sold.
4. Jia Yun acquired the security interests of 1,027,849,803 Shares from SREI on 28 December 2017. Jia Yun is a wholly-owned subsidiary of Jiabo, which in turn, is a wholly-owned subsidiary of Jiashun. Jiashun is a wholly-owned subsidiary of Jiasheng and Jiasheng is in turn a wholly-owned subsidiary of Jiaxin. Jiaxin is a wholly-owned subsidiary of China Minsheng Jiaye, which in turn, 62.60% owned by China Minsheng. All of Jiabo, Jiashun, Jiasheng, Jiaxin, China Minsheng Jiaye and China Minsheng are, therefore, deemed under Part XV of the SFO to be interested in the 1,027,849,803 Shares of security interest held by Jia Yun. Based on the public information available to the Company, the shareholding interest of China Minsheng in China Minsheng Jiaye has been changed to 67.26%.

Save as disclosed above, the Directors are not aware of any other person who (other than a Director or the chief executive of the Company) or organisation which, as at the Latest Practicable Date, had an interest and/or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

3. LITIGATION

Shanghai Management is currently a defendant in the lawsuits brought by Shanghai Hengchang and Shanghai Yuanyi which were alleged for the over-received amount of RMB14,400,000 and RMB1,000,000, respectively. Shanghai Management obtained the first instance judgment from Shanghai Baoshan District's People's Court on 28 June 2022 pursuant to which the Shanghai Baoshan District's People's Court ruled in favour of Shanghai Management and the respective claims of Shanghai Hengchang and Shanghai Yuanyi were rejected. Shanghai Hengchang and Shanghai Yuanyi subsequently appealed to the Shanghai No.2 Intermediate People's Court and a retrial has been ordered and which commenced in March 2024. Shanghai Management received notice on 3 April 2024 that the retrial was completed on 29 March 2024 in which Shanghai Baoshan District's People's Court ruled in favour of Shanghai Hengchang and Shanghai Yuanyi and the appeal judgment was rendered against Shanghai Management. Shanghai Management subsequently appealed to Shanghai Intermediate People's Court for a second retrial and is currently awaiting a scheduled court date.

The Directors, based on the advice from the Group's legal counsel, believe that Shanghai Management have valid grounds for appeal for the second retrial and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

As disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best of knowledge of the Directors, none of the Directors and their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the members of the Group within the two years immediately preceding the date of this Circular and which is or may be material:

- (i) the agreement dated 30 June 2022 entered into among Shenyang Wanrun New Town Investment Management Company Limited* (瀋陽萬潤新城投資管理有限公司) as the purchaser, China New Town Development (Shenyang) Company Limited* (中國新城鎮發展(瀋陽)有限公司) as the vendor, the Company and Xincheng Kaiyuan in relation to the proposed disposal of the entire equity interest of Shenyang Lixiang New Town Modern Agriculture Company Limited* (瀋陽李相新城現代農業有限公司) at a total purchase price of RMB738,770,379.43 (equivalent to approximately HK\$863,856,851.53), further details of which are set out in the announcements of the Company dated 30 June 2022, 12 August 2022, 28 February 2023, 6 September 2023 and the circular of the Company dated 18 August 2022;
- (ii) the confirmation letter entered into by Shenyang Wanrun New Town Investment Management Company Limited* (瀋陽萬潤新城投資管理有限公司), China New Town Development (Shenyang) Company Limited* (中國新城鎮發展(瀋陽)有限公司), the Company and Xincheng Kaiyuan on 12 August 2022 in relation to the agreement dated 30 June 2022 as mentioned in paragraph (i) above to agree on the adjustment of the total purchase price to RMB738,652,429.56 (equivalent to approximately HK\$863,718,930.73), further details of which are set out in the announcements of the Company dated 30 June 2022, 12 August 2022, 28 February 2023, 6 September 2023 and the circular of the Company dated 18 August 2022;
- (iii) the agreement entered into between Wuxi Xincheng Consulting Management Co. Ltd* (無錫新成諮詢管理有限公司), and China Everbright Bank Company Limited (中國光大銀行股份有限公司) Wuxi branch on 28 February 2023 in relation to the subscription for the structured deposit product in the principal amount of RMB50 million (equivalent to HK\$56.43 million), further details of which are set out in the announcement of the Company dated 28 February 2023;
- (iv) the China (Shanghai) Pilot Free Trade Zone offshore bonds service agreement (離岸債券發行人服務協議) entered into between CNTD Success Company Limited and China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) on 20 March 2023 in relation to the subscription agreement dated 20 April 2023 as mentioned in paragraph (v) below regarding the subscription of the RMB1.5 billion, 3.98 per cent. guaranteed bonds due 2026, further details of which are set out in the announcement of the Company dated 20 April 2023;

- (v) the subscription agreement dated 20 April 2023 entered into among CNTD Success Company Limited as the issuer, the Company, Wuxi Communications as the guarantor, and China Securities (International) Corporate Finance Company Limited, ABCI Capital Limited, CEB International Capital Corporation Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB Wing Lung Bank Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Luso International Banking Limited as the managers in relation to the subscription of the RMB1.5 billion, 3.98 per cent. guaranteed bonds due 2026 to be issued in China (Shanghai) Pilot Free Trade Zone, further details of which are set out in the announcement of the Company dated 20 April 2023;
- (vi) the deed of covenant executed by CNTD Success Company Limited as the issuer and Wuxi Communications as the guarantor on or around 27 April 2023 in relation to the subscription agreement dated 20 April 2023 as mentioned in paragraph (v) above regarding the subscription of the RMB1.5 billion, 3.98 per cent. guaranteed bonds due 2026, further details of which are set out in the announcement of the Company dated 20 April 2023;
- (vii) the (a) limited partnership agreement dated 15 December 2023 entered into by Beijing Xincheng, Shanghai Jiatong Enterprises Co., Ltd.* (上海嘉通實業有限公司), each a wholly-owned subsidiary of the Company and as senior-tranche limited partners, Wuxi Guosheng Asset Management Company Limited* (無錫國晟資產管理有限公司) as the general partner and Wuxi Tonghui Capital Company Limited* (無錫通匯資本有限公司) as the junior-tranche limited partner in relation to the formation of the Wuxi Xinsheng Investment Partnership (Limited Partnership)* (無錫新晟投資合夥企業(有限合夥)). The total contribution by the partners to Wuxi Xinsheng Investment Partnership (Limited Partnership)* (無錫新晟投資合夥企業(有限合夥)) pursuant to the limited partnership agreement is RMB901 million, of which Beijing Xincheng and Shanghai Jiatong Enterprises Co., Ltd.* (上海嘉通實業有限公司) will contribute RMB450 million; (b) rights and obligations arrangement agreement dated 15 December 2023 entered into by Beijing Xincheng, Shanghai Jiatong Enterprises Co., Ltd.* (上海嘉通實業有限公司) as Wuxi Guosheng Asset Management Company Limited* (無錫國晟資產管理有限公司) and Wuxi Tonghui Capital Company Limited* (無錫通匯資本有限公司) in relation to the make up of any shortfall by Wuxi Tonghui Capital Company Limited* (無錫通匯資本有限公司) so as to ensure each of Beijing Xincheng and Shanghai Jiatong Enterprises Co., Ltd.* (上海嘉通實業有限公司) obtains an expected investment return at annual rate of 7% (pre-tax); and (c) guarantee agreements dated 15 December 2023 entered into between Wuxi Communications Industry Group Co., Ltd.* ((無錫市交通產業集團有限公司) with each of Beijing Xincheng and Shanghai Jiatong Enterprises Co., Ltd.* (上海嘉通實業有限公司) guaranteeing the performance of Wuxi Tonghui Capital Company Limited* (無錫通匯資本有限公司) under the rights and obligations arrangement agreement as mentioned in (b) above, further details of which are set out in the announcement of the Company dated 15 December 2023 and the circular of the Company dated 6 March 2024; and

- (viii) the capital increase agreement dated 25 April 2024 entered into by Hainan Xincheng Kaiyuan Investment Co., Ltd* (海南新成開元投資有限責任公司) with existing shareholders of Meidi Elderly Care Service (Shanghai) Co., Ltd.* (美邸養老服務(上海)有限公司) in relation to the acquisition of 30% equity of Meidi Elderly Care Service (Shanghai) Co., Ltd.* (美邸養老服務(上海)有限公司) by way of a capital contribution of RMB50 million, further details of which are set out in the announcement of the Company dated 25 April 2024.

8. GENERAL

- (i) The registered office of the Company is situated at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands.
- (ii) The principal office of the Company is situated at Suite 6508, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The joint company secretaries of the Company are Ms. Cheng Lucy and Ms. Mei Zhe. Each of Ms. Cheng Lucy and Ms. Mei Zhe is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.
- (v) In the event of inconsistency, the English text of this Circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.china-newtown.com) for a period of 14 days from the date of this Circular:

- (i) the Limited Partnership Agreement; and
- (ii) this Circular.