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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



恒明珠證券有限公司
ETERNAL PEARL SECURITIES LTD.

THE PLACING

On 5 July 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent, up to 260,000,000 Shares to not less than six independent Placees at a price of HK\$1.82 per Placing Share on a best effort basis.

Assuming the maximum number of the 260,000,000 Shares are placed under the Placing, the Placing Shares represent approximately 14.98% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.03% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing save for the issue of the Placing Shares).

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of completion of the Placing.

The Placing is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

On the assumption that all the 260,000,000 Shares are placed under the Placing, the maximum gross proceeds of the Placing will be approximately HK\$473.2 million. Based on the estimated expenses of approximately HK\$7.7 million for the Placing, the net proceeds to be raised from the Placing will be approximately HK\$465.5 million, which is intended to be used for the purposes as disclosed in the paragraph headed “Use of Proceeds” in this announcement below.

Completion of the Placing is subject to the satisfaction of the conditions precedent and the termination events set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

Placing Agreement

Date:

5 July 2017

Issuer:

The Company

Placing Agent:

Eternal Pearl Securities Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent agrees as agent of the Company, to procure Placees on a best effort basis to purchase the Placing Shares. The Placing Shares are expected to be placed to not less than six independent Placees, who are professional, institutional or other investors.

The Placees and (where a corporation) whose ultimate beneficial owners shall be independent of, and not connected with or acting in concert with, the Company and its connected persons.

Upon completion of the Placing, it is expected that none of the Placees will become a Substantial Shareholder immediately after completion of the Placing.

Placing Shares

A maximum of 260,000,000 Shares, which represent approximately 14.98% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.03% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and date of completion of the Placing save for the issue of the Placing Shares).

The aggregate nominal value of the Placing Shares (with a par value of HK\$0.10 each), if placed in full by the Placing Agent under the Placing Agreement, is HK\$26,000,000.

Ranking of Placing Shares

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of completion of the Placing.

Disposal and lock-up restriction

The Placing Shares are not subject to any lock-up or other disposal restrictions under the terms of the Placing Agreement.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$1.82 represents:

- (i) a discount of approximately 19.82% to the closing price of HK\$2.27 per Share as quoted on the Stock Exchange on 5 July 2017, being the date of the Placing Agreement;
- (ii) a premium of approximately 8.59% to the average closing price of approximately HK\$1.676 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 18.72% to the average closing price of approximately HK\$1.533 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent and was determined with reference to the prevailing market price of the Share and the current market condition.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 8 June 2017 subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM (that is, 347,224,000 new Shares, representing 20% of 1,736,120,000 Shares in issue as at the date of the AGM).

Up to the date of this announcement, no Share has been issued under the General Mandate. As the Placing Shares will be issued under the General Mandate, the Placing is not subject to Shareholders' approval.

Placing commission

1.5% of the aggregate Placing Price of the Placing Shares being actually placed by the Placing Agent (or its sub-placing agents) upon completion of the Placing.

The Placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market rate and after taking into account the size of the Placing and the time allowed for the Placing Agent to procure the prospective Placees under the prevailing market condition.

Conditions of the Placing

The Placing is conditional upon the satisfaction of the following conditions:

- (1) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (2) listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee in principle and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing permission not subsequently being revoked);
- (3) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing);

- (4) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the allotment and issue of the Placing Shares and the transactions contemplated under the Placing Agreement having been obtained by the Company (including Shareholders' approval (if required)); and
- (5) the Placing Agreement not being terminated by the Placing Agent pursuant to the terms of the termination provision of the Placing Agreement as mentioned below.

If the above conditions precedent are not fulfilled on or before 4 August 2017 (or such later date as may be agreed between the Placing Agent and the Company), the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing except, save for any antecedent breaches of the Placing Agreement and that the Company shall remain liable for the payment of all costs and expenses already incurred or to be incurred in consequence of such termination. The provisions on indemnity in the Placing Agreement will remain in full force and effect.

Completion of the Placing

The completion of the Placing is expected to take place on the fifth Business Day (or such other time or date as the Company and the Placing Agent shall agree in writing) after the day on which the above conditions precedent of the Placing Agreement having been fulfilled.

Termination

The Placing Agent may terminate the Placing Agreement if on or at any time prior to the completion of the Placing:

- (1) if there has come to the notice of the Placing Agent:
 - (a) that any statement contained in this announcement was, when this announcement was issued, or has become, untrue, incorrect or misleading in any material respect; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission therefrom; or
 - (c) any breach of the undertakings, warranties and representations by the Company under the Placing Agreement; or
 - (d) any material breach of any of the obligations imposed upon any parties to the Placing Agreement (other than the Placing Agent); or
 - (e) any of the undertakings, warranties and representations by the Company would be untrue or inaccurate or misleading in any material respect if given at that time; or

- (f) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or
- (2) if there develops, occurs, or comes into effect:
- (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or
 - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agent, would prejudice the success of the Placing; or
 - (c) any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC and if, in the sole and absolute opinion of the Placing Agent, any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or prejudice the success of the Placing; or
 - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the sole and absolute opinion of the Placing Agent, prejudice the success of the Placing; or
 - (f) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing; or
 - (g) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than two consecutive Business Days, excluding any suspension in connection with (if required) the clearance of this announcement by the Stock Exchange.

REASONS FOR THE PLACING

The Board is of the view that the Placing represents an opportunity for the Company to strengthen its capital base and financial position to better equip itself for the long term business development of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fund raising, as well as to broaden its shareholder base.

The Directors consider that the terms of the Placing (including the Placing Price) contained in the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and in the overall interests of the Company and the Shareholders.

USE OF PROCEEDS

On the assumption that all the 260,000,000 Shares are placed under the Placing, the maximum gross proceeds of the Placing would be approximately HK\$473.2 million. Based on estimated expenses of approximately HK\$7.7 million for the Placing, the net proceeds to be raised from the Placing would be approximately HK\$465.5 million. On this basis, the net price per Placing Share is approximately HK\$1.79.

The net proceeds of the Placing are intended to be used for investment in commercial property development should suitable opportunities arise and (to the extent that the net proceeds are not applied for investment purposes) general working capital of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing, on the assumption that (a) the maximum number of 260,000,000 Shares will be subscribed for under the Placing; and (b) there will be no changes to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Placees do not and will not hold any Shares (other than the Placing Shares), is as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	%	Number of Shares	%
Connected persons				
Ideal World Investments Limited (“ Ideal World ”) (Note 1)	1,270,000,000	73.15	1,270,000,000	63.62
Whole Good Management Limited (“ Whole Good ”) (Note 1)	31,303,594	1.80	31,303,594	1.57
Public				
Placees (Note 2)	–	–	260,000,000	13.03
Other public Shareholders	434,816,406	25.05	434,816,406	21.78
Sub-total:	434,816,406	25.05	694,816,406	34.81
Total:	1,736,120,000	100	1,996,120,000	100

Notes:

1. Ideal World is a wholly owned subsidiary of Zhong An. The entire issued shares of Zhong An are owned as to about 57.79% by Whole Good, which is wholly owned by Mr. Shi Kancheng, the Chairperson and a non-executive Director.
2. The Placees are expected to be Independent Third Parties. None of the Placees is expected to be a Substantial Shareholder immediately after completion of the Placing.

As disclosed in the above shareholding table, immediately after completion of the Placing, a minimum of 25% of the then issued share capital of the Company will be in public hands.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

INFORMATION OF THE GROUP

The principal activities of the Company is investment holding, and through its subsidiaries, commercial property investment for leasing, commercial property development for sale and leasing and commercial property management in PRC.

Completion of the Placing is subject to the satisfaction of the conditions precedent and the termination events set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 8 June 2017
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which commercial banks generally are open for business in Hong Kong
“Company”	China New City Commercial Development Limited (中國新城市商業發展有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM (or, if applicable, the general mandate to allot, issue and deal with Shares as may be subsequently granted in accordance with Rule 13.36(2)(b) of the Listing Rules to the Directors by the Shareholders so long as it is valid and in force on the date of completion of the Placing and sufficient to cover the Placing Shares)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Last Trading Day”	4 July 2017, being the last trading day immediately prior to the signing of the Placing Agreement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the obligations of the Placing Agent under the Placing Agreement
“Placing”	the proposed offer by way of a private placing of the Placing Shares, on best efforts basis, procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Eternal Pearl Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional agreement dated 5 July 2017 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$1.82 per Placing Share
“Placing Shares”	a maximum of 260,000,000 new Shares to be placed under the Placing Agreement
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China New City Commercial Development Limited
中國新城市商業發展有限公司
Shi Kancheng
Chairperson

The PRC, 5 July 2017

As at the date of this announcement, the Board comprises Mr. Dong Shuixiao, Ms. Jin Ni and Ms. Tang Yiyang, as executive Directors; Mr. Shi Kancheng, as non-executive Director; and Mr. Ng Sze Yuen, Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung, as independent non-executive Directors.