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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)

MEMORANDUM OF COPPERATION IN RELATION TO STRATEGIC COOPERATION

This is a voluntary announcement made by the Company.

MEMORANDUM OF COPPERATION

The Company is pleased to announce that on 17 August 2018 (after trading hours), the Company and Zhongfang United Investment Group Health Industry Investment Co., Ltd. (中房聯合投資集團健康產業投資有限公司) entered into a non-legally binding memorandum of cooperation in relation to establishing a strategic partnership and jointly establishing Guangzhou Zhongfang New City Project Management Co., Ltd. (廣州中房新城市項目管理有限公司) and Guangdong-Hong Kong-Macau New City (Guangzhou) Investment Partnership (limited partnership) (港澳新城市(廣州)投資合夥企業), which will invest in, among others, the upgrade of the Changliu Industrial Park project of the Company at Kecun, Guangzhou.

LISTING RULES IMPLICATIONS

The Memorandum of Cooperation may or may not lead to the entering into of the formal agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the formal agreement materialises, the transaction contemplated thereunder may or may not constitute a notifiable transaction for the Company under the Listing Rules.

Shareholders of the Company and potential investors should note that the Memorandum of Cooperation is non-legally binding and only sets out the understanding and certain initial terms in relation to the strategic cooperation. The strategic cooperation is subject to further negotiations and the entering into of the formal agreement. As at the date of this announcement, no definitive agreement in relation to the strategic cooperation has been entered into by the Company, the strategic cooperation may or may not proceed.

Shareholders of the Company and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement will be made by the Company in respect thereof as and when required by the Listing Rules.

This is a voluntary announcement made by New City Development Group Limited (the “**Company**”).

MEMORANDUM OF COOPERATION

The board of directors (the “**Board**”) of the Company is pleased to announce that on 17 August 2018 (after trading hours), the Company and Zhongfang United Investment Group Health Industry Investment Co., Ltd. (中房聯合投資集團健康產業投資有限公司) (“**Party B**”) entered into a non-legally binding memorandum of cooperation (the “**Memorandum of Cooperation**”) to establish a strategic partnership.

The Company and Party B will jointly establish Guangzhou Zhongfang New City Project Management Co., Ltd. (廣州中房新城市項目管理有限公司) with a registered capital of RMB30 million and an initial paid-in capital of RMB10 million, of which 51% will be held by the Company and 49% will be held by Party B. The Company and Party B have agreed that Zhongfang New City Project Management Co., Ltd., once established, will establish Guangdong-Hong Kong-Macau New City (Guangzhou) Investment Partnership (limited partnership) (港澳新城市(廣州)投資合夥企業) with a total size of investment of RMB1 billion and an initial size of investment of RMB200 million, which will be utilised towards the investment in projects meeting the intentions of both parties, including, among others, the Changliu Industrial Park of the Company at Kecun, Guangzhou.

To the best of the knowledge, information and belief of the board of directors of the Company after having made all reasonable enquiries, Party B is a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

WARNING

The Memorandum of Cooperation is not binding on the Company or Party B and may or may not lead to the entering into of the formal agreement.

REASON FOR STRATEGIC PARTNERSHIP

Party B is a key member of Zhongfang United Investment Co., Ltd. (Zhongfang United Investment Group). Zhongfang United Investment Group is approved by the State Administration for Industry and Commerce of the PRC, Zhongfang Enterprise in the PRC jointly set up large enterprise groups in which the principal operation businesses mainly include real estate development, asset management and financial service. Shareholders and participating enterprises cover a wide range of industries, including real estate development, planning and design, building materials trading, property management, investment trusts, marketing planning, smart technology, energy resources, logistics and transportation, industrial funds, education and healthcare, cultural tourism, eco-agriculture and pension etc. It plays a decisive role in the development and construction of urban cities in the PRC.

Through amicable negotiations, the Company and Party B decided to establish a strategic partnership to leverage the Company's international capital platform and the huge and mature community resources of Party B in the PRC to jointly develop smart community services such as new education, new health, new marketing and new services based on the Internet of Things technology.

The Company and Party B have agreed that, at the early stage of cooperation, Guangzhou Zhongfang New City Project Management Co., Ltd., to be jointly established by the Company and Party B, will upgrade the Changliu Industrial Park project of the Company at Kecun, Guangzhou and create a new business model for the development of urban commercial properties, which, once mature, will be quickly duplicated to all the communities of Zhongfang across China.

LISTING RULES IMPLICATIONS

The Memorandum of Cooperation may or may not lead to the entering into of the formal agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the formal agreement materialises, the transaction contemplated thereunder may or may not constitute a notifiable transaction for the Company under the Listing Rules.

Shareholders of the Company and potential investors should note that the Memorandum of Cooperation is non-legally binding and only sets out the understanding and certain initial terms in relation to the strategic cooperation. The strategic cooperation is subject to further negotiations and the entering into of the formal agreement. As at the date of this announcement, no definitive agreement in relation to the strategic cooperation has been entered into by the Company, the strategic cooperation may or may not proceed.

Shareholders of the Company and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement will be made by the Company in respect thereof as and when required by the Listing Rules.

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

Hong Kong, 17 August 2018

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, Mr. Zheng Qing, Dr. Ouyang Qingru, Mr. Leung Kwai Wah, Alex and Mr. Zhang Jing.