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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF 39.12% OF THE EQUITY INTEREST IN THE TARGET COMPANY

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

The Board wishes to announce that on 30 December 2018, Guangdong Chang Yang (the equity interest of which is owned as to 70% by the Company), Zhuhai Qi Tian and the Target Company entered into the Equity Transfer Agreement, pursuant to which Zhuhai Qi Tian has agreed to sell and Guangdong Chang Yang has agreed to purchase 39.12% of the equity interest in the Target Company at the Total Commitment. The Total Commitment comprises the Paid-up Capital, the Loan and the Consideration.

As none of the applicable percentage ratio(s) as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5%, the Acquisition does not constitute a notifiable transaction of the Company.

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THE ACQUISITION

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EQUITY TRANSFER AGREEMENT

Summarised below are the principal terms of the Equity Transfer Agreement:

Date

30 December 2018

Parties

- (1) Guangdong Chang Yang;
- (2) Zhuhai Qi Tian; and
- (3) the Target Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Zhuhai Qi Tian the Target Company and their respective ultimate beneficial owner(s) are Independent Third Parties.

The Equity Transfer Agreement is governed by and subject to the PRC laws.

Nature of the transaction and assets to be acquired

Pursuant to the Equity Transfer Agreement, Guangdong Chang Yang has agreed to acquire and Zhuhai Qi Tian has agreed to sell 39.12% of the equity interest in the Target Company. The Target Company owns the Land.

Paid-up Capital and Consideration

Subject to the terms and conditions of the Equity Transfer Agreement, the Paid-up Capital and the Consideration in the total sum of RMB71,173,600 (equivalent to approximately HK\$80,882,000) will be settled by the Group in the following manner:–

- (a) RMB70,000,000 will be paid within three (3) Business Day from the date of the Equity Transfer Agreement; and
- (b) RMB1,173,600 will be paid within ten (10) days upon completion of change of equity holder of 39.12% of the equity interest in the Target Company in the name of Guangdong Chang Yang by the government authorities in the PRC.

Completion

Upon completion of the Acquisition, the Group shall own 39.12% of the equity interest in the Target Company, which in turn indirectly owns the Land. The Acquisition of 39.12% of the equity interest in the Target Company will be classified as an “interests in associates” and accounted for using the equity method of accounting in the consolidated financial statements of the Group.

Other major terms of the Equity Transfer Agreement

Pursuant to the Equity Transfer Agreement,

- (a) the Group shall provide the Loan in the sum of RMB10,000,000 to the Target Company as initial layout costs for development of the Land. As at the date of this announcement, the Group has provided the Loan to the Target Company.
- (b) Zhuhai Qi Tian has granted a call option to the Group, for which the Group shall have the right (but not the obligation) in acquiring a further 30.88% of the equity interest in the Target Company at an exercise price in the sum of RMB50,000,000, which is exercisable within one year from the date of the Agreement, that is, by 30 December 2019. The acquisition of a further 30.88% of the equity interest in the Target Company may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules if it materialised. The Company shall make further announcement(s) if and when necessary in accordance with the Listing Rules.

BASIS OF THE TOTAL COMMITMENT

The Total Commitment was arrived at after arm’s length negotiations between the Group and Zhuhai Qi Tian and was determined with reference to (a) the paid-up capital of the Target Company; and (b) the estimated market value of the Land with the prevailing market prices of the property developments nearby; and (c) other factors as set out in the paragraph headed “Reasons for and Benefits of the Acquisition” below. Based on these, the Directors are of the view that the Total Commitment is fair and reasonable.

INFORMATION ON ZHUHAI QI TIAN, THE TARGET COMPANY AND THE LAND

The principal business activities of Zhuhai Qi Tian are property related businesses including property development in the PRC.

The Target Company is a limited liability company incorporated under the laws of the PRC. It is principally engaged in the business of property development and construction of the Land situated at the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province (廣東省珠海市金灣區三灶鎮虹陽路西側, 金島路南側) with State-owned Land Use Rights Certificate (國有土地使用證) and Construction Land Planning Permit (建設用地規劃許可證) for commercial, retail and hotel uses.

The Land had some unfinished properties and old building erected on it which had all been demolished, removal compensation and rental compensation paid to the previous tenants and removal process have been completed.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Zhuhai Qi Tian and the Group intend to jointly redevelop the Land through the Target Company upon and subject to the terms and conditions set out in the Equity Transfer Agreement.

The principal activities of the Group comprise property development and property investment in the PRC. The Target Company involves in the development of the Land with a total site area of approximately 11,956.46 sq. m. and a plot ratio of 5.09 for commercial, retail and hotel uses. Considering that the Land is located at a prime location in Zhuhai, one of the cities in Guangdong, Hong Kong and Macau Bay Area, which is of strategic position in the PRC and is seen to be a place with good development potential. The Directors believe that the Acquisition will provide an opportunity to the Group to consolidate and strengthen the Group's land bank in Guangdong, Hong Kong and Macau Bay Area at a prime location.

It is also expected that the re-development of the Land will bring synergies to the Group's property development business, and thereby expanding the Group's operating income, which is in the interest of the Company and its Shareholders as a whole.

The Directors are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratio(s) as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5%, the Acquisition does not constitute a notifiable transaction of the Company.

DEFINITIONS

“Acquisition”	acquisition of 39.12% of the equity interest in the Target Company by Guangdong Chang Yang at the Total Commitment
“Board”	the board of Directors
“Business Days”	a day (not a Saturday) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“Company”	New City Development Group Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange
“Completion”	Completion of the Acquisition pursuant to the Equity Transfer Agreement
“Consideration”	the agreed consideration under the Agreement in relation to the Acquisition
“Construction Land Planning Permit Number”	建設用地規劃許可證地字第(金灣)2018-019號
“Directors”	directors of the Company
“Equity Transfer Agreement”	equity transfer agreement dated 30 December 2018 made between the Zhuhai Qi Tian, Guangdong Chang Yang and the Target Company in relation to the Acquisition
“Guangdong Chang Yang”	廣東暢陽投資股份有限公司 (in English, for identification purpose only, Guangdong Chang Yang Investment Company Limited), a limited company incorporated under the laws of the PRC, the equity interest of which is owned as to 70% by the Company indirectly
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	(a) party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company

“Land”	a parcel of land situated at 廣東省珠海市金灣區三灶鎮虹陽路西側，金島路南側 (in English, for identification purpose only, the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province) with the total site area of approximately 11,956.46 sq.m. under State-owned Land Use Rights Certificate
“Land Use Rights”	the land use rights in relation to the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the sum of RMB10,000,000 provided by the Group to the Target Company at nil interest
“Paid-up Capital”	contribution in the sum of RMB1,173,600 to the registered capital by Guangdong Chang Yang for holding 39.12% of the equity interest in the Target Company
“State-owned Land Use Rights Certificate”	粵(2018)珠海市不動產第0021636號國有土地使用證
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	珠海市騰順實業有限公司 (in English, for identification purpose only, Zhuhai Teng Shun Industrial Company Limited), a limited company incorporated under the laws of the PRC and wholly-owned by Zhuhai Qi Tian as at the date of the Equity Transfer Agreement
“Total Commitment”	The total commitment to be paid by the Group in relation to the Acquisition which comprises the Paid-up Capital, the Loan and the Consideration
“Zhuhai Qi Tian”	珠海市祺田實業有限公司 (in English, for identification purpose only, Zhuhai Qi Tian Industrial Company Limited), a limited company incorporated under the laws of the PRC and an Independent Third Party
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“sq. m.” square meter

“%” percent

For illustration purpose only, the exchange rate adopted in this announcement is HK\$1.00 = RMB0.88.

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

Hong Kong, 6 January 2019

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.