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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)**

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

#### **SUBSCRIPTION OF NEW SHARES**

On 15 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, 712,328,767 Subscription Shares at the Subscription Price of HK\$0.073 per Subscription Share. The aggregate consideration for the Subscription is HK\$52,000,000 and shall be payable in cash upon Completion.

The Subscription Shares represent approximately 19.71% of the existing issued share capital of the Company and approximately 16.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of this announcement up to the date of the Completion).

The Subscription Shares will be allotted and issued under the General Mandate.

**As the issue of the issue of the Subscription Shares is subject to the fulfillment of certain conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 15 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. Details of the terms of the Subscription Agreement are set out below.

## **SUBSCRIPTION AGREEMENT**

### **Date**

15 April 2020

### **Parties**

- (i) The Company, as issuer; and
- (ii) the Subscriber, as subscriber.

The Subscriber is a merchant. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is an Independent Third Party.

### **Subject Matter**

Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Subscriber or his nominated person, 712,328,767 Subscription Shares at the Subscription Price of HK\$0.073 per Subscription Share.

The aggregate nominal value of the Subscription Shares is HK\$2,849,315.068. As at the date of this announcement, there were 3,614,835,737 Shares in issue. The Subscription Shares represent approximately 19.71% of the existing issued share capital of the Company as at the date hereof and approximately 16.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of this announcement up to the date of the Completion).

### **The Subscription Price**

The Subscription Price represents:

- (iii) a discount of approximately 17.98% to the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Benchmark Day; and

- (iv) a discount of approximately 17.05% to the average closing price of HK\$0.088 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately preceding the Benchmark Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and having taken into account the prevailing market price of the Shares.

The net subscription price (net of expenses) is approximately HK\$0.0726 per Subscription Share.

The aggregate consideration for the Subscription is HK\$52,000,000 and shall be payable in cash by the Subscriber upon Completion.

### **The Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

### **Conditions Precedent of the Subscription**

Completion is conditional upon fulfillment of the following:–

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (b) the warranties given by the Company under the Subscription Agreement remain true and accurate, and with no material omission thereunder.

In the event that any Condition Precedent is not fulfilled on or before the Long Stop Date, the Subscription Agreement shall lapse. The parties shall be released from all obligations under the Subscription Agreement and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of the Subscription Agreement.

### **Completion**

Completion shall take place within five (5) business day(s) after all the Conditions Precedent have been satisfied (or on such other date as agreed between the parties to the Subscription Agreement).

### **APPLICATION FOR LISTING**

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

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in (i) the business of property development and investment in the PRC; and (ii) the sale of buses in Hong Kong.

The Directors believe that the issue of the Subscription Shares presents an opportunity for the Company to enlarge its capital base and can also strengthen the financial position of the Company, thereby providing working capital for the Group to develop its existing and future business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Subscription Shares, after deduction of estimated expenses payable in connection with the issue of the Subscription Shares, will amount to approximately HK\$51,750,000. The Company intends to use such net proceeds as general working capital and for financing possible acquisitions and investment opportunities of the Company.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Group has not conducted any equity fund raising activities in the past 12 months prior to the date of this announcement.

## **ISSUE OF THE SUBSCRIPTION SHARES**

The Subscription Shares will be issued under the General Mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company was authorised to issue up to 722,967,147 Shares.

Prior to the date of the Subscription Agreement, the Company has not allotted and issued any Share or securities under the General Mandate. Accordingly, as at the date of this announcement, the Directors have the power to allot and issue up to 722,967,147 Shares under the General Mandate.

After the Subscription Shares are allotted and issued, the Directors will still have the power to issue up to 10,638,380 Shares under the General Mandate (assuming that the Company has not allotted and issued any other new Share or securities). Accordingly, the issue of the Subscription Shares is not subject to the Shareholders' approval.

Under the Subscription Agreement, there is no restriction on the Subscriber's or his nominated person's ability to dispose of any of the Subscription Shares after the same are allotted and issued to it.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares since the date of this announcement and up to the date of Completion):

	Shareholding as at the date of this announcement		Shareholding immediately after the allotment and issue of the Subscription Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Connected Persons</b>				
Mr. Han Junran	391,000,000	10.82	391,000,000	9.04
Junyi Investments Limited ( <i>Note 1</i> )	1,886,662,752	52.19	1,886,662,752	43.60
<b>Public Shareholders</b>				
The Subscriber	0	0	712,328,767	16.46
Other public Shareholders	1,337,172,985	36.99	1,337,172,985	30.90
Total	<u>3,614,835,737</u>	<u>100</u>	<u>4,327,164,504</u>	<u>100</u>

*Notes:*

1. Junyi Investments Limited, a company incorporated with limited liability in the British Virgin Islands, is wholly-owned by Mr. Han Junran who is an executive Director of the Company.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 18 June 2019 at which the General Mandate was granted to the Directors
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Benchmark Day”	15 April 2020, being the date of the Subscription Agreement, and on which the Subscription Price is fixed
“Board”	the board of Directors
“business day”	a day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m. on weekdays)
“Company”	New City Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0456)
“Completion”	completion of Subscription in accordance with the terms and conditions of the Subscription Agreement
“Condition(s) Precedent”	the condition(s) precedent set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or otherwise deal with additional Shares not exceeding 20% of the aggregate nominal amount of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong dollars”
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is/are independent of the Company and its connected persons and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 May 2020 (or such other date as the parties to the Subscription Agreement may agree in writing)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Zhang Xiaomu, being the Subscriber under the Subscription Agreement, who is an Independent Third Party
“Subscription”	the subscription of the Subscription Shares by the Subscriber subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 15 April 2020 entered into between the Company and the Subscriber for the Subscription
“Subscription Price”	the subscription price of HK\$0.073 per Subscription Share

“Subscription Shares”

712,328,767 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement

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

Hong Kong, 15 April 2020

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