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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)

LITIGATION INVOLVING NEW CITY DEVELOPMENT GROUP LIMITED

New City Development Group Limited (the “**Company**”) and Beijing Zhong Zheng Real Estate Development Company Limited* (北京中証房地產開發有限公司) (“**Beijing Zhongzheng**”) (a company which was a subsidiary of the Company at the material time and was disposed of by the Company in 2007) received a civil summons dated 15 May 2014 from the Higher People’s Court of Beijing City, according to which an application for retrial of a civil court case (the “**Lawsuit**”) had been filed by Shanghai Fudan Guanghua Information Technology Company Limited* (上海復旦光華信息科技股份有限公司) (“**Guanghua Information**”). The Lawsuit stems from a series of civil court proceedings commenced by Guanghua Information in Beijing No.1 Intermediate People’s Court and the other courts in the People’s Republic of China since 2003 which alleged that Beijing Zhongzheng had failed to perform its obligation under a sale contract dated 7 June 2002 for selling certain real properties in the People’s Republic of China to Guanghua Information at the price of US\$1,755,432 (equivalent to approximately HK\$13,604,598) entered into between Beijing Zhongzheng and Guanghua Information (the “**Allegation**”). No specific amount of compensation was demanded by Guanghua Information against the Company in the Lawsuit.

In view of the Lawsuit, the Company has conducted extensive investigations in which (i) the Company has inspected all the minutes of the meetings of its board of directors (“**Board**”) from the date of its incorporation to the year end of 2013 to see if the Allegation has ever been brought to the attention of the Board, (ii) the Company has contacted the key management personnel of Beijing Zhongzheng for ascertaining the merits of the Allegation, and (iii) the Board has discussed in its meeting to determine the significance (if any) of the Lawsuit and the Allegation. From such investigations, the Company found that (i) there is no record showing that the Allegation has ever been brought to the attention of the Board, (ii) Beijing Zhongzheng was aware of the Allegation and the Lawsuit, but it has no record in respect of the sale or the receipt of the sale proceeds as alleged in the Lawsuit. Therefore, the Board considers that Guanghua Information has no merits in the Lawsuit against the Company.

Currently, the Company is in the process of selecting its PRC legal advisor to represent the Company in defending the Lawsuit. The Board believes that, save for the administration and legal costs to be incurred for the Lawsuit, the Lawsuit will not have any material and adverse impact on the financial position or business operation of the Company and its subsidiaries.

The Company will publish further announcement(s) to disclose any substantial progress of the Lawsuit.

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

Hong Kong, 29 August 2014

* *For identification purpose only*

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Han Junran (Chairman), Mr. Fu Yiu Kwong and Mr. Luo Min; and (ii) three independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing.