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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)

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR SHARES HELD ON THE RECORD DATE**
- (2) APPLICATION FOR WHITELASH WAIVER**
- (3) CLOSURE OF REGISTER OF MEMBERS**
- (4) EXEMPT CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING ARRANGEMENT**
- (5) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial Adviser to New City Development Group Limited



Haitong International Capital Limited

Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders

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PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$178 million, before expenses, by issuing 636,196,999 Offer Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.28 per Offer Share under the Open Offer on the basis of one (1) Offer Share for every four (4) Shares held on the Record Date. The Open Offer is only available to the Qualifying Shareholders. There is no arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their proportionate assured allotment under the Open Offer.

The net proceeds of the Open Offer after the deduction of all estimated expenses are estimated to be approximately HK\$174 million. The Company intends to apply the net proceeds from the Open Offer for possible acquisition(s) of certain investments should any opportunities arise. The Group has identified some investment opportunities and is in preliminary discussions with the relevant parties, but all are still at their initial stages. If all such possible acquisitions cannot be materialised, the net proceeds of the Open Offer will be used as general working capital of the Group to strengthen the Company's financial position.

Save for those Offer Shares which the Underwriter (as holder of 1,036,200,000 Shares as at the date of this announcement) has irrevocably undertaken to take up, the Open Offer is also fully underwritten by the Underwriter.

The Open Offer is conditional, inter alia, upon (i) the fulfilment of the conditions set out under the section headed "Conditions of the Open Offer" in this announcement; and (ii) the Underwriting Agreement not being terminated in accordance with its terms as set out in the section headed "Termination of the Underwriting Agreement" in this announcement. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares from the date of this announcement up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

IMPLICATION UNDER THE LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by the Underwriter (a controlling shareholder of the Company), pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement. The Underwriter and its associates shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

The entering into of the Underwriting Agreement with the Underwriter, being a controlling shareholder of the Company and also an associate of Mr. Han (an executive Director and the chairman of the Company), constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As no underwriting commission is to be paid by the Company to the Underwriter for its underwriting commitment, the entering into of the Underwriting Agreement by the Company with the Underwriter is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

Save and except Mr. Han, no other Directors are involved in or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Open Offer will be conducted in compliance with Rule 7.26A of the Listing Rules as mentioned above.

IMPLICATION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

As at the date of this announcement, the Underwriter holds 1,036,200,000 Shares, representing approximately 40.72% of the existing issued share capital of the Company.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the interests of the Underwriter in the Company will increase from approximately 40.72% as at the date of this announcement to approximately 52.57% (based on the issued share capital as enlarged by the Offer Shares) immediately after the completion of the Open Offer (assuming (i) no further issue of any Shares; and (ii) no repurchase of any Shares by the Company, on or before the Record Date). Accordingly, in the absence of the Whitewash Waiver, the underwriting by the Underwriter of the Open Offer will trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with it.

The Underwriter will make an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Open Offer will not become unconditional and will not proceed.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board has established an Independent Board Committee comprising all the independent non-executive Directors, to advise the Independent Shareholders on the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. Both the Board and the Independent Board Committee have approved the appointment of Veda Capital as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. The Independent Board Committee will formulate its views with respect to the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver after obtaining and considering the advice of Veda Capital. The advice of the Independent Board Committee and Veda Capital and other relevant information will be provided to the Shareholders in the circular to be issued by the Company.

GENERAL

A circular containing, among other things, further details of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the absence of excess application arrangement and the Whitewash Waiver and a notice of EGM will be despatched to the Shareholders on or before Thursday, 25 June 2015.

Subject to, among other things, the Open Offer, the absence of excess application arrangement and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date and the Overseas Letter and the Prospectus will be despatched to the Excluded Shareholders for information only.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	One (1) Offer Share for every Four (4) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	HK\$0.28 per Offer Share
Number of Shares in issue as at the date of this announcement:	2,544,787,999 Shares
Number of Offer Shares:	636,196,999 Offer Shares (assuming no further issue of any Shares on or before the Record Date)
Number of Offer Shares to be underwritten by the Underwriter:	377,146,999 Offer Shares, being all the Offer Shares other than the Committed Shares which have been irrevocably undertaken to be subscribed by the Underwriter as assured entitlement under the Open Offer (assuming no further issue of any Shares on or before the Record Date)
Number of Shares in issue immediately upon completion of the Open Offer	3,180,984,998 Shares (assuming no further issue of any Shares on or before the Record Date)

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter that it shall not issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire the Shares (other than the Offer Shares) from the date of the Underwriting Agreement until after Friday, 7 August 2015, being the last date of acceptance and payment for Offer Shares.

Assuming (i) no further issue of any Shares; and (ii) no repurchase of any Shares by the Company, on or before the Record Date, the 636,196,999 Offer Shares proposed to be allotted represent approximately 25% of the Company's issued share capital as at the date of this announcement and approximately 20% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and the invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Company will deliver the Prospectus Documents to the Qualifying Shareholders upon approval of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver by the Independent Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date, and not being an Excluded Shareholder. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer, only if the Board, after making relevant enquiry regarding the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place pursuant to Rule 13.36(2)(a) of the Listing Rules, considers that it would not be necessary or expedient to exclude these Shareholders from participating in the Open Offer.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers documents of Shares (together with the relevant share certificates) with the Registrar no later than 4:00 p.m. on Thursday, 16 July 2015.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 8 July 2015 to Monday, 13 July 2015, both dates inclusive for determining the right to attend the EGM.

The register of members of the Company will be closed from Friday, 17 July 2015 to Thursday, 23 July 2015, both dates inclusive for determining the eligibility of the Open Offer.

No transfer of Shares will be registered during the respective book close periods.

Entitlements of the Overseas Shareholders

If, at the close of business on the Record Date, any Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders, and who will become the Excluded Shareholders. Further information in this connection will be set out in the Overseas Letter and the Prospectus. The Offer Shares which would otherwise be allotted to the Excluded Shareholders will be taken up by the Underwriter.

The Company will send the Overseas Letter and the Prospectus to the Excluded Shareholders for information only, if the Independent Shareholders approve the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. As long as the Excluded Shareholders are Independent Shareholders, they are entitled to vote on all resolutions at the EGM.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Subscription Price

The Subscription Price is HK\$0.28 per Offer Share, payable in full by a Qualifying Shareholder upon acceptance of the assured allotment under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 24.32% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 24.12% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 22.22% to the average of the closing prices of HK\$0.36 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Date;
- (d) a discount of approximately 20.45% to the theoretical ex-entitlement price of approximately HK\$0.352 per Share based on the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a premium of approximately 60.92% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.174 per Share as at 31 December 2014.

Each Offer Share will have a par value of HK\$0.004.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the then market environment, market price of the Shares prior to the Last Trading Day and the recent financial condition of the Group. The Directors (excluding the independent non-executive Directors whose opinion on the matter will be set forth in the circular to be despatched by the Company to the Shareholders after having been advised by Veda Capital in this regard) consider the terms of the Open Offer, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Group, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Offer Share upon full acceptance of the assured allotment of Offer Shares will be approximately HK\$0.274 (assuming no further issue of Shares on or before the Record Date).

Fractions of Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be round down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fraction of Offer Shares will be aggregated and taken up by the Underwriter.

Odd lot arrangement

There will be no odd lots arrangement in relation to and as a result of the Open Offer.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares.

No application for excess Offer Shares

There is no arrangement for application of the Offer Shares by Qualifying Shareholders in excess of their proportionate assured allotments under the Open Offer. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer, the Company considers that if application for excess application of the Offer Shares is arranged, the Company would require putting in additional effort and costs to administer the excess application procedures. Accordingly, after arm's length negotiation with the Underwriter, the Board has decided that no excess application of the Offer Shares will be offered to the Qualifying Shareholders. Any Untaken Shares will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement. In compliance with Rule 7.26A(2) of the Listing Rules, the absence of excess application arrangement and the alternative arrangement for the disposal of the Offer Shares not being subscribed must be specifically approved by the Independent Shareholders at the EGM.

Share certificates for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted to Qualifying Shareholders by ordinary post at their own risk on or before Monday, 17 August 2015. Each Shareholder will receive one share certificate for all allotted Offer Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Conditions of the Open Offer

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (i) the passing by the Independent Shareholders by way of poll at the EGM of ordinary resolutions to approve the Open Offer, the absence of excess application arrangement and the Whitewash Waiver by no later than the Posting Date;
- (ii) the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver, and the fulfilment of all conditions (if any) attached to the Whitewash Waiver;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;

- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Overseas Letter and the Prospectus to the Excluded Shareholders, if any, for information purpose only on the Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listings of and permission to deal in all the Offer Shares or subject to such conditions as the Company may accept, in all cases prior to 18 August 2015, being the expected date of commencement of dealings in the Offer Shares (or such other date as may be agreed between the Company and the Underwriter);
- (vi) all requirements and conditions imposed by the Stock Exchange or the SFC or under the Listing Rules, the Takeovers Code or otherwise in connection with the Open Offer and the transactions contemplated thereunder (if any) having been fulfilled or complied with;
- (vii) compliance by the Company with all of its obligations under this Agreement;
- (viii) compliance with and performance of the Irrevocable Undertakings by Mr. Han and the Underwriter;
and
- (ix) the Underwriter has not terminated the Underwriting Agreement in accordance with its terms.

None of the above conditions can be waived by the Company or the Underwriter.

In the event that the above conditions have not been satisfied on or before the respective dates aforesaid or by 4:00 p.m. on Monday, 10 August 2015 (or such other dates as the Underwriter and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Open Offer will not proceed.

The Underwriting Agreement

Date:	3 June 2015
Underwriter:	Junyi Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and ultimately beneficially owned by Mr. Han (an executive Director and the chairman of the Company) and the ordinary course of business of which does not include underwriting. As at the date of this announcement, Junyi Investments Limited owns 1,036,200,000 Shares (equivalent to approximately 40.72% of the issued share capital of the Company) and is therefore the controlling shareholder and a connected person of the Company.
Number of Offer Shares underwritten by the Underwriter:	377,146,999 Offer Shares, being all the Offer Shares other than the Committed Shares which have been irrevocably undertaken to be subscribed by the Underwriter as assured entitlement under the Open Offer (assuming no further issue of any Shares on or before the Record Date)
Underwriting commission	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

The Board (excluding the independent non-executive Directors whose opinion on the matter will be set forth in the circular to be despatched by the Company to the Shareholders after having been advised by Veda Capital in this regard) considers the terms of the Underwriting Agreement accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriter may terminate the underwriting arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on Monday, 10 August 2015, if there occurs:

- (i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Open Offer.

If prior to 4:00 p.m. on Monday, 10 August 2015 any such notice referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and determine and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided however that the Company shall remain liable to pay the costs, charges and expenses related or incidental to the Open Offer.

If the Underwriting Agreement is terminated by the Underwriter prior to 4:00 p.m. on Monday, 10 August 2015 or does not become unconditional, the Open Offer will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Irrevocable Undertakings

Pursuant to the Irrevocable Undertakings contained in the Underwriting Agreement:

- (i) the Underwriter irrevocably undertakes to the Company that:
 - (a) it will subscribe and pay for all the Committed Shares; and
 - (b) the 1,036,200,000 Shares owned by it will remain beneficially owned by it at the close of business on the Record Date and that it will not change its registered address in the register of members of the Company;
- (ii) Mr. Han irrevocably undertakes to the Company that within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date:
 - (a) he will not transfer or otherwise dispose of, or create any right in respect of, any of his shareholding in the Underwriter; and
 - (b) he will procure the Underwriter not to transfer or otherwise dispose of, or create any right in respect of, any Shares held by the Underwriter.

Mr. Han owns the entire issued share capital of the Underwriter and is therefore able to exercise control over the Underwriter.

Except for the Committed Shares which the Underwriter has irrevocably undertaken to take up, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention in relation to the Offer Shares to be offered to them under the Open Offer.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional, inter alia, upon (i) the fulfilment of the conditions set out under the section headed “Conditions of the Open Offer” in this announcement; and (ii) the Underwriting Agreement not being terminated in accordance with its terms as set out in the section headed “Termination of the Underwriting Agreement” in this announcement. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares from the date of this announcement up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

EXPECTED TIMETABLE

The expected timetable of the Open Offer is as follows:

Publication of the announcement about the Open Offer	Wednesday, 3 June 2015
Despatch of circular (together with the notice of EGM and proxy form) about the Open Offer	Thursday, 25 June 2015
Latest time for lodging transfers of Shares to qualify for attendance at the EGM	4:00 p.m. on Tuesday, 7 July 2015
Latest time for lodging proxy form for the EGM	10:30 a.m. on Saturday, 11 July 2015
Register of members closes for determining the rights to attend the EGM (both dates inclusive)	Wednesday, 8 July 2015 to Monday, 13 July 2015
Record date for attendance and voting at the EGM	Monday, 13 July 2015
EGM	10:30 a.m. on Monday, 13 July 2015
Announcement of poll results of EGM	Monday, 13 July 2015
Last day of dealings in the Shares on cum-entitlement basis	Tuesday, 14 July 2015
First day of dealings in the Shares on ex-entitlement basis	Wednesday, 15 July 2015
Latest time for lodging transfers of Shares to qualify for the Open Offer	4:00 p.m. on Thursday, 16 July 2015
Register of member closes for determining the eligibility of the Open Offer (both dates inclusive)	Friday, 17 July 2015 to Thursday, 23 July 2015
Record Date	Thursday, 23 July 2015
Despatch of (i) Prospectus Documents to Qualifying Shareholders and (ii) Overseas Letter and Prospectus to Excluded Shareholders (if any)	Friday, 24 July 2015
Latest time for acceptance and payment for Offer Shares	4:00 p.m. on Friday, 7 August 2015
Latest time for termination of the Underwriting Agreement and for the Open Offer to become unconditional	4:00 p.m. on Monday, 10 August 2015

Announcement of results of acceptance of the Open Offer Friday, 14 August 2015

Despatch of share certificates for Offer Shares and refund
of cheques, if the Open Offer does not become unconditional Monday, 17 August 2015

Expected date of dealings in Offer Shares commence 9:00 a.m. on Tuesday, 18 August 2015

The Company will make further announcement if there is any change to the above timetable. Dates or deadlines specified in this announcement for events in the above timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company.

The timetable will be affected by a number of matters such as the timing of despatch of the circular with respect to the Whitewash Waiver, which are required to take into account, among other matters, relevant financial information of the Group. It is expected that the circular with respect to the Whitewash Waiver will be despatched to the Shareholders on or before Thursday, 25 June 2015. Any changes to the anticipated timetable for the Open Offer, if required, will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance and payment for Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning signal:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 7 August 2015. Instead the latest time for acceptance and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 7 August 2015. Instead the latest time of acceptance and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance and payment for the Offer Shares does not take place on Friday, 7 August 2015, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after completion of the Open Offer (assuming (i) no further issue of any Shares; (ii) no repurchase of any Shares by the Company; and (iii) no change in the shareholding of the substantial shareholders of the Company, after the date of this announcement until completion of the Open Offer):

Shareholders	As at the date of this announcement		Immediately after completion of the Open Offer assuming all Qualifying Shareholders take up their entitlements under the Open Offer		Immediately after completion of the Open Offer assuming no other Qualifying Shareholders take up any of their entitlements under the Open Offer (save for the Underwriter who has undertaken to take up the Untaken Shares under the Open Offer)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Substantial Shareholder						
The Underwriter (Notes 1, 2 and 3)	1,036,200,000	40.72	1,295,250,000	40.72	1,672,396,999	52.57
Sub-total for the Underwriter and parties acting in concert with it	1,036,200,000	40.72	1,295,250,000	40.72	1,672,396,999	52.57
Trinity Grace Limited (Note 4)	496,500,000	19.51	620,625,000	19.51	496,500,000	15.61
Sub-total for the Substantial Shareholders	1,532,700,000	60.23	1,915,875,000	60.23	2,168,896,999	68.18
Public Shareholders	1,012,087,999	39.77	1,265,109,998	39.77	1,012,087,999	31.82
Total	2,544,787,999	100	3,180,984,998	100	3,180,984,998	100

Notes:

- As at the date of this announcement, (i) the Underwriter is the registered holder of 1,036,200,000 Shares; (ii) Mr. Han owns the entire issued share capital of the Underwriter. Under the SFO, Mr. Han is deemed to be interested in the 1,036,200,000 Shares held by the Underwriter.
- The Underwriter has undertaken to the Company that it will subscribe for all its entitlement under the Open Offer.
- Mr. Han is an executive Director and the chairman of the Company.
- Trinity Grace Limited is a company wholly owned by Zhou Xi Quan, who is not related to the Underwriter and parties acting in concert with it.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in property development and investment in the PRC.

The net proceeds of the Open Offer after the deduction of all estimated expenses are estimated to be approximately HK\$174 million. The Company intends to apply the net proceeds from the Open Offer for possible acquisition(s) of certain investments should any opportunities arise. The Group has identified some investment opportunities and is in preliminary discussions with the relevant parties, but all are still at their initial stages. If all such possible acquisitions cannot be materialised, the net proceeds of the Open Offer will be used as general working capital of the Group to strengthen the Company's financial position.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. The Open Offer will give the Qualifying Shareholders an equal opportunity to maintain their proportionate interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising exercise in the past 12 months immediately preceding the date of this announcement.

EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE NEXT 12 MONTHS

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the date of this announcement.

IMPLICATION UNDER THE LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by the Underwriter (a controlling shareholder of the Company), pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement. The Underwriter and its associates shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

The entering into of the Underwriting Agreement with the Underwriter, being a controlling shareholder of the Company and also an associate of Mr. Han (an executive Director and the chairman of the Company), constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As no underwriting commission is to be paid by the Company to the Underwriter for its underwriting commitment, the entering into of the Underwriting Agreement by the Company with the Underwriter is therefore exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

Save and except Mr. Han, no other Directors are involved in or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Open Offer will be conducted in compliance with Rule 7.26A of the Listing Rules as mentioned above.

IMPLICATION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

As at the date of this announcement, the Underwriter holds 1,036,200,000 Shares, representing approximately 40.72% of the existing issued share capital of the Company.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the interests of the Underwriter in the Company will increase from approximately 40.72% as at the date of this announcement to approximately 52.57% (based on the issued share capital as enlarged by the Offer Shares) immediately after the completion of the Open Offer (assuming (i) no further issue of any Shares; and (ii) no repurchase of any Shares by the Company, on or before the Record Date). Accordingly, in the absence of the Whitewash Waiver, the underwriting by the Underwriter of the Open Offer will trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with it.

The Underwriter will make an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Open Offer will not become unconditional and will not proceed.

As at the date of this announcement, the Company does not have any outstanding derivatives, options, warrants, convertible rights or other similar rights which are convertible or exchangeable into Shares.

The Underwriter has confirmed that none of the Underwriter and persons acting in concert with it has acquired any voting rights in the Company nor dealt in any relevant securities of the Company and there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code, in the six-month period preceding the date of this announcement and up to and including the date of this announcement.

The Underwriter has confirmed that as at the date of this announcement:

- (i) the Underwriter and persons acting in concert with it did not acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the 6 months prior to the date of this announcement;
- (ii) other than the 1,036,200,000 Shares (representing approximately 40.72% of the existing issued share capital of the Company) owned by it, the Underwriter and persons acting in concert with it did not hold, control or has directions over any Shares, convertible securities, warrants or options of the Company or any outstanding derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iii) the Underwriter and persons acting in concert with it did not receive any irrevocable commitment or arrangements to vote in favour of or against the resolutions approving the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver;
- (iv) save for the Underwriting Agreement and the irrevocable undertakings of Mr. Han and the Underwriter under their respective undertakings set out in the section headed “Irrevocable undertakings” in this announcement, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Underwriter and which might be material to the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver;
- (v) other than those set out in the section headed “Conditions of the Open Offer” in this announcement, there is no agreements or arrangements to which any of the Underwriter or any persons acting in concert with it is a party which related to the circumstances in which any of them may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver; and
- (vi) there is no borrowing or lending of any relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company by the Underwriter and the persons acting in concert with it.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. Both the Board and the Independent Board Committee have approved the appointment of Veda Capital as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. The Independent Board Committee will form its views with respect to the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver after obtaining and considering the advice of Veda Capital. The advice of the Independent Board Committee and Veda Capital and other relevant information will be provided to the Shareholders in the circular to be issued by the Company.

EGM

The EGM will be held to consider and, if thought fit, passing the resolutions to approve the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. The resolution(s) to be put to vote at the EGM will be taken by way of poll in accordance with the Listing Rules and the Takeovers Code.

The Underwriter and persons acting in concert with it and their respective associates and any Shareholders who are involved in or interested in the Open Offer (save for any assured entitlement to the Open Offer as a Qualifying Shareholder), the Underwriting Agreement and/or the Whitewash Waiver will abstain from voting at the EGM.

GENERAL

A circular containing, among other things, further details of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the absence of excess application arrangement and the Whitewash Waiver and a notice of EGM is expected to be despatched to the Shareholders on or before 25 June 2015.

Subject to, among other things, the Open Offer, the absence of excess application arrangement and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date and the Overseas Letter and the Prospectus will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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)

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	259,050,000 Offer Shares, being the assured entitlement of the Underwriter under the Open Offer
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32 of the Laws of Hong Kong)
“Company”	New City Development Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve, among other things, the Open Offer, the absence of excess application arrangement and the Whitewash Waiver
“Excluded Shareholder(s)”	those Overseas Shareholders to whom the Company (having obtained relevant and necessary legal opinions) considers it necessary or expedient not to offer the Offer Shares on account of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the executive director of the corporate finance division of the SFC or any delegate of the executive director
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors

“Independent Shareholders”	Shareholders other than (i) the Underwriter and its associates and parties acting in concert with them; and (ii) any Shareholders who are interested in, or involved in, the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver (save for any assured entitlement to the Open Offer as a Qualifying Shareholder)
“Irrevocable Undertakings”	the irrevocable undertakings respectively given by Mr. Han and the Underwriter to the Company pursuant to the Underwriting Agreement
“Last Trading Day”	Wednesday, 3 June 2015, being the last trading day for the Shares immediately prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Han”	Mr. Han Junran, an executive Director and the chairman of the Company, who holds the entire issued share capital of the Underwriter
“Offer Share(s)”	636,196,999 new Share(s) to be allotted and issued under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares on the basis of one (1) Offer Share for every four (4) Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Letter”	the letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	Shareholders with addresses (as shown in the register of members of the Company at the close of business on the Record Date) which are outside Hong Kong
“Posting Date”	Friday, 24 July 2015 (or such other date as the Underwriter may agree in writing with the Company), as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Overseas Letter and the Prospectus for information only to the Excluded Shareholders (as the case may be)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the assured entitlements of the Offer Shares
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Thursday, 23 July 2015 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Union Registrars Limited of A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Settlement Date”	Monday, 17 August 2015 (or such later date as the Underwriter and the Company may agree in writing)
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.28 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“Underwriter”	Junyi Investments Limited, an investment holding company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Han
“Underwriting Agreement”	the underwriting agreement dated 3 June 2015 entered into between the Company, Mr. Han and the Underwriter in relation to the underwriting arrangements in respect of the Open Offer

“Underwritten Shares”	377,146,999 Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	Offer Shares not taken up at or before 4:00 p.m. on Friday, 7 August 2015, being the last date of acceptance and payment for Offer Shares
“Veda Capital”	Veda Capital Limited, a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the absence of excess application arrangement and the Whitewash Waiver
“Whitewash Waiver”	a waiver of the obligation of the Underwriter to make a mandatory general offer as a result of the underwriting of the Open Offer for all the Shares not already owned, controlled or agreed to be acquired by the Underwriter and parties acting in concert with it pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code by the Executive as referred to in this announcement
“%” or “per cent”	per cent

By Order of the Board
New City Development Group Limited
Han Hunran
Chairman

Hong Kong, 3 June 2015

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) four independent non-executive Directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai, Mr. Zheng Qing and Dr. Ouyang Qingru.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.