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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

The Board is pleased to announce that after the trading hours of the Stock Exchange on 30 November 2015, the Company entered into the Subscription Agreement.

SUBSCRIPTION

Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 136,060,042 Subscription Shares at the Subscription Price of HK\$0.247 per Subscription Share. The aggregate consideration for the Subscription is HK\$33,606,830.374 and shall be satisfied by way of setting off against the New Debt.

The New Debt is the Hong Kong dollars equivalent to the amount of the Debt Consideration and rounded to integrals of the Subscription Price, being the amount which will be owed by the Company to the Subscriber for the Subscriber's entering into of the Debt Settlement Agreement and thereby assuming or satisfying all the Company's repayment obligation of the Judgment Debt.

The Subscription Shares represent approximately 4.28% of the existing issued share capital of the Company and approximately 4.10% 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 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 pursuant to the General Mandate granted to the Directors at the AGM held on 22 June 2015.

INTRODUCTION

The Board is pleased to announce that after the trading hours of the Stock Exchange on 30 November 2015, the Company entered into the Subscription Agreement. Details of the terms of the Subscription Agreement are set out below.

SUBSCRIPTION AGREEMENT

Date

30 November 2015

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 Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Subscriber or its nominated person, 136,060,042 Subscription Shares at the Subscription Price of HK\$0.247 per Subscription Share.

The aggregate nominal value of the Subscription Shares is HK\$544,240,168. As at the date of this announcement, there were 3,180,984,998 Shares in issue. The Subscription Shares represent approximately 4.28% of the existing issued share capital of the Company as at the date hereof and approximately 4.10% 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 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:

- (i) a discount of approximately 19.02% to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.305 per Share; and
- (ii) a discount of approximately 19.81% to the average closing price of the Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to the Last Trading Date of HK\$0.308 per Share.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber taking into account the average closing price of the Shares in the 5 trading days immediately prior to the Last Trading Date.

The net subscription price (net of expenses) is approximately HK\$0.245 per Subscription Share.

The aggregate consideration for the Subscription is HK\$33,606,830.374 and shall be payable upon Completion, and which will be satisfied by setting off in full against the New Debt which will be owed by the Company to the Subscriber pursuant to the Debt Settlement Agreement.

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 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 Subscriber having produced to the Company an original or a copy certified as true and complete by a lawyer practicing in the PRC of the duly signed Debt Settlement Agreement and thereby the Company is no longer responsible for paying the Judgment Debt to Shanghai Fudan;
- (c) the Subscriber having produced to the Company a legal opinion issued by a lawyer practising in the PRC in the form acceptable to the Company which confirms that (i) the Debt Settlement Agreement is valid, enforceable against and legally binding on Shanghai Fudan and (ii) the Company is no longer responsible for paying the Judgment Debt to Shanghai Fudan; and
- (d) all the representations and warranties given by the Subscriber under the Subscription Agreement are and shall remain true and accurate, 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 waived (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 Group is principally engaged in property development and investment in the PRC.

The Company and 北京中証房地產開發有限公司 (Beijing Zhong Zheng Real Estate Development Company Limited*) (“**Beijing Zhongzheng**”), a company which was previously a subsidiary of the Company and was disposed of by the Company in 2010, received a civil summons dated 15 May 2014 from the Higher People’s Court of Beijing City (the “**PRC Court**”), pursuant to which an application for retrial of a civil court case (the “**Litigation**”) had been filed by Shanghai Fudan.

The Litigation stems from a series of civil court proceedings commenced by Shanghai Fudan in Beijing No.1 Intermediate People’s Court and the other courts in the PRC since 2003 which alleged that Beijing Zhongzheng had failed to perform its obligation under a sale contract dated 27 June 2002 (the “**Sale Contract**”) for selling certain real properties in the PRC to the Shanghai Fudan. The Company became one of defendants, as Shanghai Fudan claimed that the Company has entered into a guarantee agreement (the “**Guarantee Agreement**”) with Shanghai Fudan on 28 June 2002 pursuant to which the Company acted as a guarantor to Beijing Zhongzheng’s obligation under the Sale Contract to Shanghai Fudan. No specific amount of compensation was demanded by Shanghai Fudan against the Company in the Litigation.

On 29 July 2015, the Company received the Judgment pursuant to which the PRC Court overruled its own judgment dated 26 July 2013 and upheld the judgment dated 10 November 2010 granted by Beijing No.1 Intermediate People’s Court in respect of the Litigation. The PRC Court ruled that both the Sale Contract and the Guarantee Agreement were legally effective. The PRC Court also ordered that both the Company and Beijing Zhongzheng shall be jointly liable to repay to Shanghai Fudan the sum of RMB14,529,886 together with interest accrued thereon from 1 July 2002 up to the date of payment.

After the signing of the Subscription Agreement, the Subscriber will be responsible for negotiating with Shanghai Fudan, and the Debt Settlement Agreement will be made between, inter alia, the Subscriber and Shanghai Fudan, pursuant to which all the Company’s obligation to repay the Judgment Debt will be assumed or satisfied by the Subscriber.

Upon the Subscriber’s entering into of the Debt Settlement Agreement, the Company will be indebted to the Subscriber for the New Debt in the sum of HK\$33,606,830.374, being the sum in Hong Kong dollars equivalent to the amount of the Debt Consideration, by applying the exchange rate of RMB1 to HK\$1.215 and rounded to integrals of the Subscription Price. The aggregate Subscription Price for all the Subscription Shares in the sum of HK\$33,606,830.374 is equivalent to the amount of the New Debt and will be set off in full against the New Debt upon Completion.

The Board believes that it is in the interests of the Company to capitalize the New Debt owed by the Company into share capital as this can enlarge the capital base of the Company, alleviate the repayment pressure of the Group and avoid cash outflows from the Group when the Judgment Debt becomes due. This will reduce the gearing level of the Group and strengthen the financial position of the Group for the continuous development of its business. Accordingly, the Board considers that the terms of the Subscription Agreement including the Subscription Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately prior to the date of this announcement:

Date of Announcements	Fund-raising activity	Net proceeds Received (approximately)	Intended use of proceeds	Actual use of proceeds	Intended use of any amount not yet utilized and how the Company has dealt with such amount
3 June 2015, 13 July 2015, 7 September 2015	Issue and allotment of 636,196,999 Shares by way of open offer at the price of HK\$0.28 per offer share	HK\$174,090,000	Used for possible acquisition(s) when opportunities arise and as general working capital of the Group if all such possible acquisitions cannot be materialized	HK\$9,500,000 has been paid as deposit for a property development project in Luoyang City, the PRC.	HK\$58,500,000 will be paid as balance for a property development-related project in Luoyang City, the PRC. The remaining net proceeds of HK\$106,090,000 will be used for a car-parking facilities business in the PRC; a project in development of medicare business in the PRC and general working capital of the Group.

ISSUE OF 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 508,957,599 Shares.

Prior to the date of the Subscription Agreement, the Company has not allotted and issued any Share under the General Mandate. Accordingly, as at the date of this announcement, the Directors have the power to allot and issue up to 508,957,599 Shares under the General Mandate.

After the Subscription Shares are issued, the Directors will still have the power to issue up to 372,897,557 Shares under the General Mandate (assuming that the Company has not allotted and issued any other new Share). 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 its nominated person's ability to dispose of any of the Subscription Shares after the same are allotted and issued to it.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of this announcement and up to the date of Completion):

Shareholders	Shareholding as at the date of this announcement <i>Number of Shares (approximate %)</i>	Shareholding immediately after Completion <i>Number of Shares (approximate %)</i>
Subscriber	–	136,060,042 (4.10%)
Junyi Investments Limited	1,668,062,752 (52.44%)	1,668,062,752 (50.29%)
Trinity Grace Limited	496,500,000 (15.61%)	496,500,000 (14.97%)
Grandfield Holdings Limited	198,600,000 (6.24%)	198,600,000 (5.98%)
Public Shareholders	817,822,246 (25.71%)	817,822,246 (24.66%)
Total	3,180,984,998 (100%)	3,317,045,040 (100%)

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 22 June 2015 at which the General Mandate was granted to the Directors
“associate(s)”	has the meaning ascribed to it 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)
“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: 456)
“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
“Debt Consideration”	the sum of RMB27,659,942.61, being the total amount of debt which will be owed by the Company to the Subscriber for the Subscriber’s entering into of the Debt Settlement Agreement
“Debt Settlement Agreement”	the debt settlement agreement to be entered into between, inter alia, the Subscriber and Shanghai Fudan pursuant to which the Company’s obligation to repay the Judgment Debt shall be assumed or satisfied by the Subscriber
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	person(s) who is/are independent of the Company and its connected persons and their respective associates
“Judgment”	the judgment dated 14 May 2015 granted by the PRC Court in respect of the Litigation
“Judgment Debt”	the total amount of debt owing by the Company to Shanghai Fudan pursuant to the Judgment, being the sum of RMB14,529,886 together with interest accrued thereon and the related costs and expenses
“Last Trading Day”	30 November 2015, being the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the day falling 1 month after the date of the Subscription Agreement
“New Debt”	the sum of HK\$33,606,830.374, being the HK\$ equivalent of the Debt Consideration, by applying the exchange rate of RMB1 to HK\$1.215 and rounded to integrals of the Subscription Price
“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
“Shanghai Fudan”	上海復旦光華信息科技股份有限公司 (Shanghai Fudan Guanhua Information Technology Company Limited*), a company incorporated with limited liability in 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. Zhu Yayong, 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 30 November 2015 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.247 (Twenty-Four point Seven Hong Kong cents) per Subscription Share
“Subscription Shares”	136,060,042 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
Chairman

* *for identification purpose only*

Hong Kong, 30 November 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.