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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)

MEMORANDUM OF INVESTMENT

This is a voluntary announcement made by the Company.

MEMORANDUM OF INVESTMENT

The Company is pleased to announce that on 7 November 2017 (after trading hours), the Company entered into the Memorandum of Investment with the Subscriber, in relation to the allotment and issuance of (i) new shares and/or (ii) convertible bonds of the Company.

LISTING RULES IMPLICATIONS

The Memorandum of Investment may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement materialises, further announcement will be made by the Company in respect thereof as and when required by the Listing Rules.

Shareholders and potential investors should note that the Memorandum of Investment is non-legally binding and only sets out the understanding and certain initial terms in relation to the Possible Allotment and Issuance. The Possible Allotment and Issuance are subject to further negotiations and the entering into the Formal Agreement. As at the date of this announcement, no definitive agreement in relation to the Possible Allotment and Issuance has been entered into by the Company, the Possible Allotment and Issuance may or may not proceed.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

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MEMORANDUM OF INVESTMENT

On 7 November 2017 (after trading hours), New City Development Group Limited (the “**Company**”) entered into a Memorandum of Investment (“**Memorandum of Investment**”) with Red Swan Capital Management Limited (the “**Subscriber**”), in relation to the possible allotment and issuance of (i) new shares and/or (ii) convertible bonds of not less than HK\$30,000,000 but not less than HK\$60,000,000 of the Company (the “**Possible Allotment and Issuance**”).

To the best of the knowledge, information and belief of the board of directors of the Company after having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Possible Allotment and Issuance will be conducted in two phases with an amount of HK\$30,000,000 for each subscription. The second subscription will be conducted within six months after the completion of the first subscription and the Subscriber shall have the preferential right to enter into a separate subscription agreement with the Company based on the prevailing market conditions.

Subscription Price

The Subscription Price, being the new shares Subscription Price and/or the Conversion Price of the convertible bonds, will be calculated by a discount of 20% to the average closing price of the Shares for the last twenty consecutive trading days immediately preceding the date of the subscription agreement.

Warning

The Memorandum of Investment does not constitute any legally-binding obligation of any party, and may or may not lead to the signing of the Formal Agreement by the parties.

REASONS FOR THE POSSIBLE ALLOTMENT AND ISSUANCE

The reasons for the Possible Allotment and Issuance are for the Company to increase liquidity and share capital. The Company believes that the Possible Allotment and Issuance, when materialised, will increase general working capital for the Company, and finance investment opportunities which may arise.

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Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement will be made by the Company in respect thereof as and when required by the Listing Rules.

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

Hong Kong, 9 November 2017

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Han Junran (Chairman), Mr. Luo Min and Mr. Seto Man Fai; 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.