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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 COOPERATION IN RELATION TO POSSIBLE ACQUISITION

This is a voluntary announcement made by the Company.

MEMORANDUM OF COOPERATION

The Company is pleased to announce that on 7 November 2017 (after trading hours), the Company entered into the Memorandum of Cooperation with the Vendor and the Target Company, in relation to the possible acquisition of not less than 51% of the equity interest of the Target Company.

LISTING RULES IMPLICATIONS

The Memorandum of Cooperation 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, the transaction contemplated thereunder may or may not constitute a notifiable transaction for the Company under the Listing Rules.

Shareholders and potential investors should note that the Memorandum of Cooperation is non-legally binding and only sets out the understanding and certain initial terms in relation to the Possible Acquisition. The Possible Acquisition is 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 Acquisition has been entered into by the Company, the Possible Acquisition may or may not proceed.

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.

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MEMORANDUM OF COOPERATION

On 7 November 2017 (after trading hours), New City Development Group Limited (the “**Company**”) entered into a Memorandum of Cooperation (“**Memorandum of Cooperation**”) with Mr. Ng Mam Chan (the “**Vendor**”), being holder of First International Construction Engineering Limited (the “**Target Company**”) as to 100%, and the Target Company, in relation to the possible acquisition of not less than 51% of the equity interest of the Target Company (the “**Possible Acquisition**”).

To the best of the knowledge, information and belief of the board of directors of the Company after having made all reasonable enquiries, the Vendor and the Target Company 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**”).

Pursuant to the Memorandum of Cooperation, the Company intends to acquire not less than 51% of the equity interest of the Target Company either (i) by way of capital increase to the Target Company or (ii) by way of acquiring the equity interest of the Target Company from the Vendor.

Consideration

The Consideration for the Possible Acquisition (the “**Consideration**”) shall not be less than HK\$30,000,000, but the actual Consideration has not yet been determined and shall be subject to the Formal Agreement, and it shall be determined in accordance with the results of negotiations conducted between the Parties based on the situation of the Target Company. The Company may also consider engaging an independent professional valuer to assess the fair value of the Target Company for reference when determining the Consideration.

The Company intends to pay the Consideration of the Possible Acquisition in cash.

Due Diligence

After the signing of the Memorandum of Cooperation, the Company shall conduct a comprehensive due diligence review as it consider appropriate on the Target Company.

The Parties shall further negotiate and discuss the detailed arrangement and method of its implementation in respect of the Possible Acquisition.

Warning

The Memorandum of Cooperation 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 ACQUISITION

The Target Company is a limited company incorporated in Hong Kong. It is principally engaged in renovation works (as an integrated renovation contractor), construction works (as a main contractor) and repair and maintenance works services. As at the date of signing of the Memorandum of Cooperation, the Vendor owns 100% of the equity interest of the Target Company.

The reasons for the Possible Acquisition are for the Company's intention to develop the renovation and construction works market. The Company believes that the Possible Acquisition, when materialised, will create long-term and sustainable return to the Company and its shareholders, and strengthen the positive cash flow and earnings for the Company in the long run.

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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.