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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 14 February 2018 (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 70% 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 of the Company 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 of 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 of the Company 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 14 February 2018 (after trading hours), New City Development Group Limited (the “**Company**”) entered into a Memorandum of Cooperation (“**Memorandum of Cooperation**”) with Zhongfang United Investment Group Health Industry Investment Co., Ltd. (the “**Vendor**”), being holder of Guangdong Xizhou Education Co., Ltd. (the “**Target Company**”) as to not less than 70%, and the Target Company, in relation to the possible acquisition of not less than 70% 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 70% of the equity interest of the Target Company by way of acquiring the equity interest of the Target Company from the Vendor.

### **Consideration**

The consideration for the Possible Acquisition (the “**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 by way of cash and issuance of the Company’s shares.

### **Due Diligence**

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

The parties shall negotiate in good faith towards the other in ensuring that a formal agreement be entered into as soon as possible subject to the Company’s satisfaction with the results of the due diligence review on the Target Company.

### **The Expected Date of Entering into a Formal Agreement**

The date on which a formal agreement shall be entered into between the Company and the Vendor is expected to be on or before 27 March 2018 (or such later date that the Company and the Vendor may agree in writing).

## **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 Guangzhou, the PRC. It is principally engaged in children education, cultural studies and provision of education software platform businesses. As at the date of signing of the Memorandum of Cooperation, the Vendor owns not less than 70% of the equity interest of the Target Company.

The Vendor is a key backbone enterprise of Zhongfang United Investment Co., Ltd. (Zhongfang United Investment Group). Zhongfang United Investment Group is approved by the State Administration for Industry and Commerce of the PRC, Zhongfang Enterprise in the PRC jointly set up large enterprise groups in which the principal operation businesses mainly include real estate development, asset management and financial service. Shareholders and participating enterprises cover a wide range of industries, including real estate development, planning and design, building materials trading, property management, investment trusts, marketing planning, smart technology, energy resources, logistics and transportation, industrial funds, education and healthcare, cultural tourism, eco-agriculture and pension etc. Over the past 30 years, Zhongfang Enterprise has developed 400 million square meters site areas in total, has built more than 2,000 residential communities, and has assumed 50% construction of national pilot area in total, and has built a nationwide business layout and diversified industrial development platform, which plays a decisive role in the development and construction of urban cities in the PRC.

The reasons for the Possible Acquisition are for the Company's intention to develop a strategic partnership with the Vendor and relying on the huge and mature community resources of Guangxin Ronggu Changshan Investment and Development Co., Ltd., a company controlled by the Vendor, and Zhejiang Changshan Shibo Garden, Financial Valley and the new town construction alliance which have finished their construction, together with the Vendor group all over China, jointly develop the smart community service market such as new education, new health, new marketing and new services based on the Internet of Things technology. 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.

## **LISTING RULES IMPLICATIONS**

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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, 14 February 2018

*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.*