

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **NEW CITY (CHINA) DEVELOPMENT LIMITED**

### **新城市(中國)建設有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 0456)**

#### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the members of New City (China) Development Limited (the “**Company**”) will be held at Plaza I-II, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 12 January 2012 for the purpose of considering, and if thought fit, passing the following resolutions as ordinary resolutions:

#### **ORDINARY RESOLUTIONS**

##### **“1. SHARE CONSOLIDATION**

**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below), with effect from 9:00 a.m. on Friday, 13 January 2012 (or such other time and date as the directors of the Company may determine):

- (a) every four (4) issued and unissued shares of HK\$0.001 each be consolidated into one (1) share of HK\$0.004 (the “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”);
- (b) all of the Consolidated Shares in issue shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company;
- (c) all fractional Consolidated Shares shall be disregarded and not be issued to the shareholders of the Company and any fractional entitlements to the issued Consolidated Shares will be aggregated and if possible, sold and the net proceeds therefrom shall be retained for the benefit of the Company; and
- (d) the directors of the Company (the “**Directors**”) be and are hereby authorised generally to do all such acts and things and to sign and execute all documents and deeds as they may in their absolute discretion deem necessary, desirable or appropriate to give effect to and implement the Share Consolidation.”

## “2. AUTHORISED CAPITAL INCREASE

THAT immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company be increased from HK\$10,000,000 divided into 2,500,000,000 Consolidated Shares of a nominal value of HK\$ 0.004 each to HK\$40,000,000 divided into 10,000,000,000 Consolidated Shares of a nominal value of HK\$0.004 each by the creation of 7,500,000,000 Consolidated Shares.”

## “3. ISSUE OF REMUNERATION SHARES AND REMUNERATION WARRANTS

- (a) THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Remuneration Shares (as defined below), and in accordance with the terms of the engagement letter dated 6 August 2010 (the “**Engagement Letter**”) entered into between the Company, Veda Capital Limited (“**Veda Capital**”) and President Securities (Hong Kong) Limited (“**President Securities**”) (a copy of which has been produced to the Meeting and marked “A”, and initialed by the chairman of the Meeting for the purpose of identification), the Company’s allotment and issue of an aggregate of 8,333,333 new Consolidated Shares (the “**Remuneration Shares**”) (of which (i) 6,666,666 Remuneration Shares shall be allotted and issued to Veda Capital; and (ii) 1,666,667 Remuneration Shares shall be issued to President Securities) be and is hereby approved; and
- (b) THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares which may be allotted and issued by the Company upon exercise of the subscription rights attaching to the Remuneration Warrants (as defined below), and in accordance with the terms of the Engagement Letter, the Company’s issue of an aggregate of 4,166,666 warrants (the “**Remuneration Warrants**”) (of which (i) 3,333,333 Remuneration Warrants will be issued to Veda Capital; and (ii) 833,333 Remuneration Warrants will be issued to President Securities) to subscribe for the same number of new Consolidated Shares at the exercise price of HK\$0.12 per Consolidated Share (subject to adjustments), at any time between the date of issue of the Remuneration Warrants and 36 months thereafter be and is hereby approved;
- (c) the Directors be and are hereby authorised generally to do all such acts and things and to sign and execute all documents and deeds as they may in their absolute discretion deem necessary, desirable or appropriate to give effect to and implement the allotment and issue of the Remuneration Shares and the Remuneration Warrants.”

#### **“4. SUBSCRIPTION**

**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares (as defined below):

- (a) the terms of the conditional subscription agreement (the “**Subscription Agreement**”) entered into on 15 November 2011 between the Company, Mr. Han Junran and Junyi Investments Limited in relation to the subscription of 1,112,500,000 new Consolidated Shares (the “**Subscription Shares**”) of HK\$0.004 each in the share capital of the Company for cash at the subscription price of HK\$0.12 per Subscription Share (a copy of which has been produced to the Meeting and marked “B”, and initialed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated under the Subscription Agreement, be and are hereby approved, confirmed and ratified;
- (b) any one of the Directors of the Company be and is hereby authorised to exercise the powers of the Company to allot, issue and deal with the Subscription Shares pursuant to the terms of the Subscription Agreement, such Subscription Shares shall rank pari passu in all respects among themselves and with the existing Consolidated Shares of the Company in issue at the date of the allotment of the Subscription Shares; and
- (c) any one of the Directors, be and is hereby authorised to take such actions, do such things, agree to such amendments, variations or extension to the Subscription Agreement and execute such further documents or deeds which in his sole opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated under the Subscription Agreement.”

#### **“5. OPEN OFFER**

**THAT:**

- (a) the terms of the underwriting agreement (the “**Underwriting Agreement**”) entered into on 15 November 2011 between the Company, Mr. Han Junran, Junyi Investments Limited and President Securities (Junyi Investments Limited and President Securities shall be referred as “**Underwriters**”) in relation to the underwriting of 520,869,500 Consolidated Shares to be allotted and issued by the Company (the “**Offer Shares**”) under the Open Offer (as defined below) (a copy of which has been produced to the Meeting and marked “C”, and initialed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated under the Underwriting Agreement, be and are hereby approved, confirmed and ratified;

- (b) conditional upon fulfillment of the conditions of the Underwriting Agreement, the issue by way of open offer (“**Open Offer**”) of the Offer Shares by the Company to the Qualifying Shareholders (as defined below) according to the terms and conditions including, among other things, the absence of excess application and the alternate arrangement, set out in the circular issued by the Company dated 23 December 2011 (a copy of which has been produced to the Meeting and marked “D”, and initialed by the chairman of the Meeting for the purpose of identification) be and is hereby approved;
- (c) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps or other exclusions or other arrangements in relation to the Excluded Shareholders (as defined below) as they may in their absolute discretion deem necessary, appropriate or expedient to give effect to or in connection with the Open Offer and the Underwriting Agreement or any of the transactions contemplated thereunder;
- (d) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate or expedient to give effect to or in connection with the Open Offer and the Underwriting Agreement or any transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be necessary, appropriate or expedient and in the interests of the Company and its shareholders; and
- (e) for the purpose of this resolution, “**Open Offer**” means the proposed issue by way of open offer of 520,869,500 Offer Shares at a subscription price of HK\$0.12 per Offer Shares to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company as at the close of business on the date and time by reference to which entitlements to the Open Offer will be determined (the “**Record Date**”) (other than those shareholders (the “**Excluded Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient 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) in the proportion of twenty-three (23) Offer Shares for every three (3) Consolidated Shares then held and otherwise pursuant to and subject to the fulfillment of the conditions of terms set out in the Underwriting Agreement.”

## “6. WHITEWASH WAIVER

**THAT** the waiver (the “**Whitewash Waiver**”), granted or to be granted by the Executive Director (the “**Executive**”) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers waiving any obligation on the part of Junyi Investments Limited (the “**Subscriber**”) and parties acting in concert with it, to make a general offer for all the issued Consolidated Shares of the Company not already owned or agreed to be acquired

by them as a result of the subscription of 1,112,500,000 Subscription Shares by the Subscriber, be and is hereby approved, and the directors of the Company be and are hereby authorised to do all such acts and things and take all such action and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) as they may consider to be necessary or desirable to give effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

#### **“7. SPECIAL DEAL**

**THAT** subject to the Executive, or any delegate of the Executive giving consent (the “**Consent**”) to the special deal for the Company under Rule 25 of the Hong Kong Code on Takeovers and Mergers constituted by the underwriting arrangement of President Securities under the Underwriting Agreement (the “**Special Deal**”) and the satisfaction of all conditions attached to such Consent, the Special Deal be and is hereby approved.”

#### **“8. BONUS ISSUE**

**THAT** upon completion of the Subscription and the Open Offer,

- (a) the allotment and issue of 135,879,000 Consolidated Shares (“**Bonus Shares**”) by the Company, credited as fully paid, to the shareholders of the Company whose names appear on the register of members of the Company on the Record Date on the basis of two Bonus Shares for every one (1) then existing Consolidated Share held by them be and is hereby approved;
- (b) the Bonus Shares to be issued and allotted pursuant to this resolution shall be subject to the memorandum and articles of association of the Company and shall rank *pari passu* in all respects with the Consolidated Shares in issue on the Record Date, except that they will not rank for the bonus issue of Consolidated Shares mentioned in this resolution; and
- (c) the Directors be are hereby authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining and applying the amount to be capitalized out of the share premium account of the Company for paying up the Bonus Shares and the number of Bonus Shares to be issued, allotted and distributed in the manner referred to in paragraph (a) of this resolution.”

#### **“9. VERY SUBSTANTIAL ACQUISITION OF PROPERTY BUSINESS**

**THAT:**

- (a) the sale and purchase agreement 24 January 2011 (as supplemented on 23 August 2011 and 15 November 2011 respectively) (the “**S&P Agreement**”) made between Polywell Finance Corporation (a wholly-owned subsidiary of the Company) (the “**Purchaser**”) and 北京誠達順逸商貿有限公司; (Beijing Chengda Shunyi Shangmao Company Limited)

(“**Vendor A**”) and Kayuan Enterprise Investment Co., Ltd. (“**Vendor B**”) (the Vendor A and Vendor B shall collectively be referred as “**Vendors**”), pursuant to which the Purchaser agreed to acquire (i) the entire issued share capital of French Land Limited from Vendor A; and (ii) 25% equity interest of the 廣東暢流投資有限公司 (Guangdong Changliu Investment Company Limited) from Vendor B (copies of the S&P Agreement and the two supplemental agreements thereto respectively dated 23 August 2011 and 15 November 2011 have been produced to the Meeting and marked “E”, and initialed by the chairman of the Meeting for the purpose of identification) be and is hereby confirmed, approved and ratified and the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the S&P Agreement and the transactions contemplated thereunder; and

- (b) the allotment and issue of 695,100,000 Consolidated Shares of HK\$0.004 each in the share capital of the Company (the “**Consideration Shares**”) credited as fully paid at the issue price of HK\$0.12 per Consideration Share (of which (i) 198,600,000 Consideration Shares will be allotted and issued to the person designated by Vendor A (being a company ultimately and wholly-owned by Vendor A) and (ii) 496,500,000 Consideration Shares will be allotted and issued to Trinity Grace Limited (being the person designated by Vendor B)) pursuant to the S&P Agreement be and is hereby approved and the Directors be and are hereby authorised to allot and issue the Consideration Shares in accordance with the terms of the S&P Agreement and to take all steps which are, in their opinion necessary, desirable or expedient for the allotment and issue of the Consideration Shares.”

By order of the Board  
**New City (China) Development Limited**  
**Han Junran**  
*Chairman*

Hong Kong, Friday, 23 December 2011

*Registered office:*  
Scotia Centre, 4th Floor  
P.O. Box 2804  
George Town  
Grand Cayman  
Cayman Islands

*Principal place of business in Hong Kong:*  
11/F, Effectual Building  
16 Hennessy Road  
Wanchai  
Hong Kong

*Notes:*

- (1) Any member of the Company (“**Member**”) entitled to attend and vote at the extraordinary general meeting of the Company to be held at 10:00 a.m. on Thursday, 12 January 2012 (the “**EGM**”) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Member.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Members any one of such joint Members may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Members be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s share registrar in Hong Kong, Union Registrars Limited, at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof.

*As at the date of this notice, the Board comprises (i) two executive Directors, namely Mr. Han Junran (Chairman) and Mr. Fu Yiu Kwong; (ii) one non-executive Director, namely Mr. Luo Min; and (iii) three independent non-executive Directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing.*