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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)

### INTERIM RESULTS ANNOUNCEMENT 2019

The Board of Directors (the “Board”) of New City Development Group Limited (the “Company”) are pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2019 (the “Period”) with comparative figures for the corresponding period in 2018. The results have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Revenue</b>	5	<b>24,935</b>	36,284
Cost of goods sold and services provided		<b>(5,029)</b>	(17,467)
<b>Gross profit</b>		<b>19,906</b>	18,817
Other income	6	<b>7,276</b>	3,615
Administrative and other operating expenses		<b>(22,275)</b>	(30,002)
<b>Profit/(loss) from operations</b>		<b>4,907</b>	(7,570)
Share of loss of an associate		<b>(21)</b>	—
Finance costs	7	<b>(13,822)</b>	(8,563)
<b>Loss before tax</b>		<b>(8,936)</b>	(16,133)
Income tax expense	8	<b>—</b>	(245)
<b>Loss for the Period</b>	9	<b>(8,936)</b>	(16,378)
Attributable to:			
Owners of the Company		<b>(11,977)</b>	(14,750)
Non-controlling interests		<b>3,041</b>	(1,628)
		<b>(8,936)</b>	(16,378)
Loss per share			
Basic	11(a)	<b>(0.34) cents</b>	(0.44) cents
Diluted	11(b)	<b>(0.34) cents</b>	(0.44) cents

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the Period</b>	<b>(8,936)</b>	(16,378)
Other comprehensive income for the Period, net of tax: <i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(1,839)</u>	<u>(6,031)</u>
<b>Total comprehensive income for the Period</b>	<b><u><u>(10,775)</u></u></b>	<b><u><u>(22,409)</u></u></b>
Attributable to:		
Owners of the Company	<b>(13,683)</b>	(21,012)
Non-controlling interests	<u>2,908</u>	<u>(1,397)</u>
	<b><u><u>(10,775)</u></u></b>	<b><u><u>(22,409)</u></u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		<b>30 June 2019</b>	31 December 2018
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	<b>59,332</b>	62,296
Investment properties		<b>1,151,363</b>	810,436
Right-of-use assets		<b>1,690</b>	—
Investments in associates		—	11,500
Financial assets at fair value through other comprehensive income (“FVTOCI”)		—	—
Prepayments, deposits and other receivables	13	<b>142,091</b>	139,958
		<b>1,354,476</b>	1,024,190
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss (“FVTPL”)		<b>33,753</b>	34,594
Inventories		<b>7,660</b>	11,460
Trade receivables	14	<b>3,715</b>	—
Prepayments, deposits and other receivables	13	<b>131,111</b>	20,375
Due from associates		<b>13</b>	97,257
Due from a related company		<b>13</b>	13
Due from non-controlling shareholders		<b>823</b>	939
Cash and bank balances		<b>20,398</b>	72,603
		<b>197,486</b>	237,241

		<b>30 June</b>	31 December
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		<b>240,403</b>	22,695
Deposits received		<b>13,960</b>	11,500
Borrowings		<b>5,582</b>	2,847
Lease liabilities		<b>2,248</b>	557
Due to a non-controlling shareholder		<b>5,723</b>	6,165
Due to related parties		<b>581</b>	581
Due to a director		<b>1,692</b>	1,680
		<u><b>270,189</b></u>	<u>46,025</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u><b>(72,703)</b></u>	<u>191,216</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u><b>1,281,773</b></u>	<u>1,215,406</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		<b>379,455</b>	315,961
Lease liabilities		<b>3,076</b>	3,129
Convertible notes	<i>15</i>	<b>—</b>	41,769
Deferred tax liabilities		<b>165,065</b>	165,341
		<u><b>547,596</b></u>	<u>526,200</u>
<b>NET ASSETS</b>		<u><b>734,177</b></u>	<u>689,206</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	<i>16</i>	<b>14,459</b>	13,919
Reserves		<b>703,620</b>	675,484
		<u><b>718,079</b></u>	<u>689,403</u>
Non-controlling interests		<b>16,098</b>	(197)
<b>TOTAL EQUITY</b>		<u><b>734,177</b></u>	<u>689,206</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company									
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Convertible	Statutory reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
					notes reserve (Unaudited) HK\$'000					
At 1 January 2019 (audited)	13,919	492,472	4,755	(38,010)	2,355	18,604	195,308	689,403	(197)	689,206
Adjustments on initial application of HKFRS 16	—	—	—	—	—	—	(91)	(91)	—	(91)
Restated balance at 1 January 2019	<b>13,919</b>	<b>492,472</b>	<b>4,755</b>	<b>(38,010)</b>	<b>2,355</b>	<b>18,604</b>	<b>195,217</b>	<b>689,312</b>	<b>(197)</b>	<b>689,115</b>
Conversion on convertible notes	540	44,265	—	—	(2,355)	—	—	42,450	—	42,450
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	13,387	13,387
Total comprehensive income for the Period	—	—	—	(1,706)	—	—	(11,977)	(13,683)	2,908	(10,775)
	<b>540</b>	<b>44,265</b>	<b>—</b>	<b>(1,706)</b>	<b>(2,355)</b>	<b>—</b>	<b>(11,977)</b>	<b>28,767</b>	<b>16,295</b>	<b>45,062</b>
At 30 June 2019	<b>14,459</b>	<b>536,737</b>	<b>4,755</b>	<b>(39,716)</b>	<b>—</b>	<b>18,604</b>	<b>183,240</b>	<b>718,079</b>	<b>16,098</b>	<b>734,177</b>
At 1 January 2018 (audited)	13,268	457,758	4,755	(12,641)	—	18,604	181,555	663,299	438	663,737
Issue of convertible notes	—	—	—	—	1,694	—	—	1,694	—	1,694
Conversion on convertible notes	400	21,205	—	—	(1,041)	—	—	20,564	—	20,564
Total comprehensive income for the Period	—	—	—	(6,262)	—	—	(14,750)	(21,012)	(1,397)	(22,409)
	<b>400</b>	<b>21,205</b>	<b>—</b>	<b>(6,262)</b>	<b>653</b>	<b>—</b>	<b>(14,750)</b>	<b>1,246</b>	<b>(1,397)</b>	<b>(151)</b>
At 30 June 2018	<b>13,668</b>	<b>478,963</b>	<b>4,755</b>	<b>(18,903)</b>	<b>653</b>	<b>18,604</b>	<b>166,805</b>	<b>664,545</b>	<b>(959)</b>	<b>663,586</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporation Information

New City Development Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 10 August 1998. The registered office of the Company is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and its principal place of business in Hong Kong is situated at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Group are principally engaged in property development and investment in the People’s Republic of China (the “PRC”); and sales of buses.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 (the “Condensed Consolidated Financial Statements”) have not been audited or reviewed by the Company’s auditor but reviewed by the Audit Committee and approved for issue by the Board on 30 August 2019.

## 2. Basis of Preparation

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Condensed Consolidated Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2018 (the “2018 Annual Financial Statements”) which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. HKFRSs comprises Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations. Except as described in note 3 below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those used in the 2018 Annual Financial Statements.

The Condensed Consolidated Financial Statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### **3. Adoption of New and Revised HKFRSs**

#### **(a) Application of new and revised HKFRSs**

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019.

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's consolidated financial statements.

#### **HKFRS 16 Leases**

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“short-term leases”), and lease contracts for which the underlying asset is of low value (“leases of low-value assets”).

The transition effects arising from the adoption of HKFRS 16 are presented below.

The following tables analyse the impact, net of tax, of transition to HKFRS 16 on the statement of financial position of the Group.

	1 January 2019 <i>HK\$'000</i>
Right-of-use assets	
Closing balance under HKAS 17 at 31 December 2018	—
— Recognition of right-of-use assets under HKFRS 16	<u>2,562</u>
Opening balance under HKFRS 16 at 1 January 2019	<u><u>2,562</u></u>
Lease liabilities	
Closing balance under HKAS 17 at 31 December 2018	3,686
— Recognition of lease liabilities under HKFRS 16	<u>2,653</u>
Opening balance under HKFRS 16 at 1 January 2019	<u><u>6,339</u></u>
Retained profits	
Closing balance under HKAS 17 at 31 December 2018	195,308
— Recognition of right-of-use assets under HKFRS 16	2,562
— Recognition of lease liabilities under HKFRS 16	<u>(2,653)</u>
Opening balance under HKFRS 16 at 1 January 2019	<u><u>195,217</u></u>



## Consolidated statement of financial position

	31 December 2018 <i>HK\$'000</i>	Adoption of HKFRS 16 <i>HK\$'000</i>	1 January 2019 <i>HK\$'000</i>
<b>Assets</b>			
Property, plant and equipment	62,296	—	62,296
Investment properties	810,436	—	810,436
Right-of-use assets	—	2,562	2,562
Investments in associates	11,500	—	11,500
Financial assets at FVTOCI	—	—	—
Financial assets at FVTPL	34,594	—	34,594
Inventories	11,460	—	11,460
Prepayments, deposits and other receivables	160,333	—	160,333
Due from associates	97,257	—	97,257
Due from a related company	13	—	13
Due from non-controlling shareholders	939	—	939
Cash and bank balances	72,603	—	72,603
	<u>1,261,431</u>	<u>2,562</u>	<u>1,263,993</u>
<b>Liabilities</b>			
Accruals and other payables	22,695	—	22,695
Deposits received	11,500	—	11,500
Borrowings	318,808	—	318,808
Lease liabilities	3,686	2,653	6,339
Due to a non-controlling shareholder	6,165	—	6,165
Due to related parties	581	—	581
Due to a director	1,680	—	1,680
Convertible notes	41,769	—	41,769
Deferred tax liabilities	165,341	—	165,341
	<u>572,225</u>	<u>2,653</u>	<u>574,878</u>
<b>Net assets</b>	<u><u>689,206</u></u>	<u><u>(91)</u></u>	<u><u>689,115</u></u>

	31 December 2018 <i>HK\$'000</i>	Adoption of HKFRS 16 <i>HK\$'000</i>	1 January 2019 <i>HK\$'000</i>
<b>Equity</b>			
Share capital	13,919	—	13,919
Reserves	675,484	(91)	675,393
Non-controlling interests	(197)	—	(197)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total equity</b>	<u>689,206</u>	<u>(91)</u>	<u>689,115</u>

### **Nature of the effect of adoption of HKFRS 16**

The Group has lease contracts for various items of land and buildings and motor vehicles. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

#### ***Leases previously classified as finance leases***

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal to the lease assets and liabilities recognised under HKAS 17). The requirements of HKFRS 16 were applied to these leases from 1 January 2019.

### *Leases previously classified as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equals to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term lease recognition exemption to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of approximately HK\$2,562,000 were recognised and presented separately in the consolidated statement of financial position.
- Additional lease liabilities of approximately HK\$2,653,000 were recognised.
- The net effect of these adjustments had been adjusted to retained profits in the amount of approximately HK\$91,000.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	2,816
Incremental borrowing rate as at 1 January 2019	8.085%
Discounted operating lease commitments as at 1 January 2019	<u>2,653</u>
Lease liabilities as at 1 January 2019	<u><u>2,653</u></u>

### **Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

#### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset).

### ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### ***Significant judgement in determining the lease term of contracts with options***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option. That is, it considers all relevant factors that create an economic incentive for it to exercise the option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option (e.g. a change in business strategy).

## Amounts recognised in the consolidated statement of financial position and profit or loss

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>
At 1 January 2019	2,562	(6,339)
Depreciation	(872)	—
Interest expenses	—	(114)
Payments	—	1,129
	<hr/>	<hr/>
At 30 June 2019	<u>1,690</u>	<u>(5,324)</u>

### (b) New and revised HKFRSs in issue but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning on 1 January 2019 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective. The application of these new and revised HKFRSs will not have material impact on the Group's consolidated financial statements.

## 4. Operating Segment Information

The Group is engaged in property development and investment in PRC and sales of buses. Accordingly, there are two reportable segments of the Group.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those accounting policies of the Group described in 2018 Annual Financial Statements. Segment profits or losses do not include unallocated other income, administrative and other operating expenses, share of loss of an associate, finance costs and income tax expense. Segment assets do not include unallocated property, plant and equipment, right-of-use assets, investments in associates, financial assets at FVTOCI, prepayments, deposits and other receivables, financial assets at FVTPL, amounts due from associates, a related company and non-controlling shareholders and cash and bank balances. Segment liabilities do not include unallocated accruals and other payables, borrowings, lease liabilities, amounts due to a non-controlling shareholder, related parties and a director, convertible notes and deferred tax liabilities.

**Information about reportable segment profit or loss, assets and liabilities:**

	<b>Property development and investment</b> (Unaudited) <i>HK\$'000</i>	<b>Sales of buses</b> (Unaudited) <i>HK\$'000</i>	<b>Total</b> (Unaudited) <i>HK\$'000</i>
<b>Six months ended 30 June 2019</b>			
Revenue from external customers	20,901	4,034	24,935
Segment profit	19,672	234	19,906
<b>As at 30 June 2019</b>			
Segment assets	1,151,363	11,375	1,162,738
Segment liabilities	13,406	554	13,960
<b>Six months ended 30 June 2018</b>			
Revenue from external customers	19,746	16,538	36,284
Segment profit	18,574	243	18,817
<b>As at 31 December 2018</b>			
Segment assets	810,436	11,460	821,896
Segment liabilities	11,500	—	11,500

## Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Profit or loss</b>		
Total profit of reportable segments	19,906	18,817
Other income	7,276	3,615
Administrative and other operating expenses	(22,275)	(30,002)
Share of loss of an associate	(21)	—
Finance costs	(13,822)	(8,563)
	<u>          </u>	<u>          </u>
Consolidated loss before tax	<u><b>(8,936)</b></u>	<u><b>(16,133)</b></u>

## Reconciliations of segment assets or liabilities:

	30 June	31 December
	2019 (Unaudited) HK\$'000	2018 (Audited) HK\$'000
<b>Assets</b>		
Total assets of reportable segments	1,162,738	821,896
Property, plant and equipment	59,332	62,296
Right-of-use assets	1,690	—
Investments in associates	—	11,500
Prepayments, deposits and other receivables	273,202	160,333
Financial assets at FVTPL	33,753	34,594
Due from associates	13	97,257
Due from a related company	13	13
Due from non-controlling shareholders	823	939
Cash and bank balances	20,398	72,603
	<u>          </u>	<u>          </u>
Consolidated total assets	<u><b>1,551,962</b></u>	<u><b>1,261,431</b></u>



	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
<b>Liabilities</b>		
Total liabilities of reportable segments	<b>13,960</b>	11,500
Accruals and other payables	<b>240,403</b>	22,695
Borrowings	<b>385,037</b>	318,808
Lease liabilities	<b>5,324</b>	3,686
Due to a non-controlling shareholder	<b>5,723</b>	6,165
Due to related parties	<b>581</b>	581
Due to a director	<b>1,692</b>	1,680
Convertible notes	<b>—</b>	41,769
Deferred tax liabilities	<b>165,065</b>	165,341
	<u>          </u>	<u>          </u>
Consolidated total liabilities	<b><u>817,785</u></b>	<b><u>572,225</u></b>

### Geographical information

The Group's revenue from external customers by location of operations are detailed below:

	<b>Six months ended 30 June</b>	
	<b>2019 (Unaudited) HK\$'000</b>	2018 (Unaudited) HK\$'000
PRC	<b>20,901</b>	19,746
Hong Kong	<b>4,034</b>	16,538
	<u>          </u>	<u>          </u>
Consolidated total revenue	<b><u>24,935</u></b>	<b><u>36,284</u></b>

Over 90% of the Group's non-current assets (excluding right-of-use assets, investments in associates, financial assets at FVTOCI and prepayments, deposits and other receivables) are located in the PRC. Accordingly, no further geographical information of non-current assets to be disclosed.

## 5. Revenue

An analysis of the Group's revenue for the Period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Services transferred over time</b>		
Rental income and related management service income	<b>20,901</b>	19,746
<b>Products transferred at a point in time</b>		
Sales of buses	<b>4,034</b>	16,538
	<b>24,935</b>	<b>36,284</b>

## 6. Other Income

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	<b>2,894</b>	3,601
Gain on fair value measurement of an associate	<b>159</b>	—
Gain on bargain purchases on acquisition of a subsidiary	<b>4,223</b>	—
Others	<b>—</b>	14
	<b>7,276</b>	<b>3,615</b>

## 7. Finance Costs

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank loan	<b>13,027</b>	8,384
Interest on leases	<b>114</b>	—
Imputed interest on convertible notes	<b>681</b>	179
	<b>13,822</b>	<b>8,563</b>

## 8. Income Tax Expense

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
PRC	<u>—</u>	<u>245</u>

No provision for income tax expense is required since the Group has no assessable profits for the six months ended 30 June 2019.

## 9. Loss for the Period

The Group's loss for the Period has been arrived at after charging:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	2,836	483
Depreciation of right-of-use assets	872	—
Fair value loss on financial assets at FVTPL	<u>1,013</u>	<u>12,325</u>

## 10. Dividends

The Board does not recommend the payment of an interim dividend for the Period (2018: Nil).

## 11. Loss Per Share

### (a) Basic loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss attributable to owner of the Company used in the basic loss per share calculation	<u><b>(11,977)</b></u>	<u><b>(14,750)</b></u>
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic loss per share calculation	<u><b>3,546,216,952</b></u>	<u><b>3,320,359,957</b></u>

### (b) Diluted loss per share

No adjustment has been made to the basic loss per share for six months ended 30 June 2019 in respect of a dilution because there were no potentially dilutive events existed.

As the conversion of the Group's outstanding convertible notes for six months ended 30 June 2018 would be anti-dilutive, no diluted loss per share to be presented.

## 12. Property, Plant and Equipment

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$15,000 (2018: HK\$760,000).

### 13. Prepayments, Deposits and Other Receivables

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
Prepayments		
— Prepaid professional fee for the Luoyang Properties	<b>2,016</b>	1,959
— Prepaid construction costs for the Zhuhai Properties	<b>68,112</b>	—
— Others	<b>1,905</b>	1,358
Deposits held by		
— Vision Products Limited	<b>5,980</b>	5,980
— An independent contractor	<b>49,520</b>	49,520
— 珠海市潤珠商貿有限公司	<b>39,785</b>	39,851
— Others	<b>1,547</b>	1,097
Other receivables		
— Due from 北京中証房地產開發有限公司	<b>52,506</b>	50,307
— Others	<b>57,531</b>	15,961
	<b>278,902</b>	166,033
Less: Allowance for doubtful debts	<b>(5,700)</b>	(5,700)
	<b>273,202</b>	160,333
Less: Non-current portion	<b>(142,091)</b>	(139,958)
Current portion	<b>131,111</b>	20,375

### 14. Trade receivables

The aging analysis of trade receivables, based on the invoice date, is as follows:

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
Within 6 months	<b>3,715</b>	—

## 15. Convertible Notes

On 16 May 2018 and 19 July 2018, the Company issued two convertible notes with face value of HK\$35,000,000 (“CN1”) and HK\$43,200,000 (“CN2”) respectively to independent third parties. The holder of CN1 is entitled to convert CN1 into ordinary shares of the Company at the conversion price of HK\$0.215 per ordinary share at any time between the date of issue of the CN1 and 15 May 2020. The holder of CN2 is entitled to convert CN2 into ordinary shares of the Company at the conversion price of HK\$0.32 per ordinary share at any time between the date of issue of the CN2 and 18 July 2020. CN1 and CN2 bear interest of 2% and 2% respectively which will be paid on their maturity dates or, if earlier, upon conversion or redemption of the convertible notes.

The net proceeds amounted to HK\$35,000,000 and HK\$43,200,000 received from the issue of the CN1 and CN2 respectively have been split between the liability component and an equity component, as follows:

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
Face value of convertible notes issued	—	78,200
Equity component	—	(4,049)
Liability component at the date of issue	—	74,151
Liability component at beginning of Period/year	<b>41,769</b>	—
Imputed interest charged	<b>681</b>	1,289
Conversion of CN1	<b>(42,450)</b>	(33,671)
Liability component at end of Period/year	<b>—</b>	<b>41,769</b>

The interest charged is calculated by applying an effective interest rate of 4.56% and 4.93% to the liability component of the CN1 and CN2 respectively.

On 25 June 2018 and 23 October 2018, face value of HK\$21,500,000 and HK\$13,500,000 of CN1 had been converted into 100,000,000 and 62,790,697 ordinary shares of the Company respectively. The CN1 was fully converted as at 31 December 2018.

On 3 April 2019, face value of HK\$43,200,000 of CN2 had been converted into 135,000,000 ordinary shares of the Company. The CN2 was fully converted as at 30 June 2019.

## 16. Share Capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.004 each		
At 1 January 2018, 31 December 2018 (audited), 1 January 2019 and 30 June 2019 (unaudited)	<b><u>10,000,000,000</u></b>	<b><u>40,000</u></b>
Issued and fully paid:		
Ordinary shares of HK\$0.004 each		
At 1 January 2018 (audited)	3,317,045,040	13,268
Conversion of convertible notes ( <i>note (a)</i> )	<u>162,790,697</u>	<u>651</u>
At 31 December 2018 and 1 January 2019 (audited)	3,479,835,737	13,919
<b>Conversion of convertible notes (<i>note (b)</i>)</b>	<b><u>135,000,000</u></b>	<b><u>540</u></b>
<b>At 30 June 2019 (unaudited)</b>	<b><u>3,614,835,737</u></b>	<b><u>14,459</u></b>

### Notes:

- (a) On 25 June 2018 and 23 October 2018, face value of HK\$21,500,000 and HK\$13,500,000 of CN1 had been converted into 100,000,000 and 62,790,697 ordinary shares of the Company respectively. The premium on the conversion of CN1, amounting to approximately HK\$34,714,000, was credited to the Company's share premium account.
- (b) On 3 April 2019, face value of HK\$43,200,000 of CN2 had been converted into 135,000,000 ordinary shares of the Company. The premium on the conversion of CN2, amounting to approximately HK\$44,265,000, was credited to the Company's share premium account.

## 17. Commitments

The Group had the following commitment as at 30 June 2019.

### (a) Capital injection

On 12 July 2014, the Company entered into a letter of intent for co-operation with an independent third party (the “Partner”), pursuant to which, a Hong Kong company, New City Fortune Medicare Group Limited (“NC Fortune Medicare”) was incorporated, of which, 34% equity interest in NC Fortune Medicare was held by the Group. NC Fortune Medicare will then set up a wholly-owned subsidiary in Shanghai (the “Shanghai Subsidiary”) for the development of medicare business in various cities in the PRC. The registered capital of the Shanghai Subsidiary will be RMB1,000,000 (equivalent to approximately HK\$1,185,000), which shall be financed by all the shareholders of NC Fortune Medicare in proportion to their respective shareholdings therein. The Shanghai Subsidiary has not been established as at the date of approval of the Condensed Consolidated Financial Statements. As at 30 June 2019, none of the RMB340,000 (equivalent to approximately HK\$403,000), being the contribution by the Group, has been injected by the Company to the Shanghai Subsidiary through NC Fortune Medicare.

### (b) Capital commitments

	<b>30 June 2019 (Unaudited) HK\$'000</b>	31 December 2018 (Audited) HK\$'000
Construction design contracts for the Luoyang Properties	<u><u>10,622</u></u>	<u><u>10,701</u></u>



## 18. Contingent Liabilities

Investment properties in Luoyang (the “Luoyang Properties”) represented the construction in progress of a parcel of land which are situated at east of Huanhu Road, south of Baita Road, west of Kaituodadao Road, and north of land boundary, Yibin District, Xinqu Luoyang, Henan, PRC.

Pursuant to a land use right agreement (國有建設用地使用權出讓合同) (the “Land Use Right Agreement”) of the Luoyang Properties, which was entered into between Luoyang Wan Heng Property Company Limited (洛陽萬亨置業有限公司) (“Luoyang Wan Heng”), a subsidiary of the Company and 洛陽國土資源局 (“洛陽國土局”) on 1 February 2013, 洛陽萬亨 is required to commence and complete the construction of the Luoyang Properties on or before 1 September 2013 and 1 September 2016 (the “Construction Period”), respectively. A penalty (the “Penalty”) is calculated at 0.1% per day on the original consideration paid by Luoyang Wan Heng for the land use right, which was approximately RMB31,270,000 (equivalent to approximately HK\$37,490,000), will be imposed by 洛陽國土局 if the construction of the Luoyang Properties was not commenced on time or the completion of the construction falls beyond the Construction Period. The land use right may also be forfeited (the “Forfeiture”) by 洛陽國土局 if the construction has not been completed beyond 60 days of the Construction Period.

On 17 November 2016, the Group received a notice from 洛陽市城鄉一體化示範區管理委員會國土環保局, pursuant to which, the Group is required to commence the construction of the Luoyang Properties within 15 days after the date of the notice unless the Group has a reasonable excuse. The Group replied and expected to have the construction work commenced in June 2017. On 26 June 2017, the Group received a Notice of Investigation of Idle Land (閒置土地調查通知書) from 洛陽國土局, pursuant to which, the Group is required to report the construction progress of the Luoyang Properties to 洛陽國土局. On 26 July 2017, the Group replied and explained that the delay of the construction of the Luoyang Properties was due to the changing of land policy by the Luoyang government. On 5 December 2017, the Group submitted a construction plan of the Luoyang Properties to 洛陽市城鄉規劃局 (“洛陽規劃局”). After reviewed by 洛陽規劃局, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018. On 13 August 2018, the Group received a notice from 洛陽市城鄉一體化示範區商務中心區辦公室, pursuant to which, the location of Luoyang Properties were minimal adjusted. The Group are negotiating with 洛陽市城鄉一體化示範區商務中心區辦公室 to obtain the official documents of the changed of Luoyang Properties in order to apply for the construction planning permit (建築規劃許可證) and construction permit (建築工程許可證).

Up to the approval date of the Condensed Consolidated Financial Statements, the construction plan of the Luoyang Properties has yet been approved by 洛陽市城鄉一體化示範區商務中心區辦公室.

In preparing the Condensed Consolidated Financial Statements, the directors had sought a legal advice from a PRC lawyer and are of the opinion that the delay of the construction of the Luoyang Properties was caused by the changing of land policy by the Luoyang government in the prior years. Given the Group is proactively communicating with 洛陽規劃局 on the modification of construction plan of the Luoyang Properties and the risk of the Penalty or the loss on the Forfeiture is remote. Accordingly, the directors are of the opinion that no provision in respect of the Penalty and/or the Forfeiture, if any, has been made in the consolidated financial statements as at 30 June 2019 and 31 December 2018.

## 19. Related Parties Transactions

Save as those disclosed elsewhere in this announcement, the Group had the following material transactions with related/connected companies during the Period:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Rental expenses paid to related/connected companies	<u>777</u>	<u>777</u>

## 20. Acquisition of a subsidiary

On 22 May 2019, the Group acquired 15.88% of the issued share capital of Zhuhai Teng Shun Industrial Company Limited (珠海市騰順實業有限公司) (“Zhuhai Teng Shun”) for a cash consideration of approximately HK\$476,000. Zhuhai Teng Shun was engaged in property development during the period. The acquisition is part of the Group’s strategy to expand its property development business.

The fair value of the identifiable assets and liabilities of Zhuhai Teng Shun at the date of acquisition is as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	1
Investment properties	339,750
Prepayments, deposits and other receivables	75,234
Bank and cash balances	828
Accrual and other payables	(319,550)
Borrowings	(66,514)
	<hr/>
Net assets	29,749
Non-controlling interests	(13,387)
Fair value of 39.12% equity interest in Zhuhai Teng Shun held before of the acquisition	(11,638)
Gain on bargain purchases on acquisition of a subsidiary	(4,223)
	<hr/>
	501
	<hr/> <hr/>
Satisfied by:	
Call option designated at financial assets at FVTPL	25
Cash	476
	<hr/>
	501
	<hr/> <hr/>
Net cash inflow arising on acquisition:	
Cash consideration paid	(476)
Cash and cash equivalents acquired	828
	<hr/>
	352
	<hr/> <hr/>

The Group recognised a gain of approximately HK\$159,000 as a result of measuring at fair value its 39.12% equity interests in Zhuhai Teng Shun held before the business combination. The gain is included in other income.

The Group recognised a gain on bargain purchase of approximately HK\$4,223,000 in the business combination. The gain is included in other income.

Zhuhai Teng Shun incurred loss of approximately HK\$7,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 January 2019, total Group's loss for the period would have been approximately HK\$28,997,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is intended to be a projection of future results.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group recorded a revenue of approximately HK\$24,935,000 and recorded a loss after tax of approximately HK\$8,936,000 for the six months ended 30 June 2019.

### **PROSPECT AND OUTLOOK**

The Group's wholly-owned subsidiary, Guangdong Changliu Investment Company Limited ("Changliu"), currently is the Group's main operating unit. The rental and related management service income from Changliu slightly increased as compared to last corresponding period. Leasing will continue to be the main commercial activity of Changliu.

Due to the decrease in demand of local tourism buses, the sales of buses of the Group dropped significantly during the period under review.

Furthermore, on 22 May 2019, the Agreement was entered among Guangdong Chang Yang Investment Co Ltd (a subsidiary of the Group, the equity interest of which is owned as to 70% by the New City Development Group Ltd indirectly) ("Guangdong Chang Yang"), Zhuhai Qi Tian Industrial Co Ltd ("Zhuhai Qi Tian") and Zhuhai Teng Shun Industrial Co Ltd (the "Target Company") in relation to acquisition of a total of 55%, upon completion of the acquisition, of the equity interest in the Target Company (Details of which were disclosed in the announcements of the Company of 6 January 2019 and 29 May 2019 respectively).

Through the Target Company, Zhuhai Qi Tian and the Group will jointly redevelop a parcel of land situated at the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province, with a total site area of approximately 11,956.46 sq.m. and a plot ratio of 5.09 for commercial, retail and hotel uses.

Considering that the Land is located at a prime location in Zhuhai, one of the cities in Guangdong, Hong Kong and Macau Bay Area, which is of strategic position in the PRC and is seen to be a place with good development potential. The Directors believe that the acquisition is an opportunity to the Group to consolidate and strengthen the Group's land bank in Guangdong, Hong Kong and Macau Area at a prime location. It is also expected that the re-development of the Land will bring synergies to the Group's property development business, and thereby expanding the Group's operating income, which is in the interest of the Company and its shareholders as a whole.

Besides, the company will also focus on cultural and innovative projects in the coming year. Directors of the Company realize that each property project has its own characteristics as residents who are in different living places, of different ages and from different social groups have distinct hobbies and habits, which creates unique cultural features in various projects. Therefore, in respect of the Company's development and taking into account the Company's existing resources and property projects under progress in different regions, the Company, on one hand, will continue to participate in the property development market, and on the other hand, will integrate cultural features in the Company's property development projects.

Directors of the Company believe that cultural projects, such as providing children's creativity trainings and providing venues for microfilms-shooting, will gear towards the core value of the Company's business, in different aspects from education, health to various life facilities as well as products, which enable the Company not only to provide commercial or residential zones as a traditional developer, but also to enhance the brand value of the Company.

### **Investment properties in Luoyang**

With regard to Luoyang Properties, on 5 December 2017, the Group submitted a construction plan to 洛陽市城鄉規劃局 (“洛陽規劃局”). After 洛陽規劃局's review, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018. On 13 August 2018, the Group received a notice from 洛陽市城鄉一體化示範區商務中心區辦公室, pursuant to which, the location of Luoyang Properties were minimal adjusted. The Group are negotiating with 洛陽市城鄉一體化示範區商務中心區辦公室 to obtain the official documents of the changed of Luoyang Properties in order to apply for the construction planning permit (建築規劃許可證) and construction permit (建築工程許可證).

## **FINANCIAL REVIEW**

During the Period under review, the Group has revenue and net loss for the Period amounted to approximately HK\$24,935,000 and HK\$8,936,000 respectively, whereas the Group had revenue and net loss for the first half of 2018 was approximately HK\$36,284,000 and HK\$16,378,000, respectively. Basic loss per share for six months ended 30 June 2019 was HK\$0.34 cents (basic loss per share for six months ended 30 June 2018 was HK\$0.44 cents).

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2018: Nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING REQUIREMENTS**

As at 30 June 2019, the Group's total assets were approximately HK\$1,551,962,000 (31 December 2018: HK\$1,261,431,000) and total liabilities were approximately HK\$817,785,000 (31 December 2018: HK\$572,225,000). As at 30 June 2019, the cash and bank balances was approximately HK\$20,398,000 (31 December 2018: HK\$72,603,000) and the current ratio (current assets/current liabilities) was 0.73 as at 30 June 2019 (31 December 2018: 5.15).

## **GEARING RATIO**

The gearing ratio (debt/equity) was 0.48 as at 30 June 2019 (31 December 2018: 0.33).

## **EXCHANGE RISKS**

The majority of the Group's operations are located in the PRC and Hong Kong and the main operational currencies are Hong Kong Dollars and Renminbi. The Company is paying regular and active attention to Renminbi exchange rate fluctuation and consistently assessing exchange risks.

## **CAPITAL STRUCTURE**

There is no change in the capital structure of the Company.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2019, the Company has complied with all the code provisions (“Code Provisions”) as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), save for the deviations listed below:

- The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. As the current nature of the Group’s business is not complicated, the Board considers that the current structure is sufficient for monitoring and controlling the operation of the Group. The Company will review the structure from time to time and will make necessary arrangements to observe the provisions of the Listing Rules whenever necessary.
- According to the Articles of Association of the Company, the non-executive directors of the Company are not appointed for specific terms. Thus, they are deviated from Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 which stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in view of the fact that non-executive directors are subject to retirement by rotation as stipulated in the Company’s Articles of Association, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions. In respect of Code Provision A.6.7 of the CG Code, one Executive Director and four Independent Non-executive Directors did not attend the annual general meeting of the Company held on 26 June 2018. The Company will review its Articles of Association from time to time and will make necessary amendments to ensure observance of the provisions of the Listing Rules whenever necessary.
- According to Article 87(1) of the Articles of Association, since the Chairman of the Board, whilst holding such office, is not subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year, Code Provision A.4.2 is deviated. The Chairman plays an essential role in the growth and development of the Group. At present, the Chairman’s continuing presence in the Board is important to assure sustainable development of the Group. Given the importance of the Chairman’s role, the Board considers that the relevant article in the Articles of Association has no material impact on the operation of the Group as a whole.

## **EMPLOYEES**

As at 30 June 2019, the Group has employed about 63 employees in Hong Kong and the PRC. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

## **PLEDGE OF ASSETS**

As at 30 June 2019, the certain Group's investment properties were pledged to secure for bank borrowings.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Except for the note 20, the Company did not have any significant investments or material acquisitions and disposals for the six months ended 30 June 2019.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2019.

## **CONTINGENT LIABILITIES**

Details of the contingent liabilities was set out in note 18 to this announcement.

## **COMMITMENT**

Except for the commitments as detailed in note 17 to this announcement, the Group did not have any commitment as at 30 June 2019.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, the Directors have complied with the Code throughout the six months ended 30 June 2019.



## **AUDIT COMMITTEE**

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Chan Yiu Tung, Anthony, Mr. Zheng Qing and Mr. Leung Kwai Wah Alex. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and the Condensed Consolidated Financial Statements for the six months ended 30 June 2019.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Han Junran (Chairman) and Mr. Luo Min; 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. Wong Pak Wing.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under “Latest Listed Company Information”. The interim report of the Group for the six months ended 30 June 2019 containing all the information required by Listing Rules will be despatched to shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) under “Latest Listed Company Information” in due course.

By Order of the Board  
**New City Development Group Limited**  
**Han Junran**  
*Chairman*

Hong Kong, 30 August 2019