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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 2016

The directors (the “Directors”) 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 2016 (the “Period”) with comparative figures for the previous corresponding period in 2015. The results have not been audited.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   |              | <b>Six months ended 30 June</b> |                    |
|---|--------------|---------------------------------|--------------------|
|   |              | <b>2016</b>                     | <b>2015</b>        |
|   |              | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
|   | <i>Notes</i> | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
| Revenue                                     | 4            | <b>16,874</b>                   | 21,033             |
| Cost of services provided                   |              | <b>(1,316)</b>                  | (1,478)            |
| Gross profit                                |              | <b>15,558</b>                   | 19,555             |
| Other income and gains                      | 4            | <b>5,967</b>                    | 198                |
| Administrative and other operating expenses |              | <b>(14,214)</b>                 | (9,243)            |
| Finance costs                               | 6            | <b>(7,075)</b>                  | (5,615)            |
| Profit before tax                           | 5            | <b>236</b>                      | 4,895              |
| Income tax expense                          | 7            | <b>(508)</b>                    | (18)               |
| (Loss)/profit for the Period                |              | <b>(272)</b>                    | 4,877              |
| Attributable to:                            |              |                                 |                    |
| Owners of the Company                       |              | <b>(233)</b>                    | 4,877              |
| Non-controlling interest                    |              | <b>(39)</b>                     | –                  |
|   |              | <b>(272)</b>                    | 4,877              |
| (Loss)/earning per share                    |              |                                 |                    |
| Basic                                       | 9            | <b>(0.01) cents</b>             | 0.19 cents         |
| Diluted                                     | 9            | <b>(0.01) cents</b>             | 0.19 cents         |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | <b>Six months ended 30 June</b>       |                                       |
|---|---------------------------------------|---------------------------------------|
|   | <b>2016</b>                           | <b>2015</b>                           |
|   | <b>(Unaudited)</b><br><i>HK\$'000</i> | <b>(Unaudited)</b><br><i>HK\$'000</i> |
| (Loss)/profit for the Period  | <u>(272)</u>                          | <u>4,877</u>                          |
| Other comprehensive income  |                                       |                                       |
| Other comprehensive income to be reclassified<br>to profit or loss in subsequent periods: |                                       |                                       |
| Exchange differences on translation of foreign operations                                 | (5,257)                               | 483                                   |
| Less: Income tax effect   | <u>—</u>                              | <u>—</u>                              |
| Other comprehensive income for the Period, net of tax                                     | <u>(5,257)</u>                        | <u>483</u>                            |
| Total comprehensive income for the Period   | <u><u>(5,529)</u></u>                 | <u><u>5,360</u></u>                   |
| Attributable to:  |                                       |                                       |
| Owners of the Company   | (5,471)                               | 5,360                                 |
| Non-controlling interest  | <u>(58)</u>                           | <u>—</u>                              |
|   | <u><u>(5,529)</u></u>                 | <u><u>5,360</u></u>                   |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  | <i>Notes</i> | At<br><b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | At<br>31 December<br>2015<br>(Audited)<br>HK\$'000 |
|--|--------------|--|--|
| <b>NON-CURRENT ASSETS</b>                              |              |  |  |
| Property, plant and equipment                          |              | 2,262  | 2,358  |
| Investment properties                                  |              | 771,664  | 778,322  |
| Investment in an associate                             |              | –  | –  |
| Available for sales investment                         |              | –  | –  |
| Prepayments  | 10           | 71,909   | 69,931   |
| Total non-current assets                               |              | 845,835  | 850,611  |
| <b>CURRENT ASSETS</b>                                  |              |  |  |
| Equity investment at fair value through profit or loss | 11           | 33,423   | 36,976   |
| Prepayments, deposits and other receivables            | 10           | 85,118   | 62,562   |
| Due from an associate                                  |              | 8  | 8  |
| Due from a related company                             |              | 8  | 8  |
| Cash and bank balances                                 |              | 70,121   | 164,278  |
| Total current assets                                   |              | 188,678  | 263,832  |
| <b>CURRENT LIABILITIES</b>                             |              |  |  |
| Other payables and accruals                            |              | 31,073   | 99,830   |
| Deposits received                                      |              | 9,095  | 8,283  |
| Finance lease payable                                  |              | 170  | 165  |
| Interest bearing bank and other borrowings, secured    |              | 1,742  | –  |
| Due to a non-controlling shareholder                   |              | 4,580  | 2,119  |
| Due to related parties                                 |              | 593  | 2,799  |
| Due to directors                                       |              | 1,381  | 1,320  |
| Tax payable  |              | –  | 2,611  |
| Total current liabilities                              |              | 48,634   | 117,127  |
| <b>NET CURRENT ASSETS</b>                              |              | <b>140,044</b>   | <b>146,705</b>                                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |              | <b>985,879</b>   | <b>997,316</b>                                     |
| <b>NON-CURRENT LIABILITIES</b>                         |              |  |  |
| Other payables   |              | –  | –  |
| Finance lease payable                                  |              | 14   | 101  |
| Interest bearing bank and other borrowings, secured    |              | 207,274  | 211,698  |
| Deferred tax liabilities                               |              | 154,688  | 156,085  |
| Total non-current liabilities                          |              | 361,976  | 367,884  |
| Net assets   |              | <b>623,903</b>   | <b>629,432</b>                                     |
| <b>EQUITY</b>  |              |  |  |
| Equity attributable to owners of the Company           |              |  |  |
| Issued capital   | 12           | 13,268   | 13,268   |
| Reserves   |              | 610,140  | 615,611  |
| Non-controlling interest                               |              | 623,408<br>495   | 628,879<br>553                                     |
| Total equity   |              | <b>623,903</b>   | <b>629,432</b>                                     |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2016*

|   | Share<br>capital<br><i>HK\$'000</i><br>(Unaudited) | Share<br>premium<br><i>HK\$'000</i><br>(Unaudited) | Contributed<br>surplus<br><i>HK\$'000</i><br>(Unaudited) | Translation<br>reserve<br><i>HK\$'000</i><br>(Unaudited) | Retained<br>profits<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) | Non-<br>controlling<br>interest<br><i>HK\$'000</i><br>(Unaudited) | Total<br>equity<br><i>HK\$'000</i><br>(Unaudited) |
|---|--|--|--|--|---|---|---|---|
| At 1 January 2016   | 13,268   | 457,758  | 4,755  | (22,493)   | 175,591   | 628,879                                 | 553   | 629,432   |
| Loss for the period   | -  | -  | -  | -  | (233)   | (233)                                   | (39)  | (272)   |
| Exchange differences on<br>translation of foreign<br>operations | -  | -  | -  | (5,238)  | -   | (5,238)                                 | (19)  | (5,257)   |
|   | -  | -  | -  | (5,238)  | (233)   | (5,471)                                 | (58)  | (5,529)   |
| At 30 June 2016   | <u>13,268</u>                                      | <u>457,758</u>                                     | <u>4,755</u>   | <u>(27,731)</u>  | <u>175,358</u>  | <u>623,408</u>                          | <u>495</u>  | <u>623,903</u>                                    |
| At 1 January 2015   | 10,179   | 253,344  | 4,755  | 2,293  | 171,876   | 442,447                                 | -   | 442,447   |
| Profit for the period   | -  | -  | -  | -  | 4,877   | 4,877                                   | -   | 4,877   |
| Exchange differences on<br>translation of foreign<br>operations | -  | -  | -  | 483  | -   | 483                                     | -   | 483   |
|   | -  | -  | -  | 483  | 4,877   | 5,360                                   | -   | 5,360   |
| At 30 June 2015   | <u>10,179</u>                                      | <u>253,344</u>                                     | <u>4,755</u>   | <u>2,776</u>   | <u>176,753</u>  | <u>447,807</u>                          | <u>-</u>  | <u>447,807</u>                                    |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

|  | Six months ended 30 June |               |
|--|--------------------------|---------------|
|  | 2016                     | 2015          |
|  | (Unaudited)              | (Unaudited)   |
|  | HK\$'000                 | HK\$'000      |
| NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES | (86,438)                 | 6,665         |
| NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES | (2,965)                  | 4,196         |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES        | (6,263)                  | (17,904)      |
|  | <hr/>                    | <hr/>         |
| DECREASE IN CASH AND CASH EQUIVALENTS              | (95,666)                 | (7,043)       |
| CASH AND CASH EQUIVALENTS                          |                          |               |
| AT THE BEGINNING OF PERIOD                         | 164,278                  | 25,199        |
| Effect of foreign exchange rate changes, net       | 1,509                    | (971)         |
|  | <hr/>                    | <hr/>         |
| CASH AND CASH EQUIVALENTS                          |                          |               |
| AT THE END OF PERIOD                               | <u>70,121</u>            | <u>17,185</u> |
|  |                          |               |
| ANALYSIS OF BALANCES OF CASH AND                   |                          |               |
| CASH EQUIVALENTS                                   |                          |               |
| Cash and bank balances                             | <u>70,121</u>            | <u>17,185</u> |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporation Information

New City Development Group Limited (the “Company”) is a limited liability company incorporated in Cayman Islands on 10 August 1998. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, 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 holdings company. The Company and its subsidiaries (collectively the “Group”) is principally engaged in property development and investment business in the People’s Republic of China (the “PRC”)

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 (the “Unaudited Condensed Consolidated Interim Financial Statements”) have been approved for issue by the Directors on 11 August 2016.

#### 2.1 Basis of Preparation and Significant Accounting Policies

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

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2015 (the “2015 Annual Financial Statements”) which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by HKICPA.

These interim results are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 Changes in Accounting Policies and Disclosures

Other than the adoption of new and revised HKFRSs and Interpretations as noted below, the accounting policies adopted in the preparation of the Unaudited Condensed Consolidated Interim Financial Statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2015.

### *New and revised HKFRSs*

The Group has adopted the following new and revised HKFRSs for first time for the current period's interim report. The adoption of these new and revised HKFRSs did not have any significant effect on the financial position or performance of the Group.

|   |   |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 (2011)           | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) | Investment Entities: Applying the Consolidation Exception                             |
| Amendments to HKFRS 11                              | Accounting for Acquisitions of Interests in Joint Operations                          |
| Amendments to HKAS 1                                | Presentation of Financial Statements – Disclosure Initiative                          |
| Amendments to HKAS 16 and HKAS 38                   | Clarification of Acceptable Methods of Depreciation and Amortisation                  |
| Amendments to HKAS 27 (2011)                        | Equity Method in Separate Financial Statements  |
| Annual Improvement to 2012-2014 cycle               | Amendments to a number of HKFRSs  |

## 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Unaudited Condensed Consolidated Interim Financial Statements.

|          |  |
|----------|--|
| HKFRS 9  | Financial Instruments <sup>1</sup>                 |
| HKFRS 14 | Regulatory Deferral Accounts <sup>3</sup>          |
| HKFRS 15 | Revenue from Contracts with Customers <sup>1</sup> |
| HKFRS 16 | Lease <sup>2</sup>                                 |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Company

The Group is in the process of making an assessment of the impact of these new and revised HKFRS upon initial application. So far, the Group considers that the adoption of these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. Operating Segment Information

For management purposes, the Group's primary operating segment is property development and investment in the PRC. Since this is the only operating segment of the Group, no further analysis thereof is presented.

#### Geographical information

The Group operates principally in the PRC. Over 90% of the Group's assets are located in the PRC and over 90% of the revenue are generated in the PRC. Accordingly, no further geographical information of total asset and revenue was disclosed.

#### Information about a major customer

##### *Rental income and related management service income*

There are no significant concentrations of credit risk within the Group because these is a large number of diversified tenants.

### 4. Revenue, Other Income And Gains

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2016</b>                     | <b>2015</b>        |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
| Revenue   |                                 |                    |
| Rental income and related management service income   | <b>16,874</b>                   | 21,033             |
|   | <b>16,874</b>                   | 21,033             |
| Other income and gains  |                                 |                    |
| Interest income   | <b>242</b>                      | 198                |
| Interest income and other income from the amount<br>due from Beijing Zhongzheng ( <i>note 10(d)</i> ) | <b>3,402</b>                    | –                  |
| Fair value gain on investment properties  | <b>2,323</b>                    | –                  |
|   | <b>5,967</b>                    | 198                |
| Total revenue, other income and gains   | <b>22,841</b>                   | 21,231             |



## 5. Profit Before Tax

|  | Six months ended 30 June |                   |
|--|--------------------------|-------------------|
|  | 2016                     | 2015              |
|  | (Unaudited)              | (Unaudited)       |
|  | HK\$'000                 | HK\$'000          |
| The Group's profit before tax has been arrived at after charging/(crediting):                      |                          |                   |
| Depreciation of property, plant and equipment  |                          |                   |
| – Owned assets   | 272                      | 187               |
| – Leased assets  | 92                       | 92                |
| Fair value loss on equity investment at fair value through profit or loss ( <i>note 11</i> )       | 3,730                    | –                 |
| Interest income  | (242)                    | (198)             |
| Interest income and other income from the amount due from Beijing Zhongzheng ( <i>note 10(a)</i> ) | (3,402)                  | –                 |
| Fair value gain on investment properties   | (2,323)                  | –                 |
|  | <u>          </u>        | <u>          </u> |

## 6. Finance Costs

|                            | Six months ended 30 June |                   |
|----------------------------|--------------------------|-------------------|
|                            | 2016                     | 2015              |
|                            | (Unaudited)              | (Unaudited)       |
|                            | HK\$'000                 | HK\$'000          |
| Interest on finance leases | 7                        | 12                |
| Interest on bank loan      | 7,068                    | 5,603             |
|                            | <u>          </u>        | <u>          </u> |
|                            | <u>7,075</u>             | <u>5,615</u>      |

## 7. Income Tax Expense

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2016 and 2015.

Taxes on profits in respect of the Group companies operating elsewhere have been calculated at the rates of tax prevailing in the respective tax countries/jurisdictions in which they operate based on existing legislation, interpretations and practices in respect thereof.

|                                 | <b>Six months ended 30 June</b> |                    |
|---------------------------------|---------------------------------|--------------------|
|                                 | <b>2016</b>                     | <b>2015</b>        |
|                                 | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
|                                 | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
| Current tax:                    |                                 |                    |
| Hong Kong                       | –                               | –                  |
| PRC                             | <u>(73)</u>                     | <u>18</u>          |
|                                 | <b>(73)</b>                     | <b>18</b>          |
| Deferred tax                    | <u><b>581</b></u>               | <u>–</u>           |
| Total tax charge for the Period | <u><b>508</b></u>               | <u><b>18</b></u>   |

## 8. Dividends

The directors do not recommend the payment of an interim dividend for the Period (2015: Nil).

## 9. (Loss)/earning Per Share

### (i) Basic (loss)/earning per share

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

|   | <b>Six months ended 30 June</b> |                         |
|---|---------------------------------|-------------------------|
|   | <b>2016</b>                     | <b>2015</b>             |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>      |
| (Loss)/profit for the Period attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation (HK\$'000) | <u><b>(233)</b></u>             | <u><b>4,877</b></u>     |
| Weighted average number of ordinary shares in issue during the Period used in basic (loss)/earnings per share calculation (in thousand)                 | <u><b>3,317,045</b></u>         | <u><b>2,544,788</b></u> |

(ii) *Diluted (loss)/earning per share*

No adjustment has been made to the basic (loss)/earning per share for the periods ended 30 June 2016 and 2015 in respect of a dilution because there were no potentially dilutive events existed during the Period.

**10. Prepayments, Deposits and Other Receivables**

|   | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Prepayments   |  |  |
| – Prepaid design fee (the “Prepaid Design Fee”) for the Luoyang Properties ( <i>note (a)</i> )                              | 1,540  | 1,482  |
| – Prepaid renovation and improvement cost (the “Prepaid Renovation Costs”) for the Guangzhou Properties ( <i>note (b)</i> ) | 70,369   | 68,449                                       |
| – Others  | 802  | 926  |
| Deposits  | 15,774   | 274  |
| Other receivables   |  |  |
| – Due from the Subscriber ( <i>note (c)</i> )   | 14,701   | 29,003                                       |
| – Due from Beijing Zhongzheng ( <i>note (d)</i> )   | 34,691   | 31,755                                       |
| – Others  | 19,150   | 604  |
|   | <u>157,027</u>                                       | <u>132,493</u>                               |
| Less: Non-current portion   |  |  |
| Prepaid Design Fee and Prepaid Renovation Costs classified as non-current portion   | (71,909)   | (69,931)                                     |
| Current portion   | <u>85,118</u>  | <u>62,562</u>                                |

*Notes:*

- (a) The Prepaid Design Fee represented a design fee paid to a construction consultant, an independent third party, for its investment properties located in Luoyang (the “Luoyang Properties”) with a total contract sum of RMB11,000,000 (equivalent to approximately HK\$12,773,000). As at 30 June 2016, an aggregate amount of RMB1,327,000 (equivalent to approximately HK\$1,540,000) has been prepaid by the Group to the consultant for preparation of the design work.

- (b) On 28 August 2015, the Group entered into a properties renovation, improvement and upgrading contract (裝修及設備改造項目工程施工合同) (the “Renovation Contract”) with 北京吉彩裝飾工程有限公司 (“北京吉彩”, a related company of the Company, of which Mr. Han Junran (“Mr. Han”), a director and substantial shareholder of the Company and his closely family members are the ultimate shareholders, for the renovation, improvement and upgrading of its investment properties located in Guangzhou (the “Guangzhou Properties”) (the “Properties Improvement”) with a total contract sum (the “Contract Sum”) of RMB133,500,000 (equivalent to approximately HK\$155,020,000). Pursuant to the Renovation Contract, the Group is required to pay a prepayment (the “Prepaid Renovation Costs”) of RMB80,100,000, being 60% of the Contract Sum, to 北京吉彩 with the remaining 35% and 5% of the Contract Sum payable upon completion and user acceptance of the Properties Improvement and 10 days after the 2 years’ maintenance period, respectively. The renovation period is from 15 September 2015 to 15 September 2017. As at 30 June 2016, an aggregate amount of RMB60,600,000 (equivalent to approximately HK\$70,369,000) has been prepaid by the Group to 北京吉彩 which is guaranteed by 北京貝盟國際建築裝飾工程有限公司, an independent third party (the “Guarantor”) pursuant to an agreement (the “Three Parties Agreement”) entered into between the Group, 北京吉彩 and the Guarantor on 28 August 2015 whereby the Guarantor irrevocably guarantees and undertakes to procure 北京吉彩 to execute and fulfill its duties and responsibilities (the “Duties”) under the Renovation Contract. Upon 北京吉彩’s failure to perform its Duties, the Guarantor shall (i) repay to the Group the Prepaid Renovation Costs; and (ii) perform the Duties on behalf of 北京吉彩 at the Group’s request. On 15 March 2016, the Group further entered into an agreement with Mr. Han pursuant to which, Mr. Han further guarantees the responsibilities and duties of the Guarantor under the Three Parties Agreement.
- (c) Amount represented balance of the deemed receivable from the Company for the issuance of 136,060,042 shares at a subscription price of HK\$0.247 per share to the Subscriber for his undertaking of the settlement for the Company of the Judgement Debt which was estimated to be RMB27,660,000 (equivalent to approximately HK\$33,607,000) in respect of the Litigation filed by Shanghai Fudan.

As detailed in notes 13 to this announcement, the Judgement Debt was finally agreed to be RMB27,000,000 and RMB15,000,000 of which has been settled by the Subscriber to Shanghai Fudan as at 30 June 2016 with the remaining balance will be settled by 2 quarterly installments on 30 September and 31 December 2016, respectively.

*Terms in Capital Letters are defined in note 13 to this announcement.*

- (d) Amount represented the Judgement Debt recoverable from Beijing Zhongzheng in respect of the Litigation filed by Shanghai Fudan.

As detailed in note 13 to this announcement, subsequent to the end of the reporting period in March 2016, Beijing Zhongzheng agreed to fully pay back the Judgement Debt to the Company together with (i) an interest at 15% per annum; and (ii) a fixed sum of RMB5,000,000 (equivalent to approximately HK\$5,806,000) as compensation which shall be settled on or before 7 March 2018 and is guaranteed by 北京桑普新源技術有限公司, an independent third party. Accordingly, the Directors are of the opinion that the Judgement Debt will be fully recovered from Beijing Zhongzheng and no further provision of the Litigation was recognised in the consolidated statement of profit or loss during the six months ended 30 June 2016.

*Terms in Capital Letters are defined in note 13 to this announcement.*

## 11. Equity Investment at Fair Value through Profit or Loss

|   | At<br>30 June<br>2016<br>(Unaudited)<br><i>HK\$'000</i> | At<br>31 December<br>2015<br>(Audited)<br><i>HK\$'000</i> |
|---|---|---|
| Listed equity investment, at market value in Taiwan | <u>33,423</u>   | <u>36,976</u>   |

The fair value of the equity investment as at 30 June 2016 was determined based on the quoted market bid price available on The Taiwan Stock Exchange resulting with a loss on equity investment at fair value through profit or loss of approximately HK\$3,730,000 (note 5). The above equity as at 30 June 2016 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

## 12. Share Capital

|  | 30 June<br>2016<br>(Unaudited)<br><i>HK\$'000</i> | 31 December<br>2015<br>(Audited)<br><i>HK\$'000</i> |
|--|---|---|
| Authorised:                                      |   |   |
| 10,000,000,000 ordinary shares of HK\$0.004 each | <u>40,000</u>                                     | <u>40,000</u>                                       |
| Issued and fully paid:                           |   |   |
| 3,317,045,040 ordinary shares of HK\$0.004 each  | <u>13,268</u>                                     | <u>13,268</u>                                       |

### Authorised share capital

|                                    | Number of<br>shares<br>'000 | <i>HK\$'000</i> |
|------------------------------------|-----------------------------|-----------------|
| At 1 January 2016 and 30 June 2016 | <u>10,000,000</u>           | <u>40,000</u>   |

### Issued and fully paid

|                                    | Number of<br>shares<br>'000 | Share<br>capital<br><i>HK\$'000</i> | Share<br>premium<br>account<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|------------------------------------|-----------------------------|-------------------------------------|--|--------------------------|
| At 1 January 2016 and 30 June 2016 | <u>3,317,045</u>            | <u>13,268</u>                       | <u>457,758</u>                                 | <u>471,026</u>           |

### 13. Litigations

The Company and 北京中証房地產開發有限公司 (literally translated as Beijing Zhong Zheng Real Estate Development Company Limited) (“Beijing Zhongzheng”), an ex-subsiary of the Company which was disposed of in 2010, received a civil summons dated 15 May 2014 from the Higher People’s Court of Beijing City (the “Higher Court”), pursuant to which, an application for retrial of a civil court case (the “Litigation”) had been filed by 上海復旦光華信息科技股份有限公司 (literally translated as Shanghai Fudan Guanghua Information Technology Company Limited) (“Shanghai Fudan”). The Litigation was stemmed from a series of civil court proceedings commenced by Shanghai Fudan in Beijing No. 1 Intermediate People’s Court and the other courts in the PRC since 2003 which alleged that Beijing Zhongzheng had failed to perform its obligation under a sale contract dated 27 June 2002 for selling certain real properties (the “Properties Transactions”) in the PRC to Shanghai Fudan at a consideration of US\$1,755,432 (equivalent to approximately HK\$13,605,000) entered into between Beijing Zhongzheng and Shanghai Fudan (the “Allegation”). The Company became one of defendants as Shanghai Fudan claimed that Mr. Leung Kwo (梁戈) (“Mr. Leung”), the ex-director and former chairman of the Company, entered into a guarantee agreement (the “Guarantee Agreement”) with Shanghai Fudan on 28 June 2002 for and on behalf of the Company, pursuant to which, the Company acted as a guarantor to guarantee Shanghai Fudan that Beijing Zhongzheng should perform its obligation under the Properties Transactions.

In view of the Litigation, the directors of the Company (the “Directors”) have conducted extensive investigations, in which (i) the Directors have inspected all the minutes of the meetings of its board of directors from the date of its incorporation to the end of year 2013 to see if the Allegation has ever been brought to the attention of the Directors, (ii) the Directors have contacted the key management personnel of Beijing Zhongzheng for ascertaining the merits of the Allegation, (iii) the Directors have discussed in their meeting to determine the financial impact of the Litigation and the Allegation, and (iv) sought for legal advices from the lawyers in the Cayman Islands and the PRC (collectively, the “Lawyers”) in respect of the Litigation. From such investigations, the Company found that (i) there was no record showing that the Allegation has ever been brought to the attention of the Directors and they did not approve and sign the Guarantee Agreement, (ii) Beijing Zhongzheng was aware of the Allegation and Litigation, but it has no records in respect of the sales of the Properties Transactions or the receipt of the sales proceeds as alleged in the Litigation.

On 29 July 2015, the Company received, through the Lawyer, the judgment dated 14 May 2015 (the “Judgment”) granted by the Higher Court in respect of the Litigation, pursuant to which, the Higher Court overruled its own judgment dated 26 July 2013 and upheld the judgment dated 10 November 2010 granted by Beijing No.1 Intermediate People’s Court. The Higher Court ruled that both the Properties Transactions and the Guarantee Agreement were legally effective. The Higher Court also ordered that both the Company and Beijing Zhongzheng shall be jointly liable to repay to Shanghai Fudan the sum of RMB14,529,886 together with interest accrued thereon from 1 July 2002 up to the date of payment (collectively, the “Judgment Debt”) (which was preliminary estimated by the Directors to be approximately RMB27,660,000 (equivalent to approximately HK\$33,607,000) (note 10(c)).

On 30 November 2015, the Company entered into a subscription agreement (the “Subscription Agreement”) with Mr. Zhu Ya Yong (朱亞勇) (the “Subscriber”), pursuant to which, the Subscriber agreed to negotiate with Shanghai Fudan for the entering into a debt settlement agreement between the Company, Shanghai Fudan and the Subscriber. It was intended that upon the completion of the debt settlement agreement, (i) the Company’s obligation to repay the Judgment Debt will be assumed or satisfied by the Subscriber; and (ii) the Company will be indebted to the Subscriber for a sum of HK\$33,606,830 which will be satisfied by way of the issuing of 136,060,042 shares of the Company at a subscription price of HK\$0.247 per share.

Subsequently, 北京億隆悅泰投資有限公司 (literally translated as Beijing Yi Long Yuet Thai Investments Limited (“Beijing Yi Long”), a related company of the Subscriber) was nominated by the Subscriber for the negotiation with Shanghai Fudan and reached a settlement of the Judgment Debt at an aggregate amount of RMB27,000,000 (equivalent to approximately HK\$31,352,000). Accordingly, the Company entered into a debt settlement agreement (執行和解協議) (the “Debt Settlement Agreement”) with Shanghai Fudan and Beijing Yi Long on 9 December 2015, pursuant to which, the amount of the Judgment Debt was agreed at RMB27,000,000 (equivalent to approximately HK\$31,352,000) which is interest-free, guaranteed and secured by a property of Beijing Yi Long (the “Yi Long Property”) and (i) as to RMB3,000,000 (equivalent to approximately HK\$3,484,000) payable at the date of signing of the Debt Settlement Agreement; and (ii) the remaining balance of RMB24,000,000 (equivalent to approximately HK\$27,868,800) is repayable by 4 quarterly installments on 31 March, 30 June, 30 September and 31 December 2016, respectively. During the Period, the balance of RMB12,000,000 (equivalent to approximately HK\$13,934,400) was further settled.

On 30 December 2015, the Company further entered into an agreement (關於執行和解協議之四方協議) (the “Four Parties Agreement”) with the Subscriber, Beijing Yi Long and 北京創意金典投資諮詢服務有限公司 (“北京創意”), a company controlled by the Subscriber, pursuant to which, (i) the Subscriber undertakes the settlement of the Judgment Debt for the Company; (ii) Beijing Yi Long pledges the Yi Long Property to Shanghai Fudan as security against the Judgment Debt; and (iii) 北京創意 pays on behalf of the Subscriber RMB3,000,000 of the Judgment Debt. The Directors are of the opinion that upon the entering of the Four Parties Agreement, the Company’s obligation to repay the Judgment Debt has been assumed or satisfied by the Subscriber and therefore, the Company was indebted to the Subscriber in the sum of HK\$33,606,830 which was satisfied by the issuing of 136,060,042 shares of the Company at a subscription price of HK\$0.247 per share under the Subscription Agreement on 30 December 2015.

In view of the Litigation, the Directors have taken appropriate actions to negotiate with Beijing Zhongzheng for recovery of the Judgment Debt. On 7 March 2016, the Company entered into an agreement (關於支付承諾款項之三方協議) (the “Debt Recovery Agreement”) with Beijing Zhongzheng, pursuant to which, Beijing Zhongzheng agreed to fully pay back the Judgment Debt to the Company together with (i) an interest at 15% per annum; and (ii) a fixed fee of RMB5,000,000 (equivalent to approximately HK\$5,806,000) as compensation (collectively, the “Recoverable Debt”). The Recoverable Debt shall be settled on or before 7 March 2018 and is guaranteed by 北京桑普新源技術有限公司, an independent third party. The Directors are of the opinion that the Judgment Debt will be fully recovered by Beijing Zhongzheng and no further provision of the Litigation was

recognised in the consolidated statement of profit or loss during the year ended 31 December 2015 and the period ended 30 June 2016.

#### 14. Contingent Liabilities

On 1 February 2013, 洛陽萬亨置業有限公司 (“洛陽萬亨”), a subsidiary of the Company upon completion of the Faith Onward Acquisition, entered into a 國有建設用地使用權出讓合同 (the “Land Use Right Agreement”) with 洛陽國土資源局 (“國土局”) for the acquisition of a land use right at a consideration of approximately RMB31,270,000 (equivalent to approximately HK\$36,311,000). Pursuant to the Land Use Right Agreement, 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”) calculated at 0.1% on the consideration of the land use right will be imposed by 國土局 if the completion of the construction is fall beyond the Construction Period. The land use right may also be forfeited by 國土局 if the construction has not been completed beyond 60 days of Construction Period. The construction of the Luoyang Properties has yet been commenced as at the date of this announcement. The Directors have sought a legal advice from a PRC lawyer and are of the opinion that the delay of the construction of the Luoyang Properties was due to the changing of land policy from the Luoyang government and the risk for the Penalty is minimal. Accordingly, no provision in respect of the Penalty, if any, has been included in the Unaudited Condensed Consolidated Interim Financial Statements as at 30 June 2016.

#### 15. Operating Lease Commitments

##### As lessor

The Group leases its investment properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 5 years.

At 30 June 2016 and 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

|   | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Within one year                         | 19,124   | 14,627                                       |
| In the second to fifth years, inclusive | 13,757   | 14,074                                       |
|   | <u>32,881</u>  | <u>28,701</u>                                |

##### As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 2 years.



At 30 June 2016 and 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

|   | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Within one year                         | <b>1,542</b>   | 665  |
| In the second to fifth years, inclusive | <b>1,413</b>   | 85   |
|   | <b><u>2,955</u></b>                                  | <u>750</u>                                   |

## 16. Other Commitments

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitment as at 30 June 2016.

### (a) Proposed acquisition

On 8 November 2013, the Group entered into a co-operation agreement (the “Agreement”) with an independent third party (the “Vendor”) and Qingdao Chengtai Real Estate Development Company Limited 青島成泰房地產開發有限公司 (“Qingdao Chengtai”). Pursuant to which, the Group will acquire (the “Qingdao Acquisition”) the entire equity interest in Qingdao Chengtai in 2 phases at a consideration (the “Consideration”) of RMB200,000,000 (equivalent to approximately HK\$232,240,000), subject to the upward adjustment.

The principal assets of Qingdao Chengtai is a leasehold land (the “Land”) located in Qingdao City, Shangdong Province, the PRC which is intended for the development of real estate (the “Project”).

For the first phase (the “1st Phase”) of the Qingdao Acquisition, the Group shall acquire 65% equity interest in Qingdao Chengtai when, among other things, the planning approval of the Project is obtained from the relevant government authorities, which should be completed on or before 8 July 2014. For the second phase (the “2nd Phase”) of the Qingdao Acquisition, the Group shall acquire the remaining 35% equity interest in Qingdao Chengtai when the Project has been completed.

The Consideration shall be satisfied by (i) as to RMB80,000,000 (equivalent to approximately HK\$92,896,000) by cash and payable upon the completion of the 1st Phase; and (ii) as to RMB120,000,000 (equivalent to approximately HK\$139,344,000), subject to an upward adjustment, by transferring the corresponding parts of the real estate of the Project which worth RMB120,000,000 (equivalent to approximately HK\$139,344,000) and payable upon the completion of the 2nd Phase.

On 29 January 2015, the Group entered into a supplemental agreement with the Vendor to extend the completion date of the 1st Phase of the Qingdao Acquisition to 30 June 2015. On 19 June 2015, the Group further entered into a second supplemental agreement with the Vendor to further extend the completion date of the 1st Phase of the Qingdao Acquisition to 30 June 2016. As at the date of this announcement, both of the 1st Phase and the 2nd Phase of the Qingdao Acquisition have not been completed. The Board is considering whether to proceed or to terminate the Company's investment in this project. Further disclosure will be made when appropriate.

**(b) 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. As at the of this announcement, none of the RMB340,000 (equivalent to approximately HK\$395,000) being the capital to be contributed by the Group has been injected by the Company to the Shanghai Subsidiary through NC Fortune Medicare.

**(c) Capital commitments**

|  | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|--|--|--|
| Contracted, but not provided for   |  |  |
| Construction design contract for the Luoyang Properties<br><i>(note 10(a))</i> | <b>11,233</b>  | 11,455                                       |
| Renovation Contract for the Guangzhou Properties<br><i>(note 10(b))</i>        | <b>84,651</b>  | 88,560                                       |
|  | <b>95,884</b>  | 100,015                                      |

**17. Comparative amounts**

Certain comparative amounts have been reclassified to conform with the current period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group recorded a turnover of approximately HK\$16,874,000 and recorded a loss after tax of approximately HK\$272,000 for the six months ended 30 June 2016.

### **PROSPECT AND OUTLOOK**

The Group's wholly-owned subsidiary Guangdong Changliu which is currently the Group's main operating unit. Currently, global economy shows a sign of overall weakness. The Group has suffered from reduction in the rental and related management service income from Changliu. The Group is of the view that such situation brings both pros and cons. With appropriate measures, the Company can benefit from such situation. The Group decided to initiate a massive renovation on the original projects for an improvement in rental value. The Company will divert its management resources to achieve better results.

In the meantime, the Group will gather certain acquisitions, including but not limited to real estate development and educational culture related business, for providing the Company opportunities to increase its future revenue source while reducing its dependence on the rental income solely generated from its investment properties in Guangzhou Changliu.

The Company continues its focus on city development and identifies business opportunities along with its long established development strategy. Going forward, urbanization is believed to be the prominent direction of economic growth in China and will offer tremendous business opportunities for the Group. Accordingly, the Group shall actively explore profitable projects including real estate developments; educational culture related business and integrated services and management for environmental cities. In November 2013, the Group entered into an agreement to acquire a parcel of land for scientific research use in Qingdao City Centre, the PRC. The Group undertook active steps for construction planning approval. Communication with relevant government is in progress, so that amendments and adjustments will be made according to the overall planning opinion from the government. The Group will continue to build strategic business alliance with various professional enterprises, so that all parties can contribute their proficiencies and efforts for conducting business in the arena of city development. In this way, the Company's financial performance can be strengthened and optimal benefits will be brought to its shareholders.

### **FINANCIAL REVIEW**

During the Period under review, the Group has turnover and net loss for the Period amounted to approximately HK\$16,874,000 and HK\$272,000 respectively, whereas the Group had turnover and net profit for the first half of 2015 was approximately HK\$21,033,000 and HK\$4,877,000, respectively. Basic loss per share for the period was HK\$0.01 cents (Basic earning per share for six months ended 30 June 2015 was HK\$0.19 cents ).

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2015: Nil).

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

As at 30 June 2016, the Group had obligations under hire purchase contract of approximately HK\$184,000 (2015: HK\$344,000).

As at 30 June 2016, the Group's total assets was approximately HK\$1,034,513,000 (2015: approximately HK\$766,038,000) and total liabilities were of approximately HK\$410,610,000 (2015: approximately HK\$318,231,000). As at 30 June 2016, the cash and bank balances was approximately HK\$70,121,000 (2015: approximately HK\$17,185,000) and the current ratio (current assets/current liabilities) was 3.88 as at 30 June 2016 (2015: 0.78).

## **GEARING RATIO**

The gearing ratio (net debt/capital and net debt) was 0.23 as at 30 June 2016 (2015: 0.22).

## **LITIGATION**

Details of an outstanding litigation are disclosed in note 13 to this announcement.

## **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 assess exchange risks.

## **CAPITAL STRUCTURE**

The movement of the capital structure of the Company during the Period is detailed in note 12 to this announcement.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2016, 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 separate 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, three Independent Non-executive Directors did not attend the annual general meeting of the Company held on 3 June 2016. 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 2016, the Group has employed about 50 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 2016, the investment properties were secured for bank borrowings. And the finance lease payable was secured by the leased motor vehicle with a carrying amount of HK\$183,628.

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

The Company did not have any significant investments or material acquisitions and disposals for the six months ended 30 June 2016.

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

The Company had not redeemed any of its shares during the six months ended 30 June 2016. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30 June 2016.

## CONTINGENT LIABILITIES AND LITIGATION

Details of the contingent liabilities and litigation are set out in notes 13 and 14 to this announcement.

## OPERATING LEASE COMMITMENTS

### As lessor

The Group leases its investment properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 5 years.

At 30 June 2016 and 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

|   | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Within one year                         | 19,124   | 14,627                                       |
| In the second to fifth years, inclusive | 13,757   | 14,074                                       |
|   | <u>32,881</u>  | <u>28,701</u>                                |

## As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 2 years.

At 30 June 2016 and 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

|   | <b>30 June<br/>2016<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2015<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Within one year                         | 1,542  | 665  |
| In the second to fifth years, inclusive | 1,413  | 85   |
|   | <u>2,955</u>   | <u>750</u>                                   |

## OTHER COMMITMENT

Except for the other commitments as detailed in note 16 to this announcement, the Group did not have any commitment as at 30 June 2016.

## 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 period ended 30 June 2016.

## 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 unaudited interim financial statements for the six months ended 30 June 2016.

## BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Han Junran (Chairman), Mr. Fu Yiu Kwong, 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.

## **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 2016 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, 11 August 2016