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 REPORT 2019

CONTENTS

INTERIM RESULTS

The Board of Directors (the "Board") of New City Development Group Limited (the "Company") are pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019 (the "Period") with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**59,332**	62,296
Investment properties	*13*	**1,151,363**	810,436
Right-of-use assets		**1,690**	—
Investments in associates		**—**	11,500
Financial assets at fair value through other comprehensive income ("FVTOCI")		**—**	—
Prepayments, deposits and other receivables	*14*	**142,091**	139,958
		1,354,476	1,024,190
CURRENT ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	*15*	**33,753**	34,594
Inventories		**7,660**	11,460
Trade receivables	*16*	**3,715**	—
Prepayments, deposits and other receivables	*14*	**131,111**	20,375
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
		197,486	237,241
CURRENT LIABILITIES			
Accruals and other payables		**240,403**	22,695
Deposits received		**13,960**	11,500
Borrowings	*17*	**5,582**	2,847
Lease liabilities		**2,248**	557
Due to a non-controlling shareholder		**5,723**	6,165
Due to related parties		**581**	581
Due to a director		**1,692**	1,680
		270,189	46,025

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
NET CURRENT (LIABILITIES)/ASSETS		**(72,703)**	191,216
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,281,773**	1,215,406
NON-CURRENT LIABILITIES			
Borrowings	*17*	**379,455**	315,961
Lease liabilities		**3,076**	3,129
Convertible notes	*18*	**—**	41,769
Deferred tax liabilities		**165,065**	165,341
		547,596	526,200
NET ASSETS		**734,177**	689,206
EQUITY			
Equity attributable to owners of the Company			
Share capital	*19*	**14,459**	13,919
Reserves		**703,620**	675,484
		718,079	689,403
Non-controlling interests		**16,098**	(197)
TOTAL EQUITY		**734,177**	689,206

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 notes reserve (Unaudited) *HK$'000*	Statutory reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
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	**13,919**	**492,472**	**4,755**	**(38,010)**	**2,355**	**18,604**	**195,217**	**689,312**	**(197)**	**689,115**
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)**
	540	**44,265**	**–**	**(1,706)**	**(2,355)**	**–**	**(11,977)**	**28,767**	**16,295**	**45,062**
At 30 June 2019	**14,459**	**536,737**	**4,755**	**(39,716)**	**–**	**18,604**	**183,240**	**718,079**	**16,098**	**734,177**
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)
	400	21,205	–	(6,262)	653	–	(14,750)	1,246	(1,397)	(151)
At 30 June 2018	13,668	478,963	4,755	(18,903)	653	18,604	166,805	664,545	(959)	663,586

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET CASH USED IN OPERATING ACTIVITIES	**(35,034)**	(28,711)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(2,030)**	(760)
Interest received	**81**	11
Acquisition of a subsidiary	**352**	—
NET CASH USED IN INVESTING ACTIVITIES	**(1,597)**	(749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible note	**—**	35,000
Repayment of borrowings	**—**	(1,777)
Principal elements of lease payment	**(1,129)**	—
Interest paid	**(13,027)**	(8,384)
Other financing cash flow	**(326)**	1,239
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(14,482)**	26,078
DECREASE IN CASH AND CASH EQUIVALENTS	**(51,113)**	(3,382)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**72,603**	35,684
Effect of foreign exchange rate changes	**(1,092)**	(453)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**20,398**	31,849
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**20,398**	31,849

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

Consolidated statement of financial position

	31 December 2018 *HK$'000*	Adoption of HKFRS 16 *HK$'000*	1 January 2019 *HK$'000*
Assets			
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
	1,261,431	2,562	1,263,993
Liabilities			
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
	572,225	2,653	574,878
Net assets	689,206	(91)	689,115
Equity			
Share capital	13,919	—	13,919
Reserves	675,484	(91)	675,393
Non-controlling interests	(197)	—	(197)
Total equity	689,206	(91)	689,115

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:

	HK$'000
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	2,653
Lease liabilities as at 1 January 2019	2,653

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 *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2019	2,562	(6,339)
Depreciation	(872)	—
Interest expenses	—	(114)
Payments	—	1,129
At 30 June 2019	1,690	(5,324)

(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:

	Property development and investment	**Sales of buses**	**Total**
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2019			
Revenue from external customers	20,901	4,034	24,935
Segment profit	19,672	234	19,906
As at 30 June 2019			
Segment assets	1,151,363	11,375	1,162,738
Segment liabilities	13,406	554	13,960
Six months ended 30 June 2018			
Revenue from external customers	19,746	16,538	36,284
Segment profit	18,574	243	18,817
As at 31 December 2018	(Audited)	(Audited)	(Audited)
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	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit or loss		
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)
Consolidated loss before tax	**(8,936)**	(16,133)

Reconciliations of segment assets or liabilities:

	30 June	31 December
	2019	2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Assets		
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
Consolidated total assets	**1,551,962**	1,261,431

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

Geographical information

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

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

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:

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

6. OTHER INCOME

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
PRC	**—**	245

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)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,836**	483
Depreciation of right-of-use assets	**872**	—
Fair value loss on financial assets at FVTPL	**1,013**	12,325

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:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owner of the Company used in the basic loss per share calculation	**(11,977)**	(14,750)

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic loss per share calculation	**3,546,216,952**	3,320,359,957

(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. INVESTMENT PROPERTIES

	Properties at fair value (Unaudited) *HK$'000*	Properties at cost (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Completed project			
Carrying amount at 1 January 2019	740,090	—	740,090
Exchange realignment	(1,235)	—	(1,235)
Carrying amount at 30 June 2019	**738,855**	**—**	**738,855**
Incomplete project			
Carrying amount at 1 January 2019	—	70,346	70,346
Acquisition of a subsidiary	—	339,750	339,750
Additions	—	1,270	1,270
Exchange realignment	—	1,142	1,142
Carrying amount at 30 June 2019	**—**	**412,508**	**412,508**
Aggregate carrying amount			
Investment properties in Guangzhou (note(a))	738,855	—	738,855
Investment properties in Luoyang (note(b))	—	70,228	70,228
Investment properties in Zhuhai (note(c))	—	342,280	342,280
At 30 June 2019	**738,855**	**412,508**	**1,151,363**
Investment properties in Guangzhou (note(a))	740,090	—	740,090
Investment properties in Luoyang (note(b))	—	70,346	70,346
At 31 December 2018 (audited)	740,090	70,346	810,436

Notes:

(a) Investment properties in Guangzhou (the "Guangzhou Properties") are situated at Nos. 20-22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

At 30 June 2019, the Guangzhou Properties with carrying amount of approximately HK$738,855,000 (31 December 2018: HK$740,090,000) were pledged to secure bank borrowings, details of which are set out in note 17 to the Unaudited Condensed Consolidated Financial Statements.

Fair value hierarchy

As at 30 June 2019 and 31 December 2018, the fair value measurement of the Guangzhou Properties was using Level 3 — significant unobservable input.

There were no transfers in the fair value hierarchy between Level 1 and Level 2, or transfers into or out of Level 3.

Fair value measurement

The Guangzhou Properties are held for the purpose of generating rental income and/or for capital appreciation. The directors considered that the adoption of the income approach is appropriate in accessing the fair value of the Guangzhou Properties. Accordingly, the fair value of the Guangzhou Properties was determined based on the income approach.

Information about the Level 3 fair value measurements as follows:

Description	**Fair value** **30 June 2019** (Unaudited) *HK$'000*	 **31 December 2018** (Audited) *HK$'000*	**Valuation technique**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
Industrial properties	**738,855**	740,090	Income approach	Estimated rental income (per square metre and per month) with a range from RMB55 to RMB80	The higher the rental income, the higher the fair value
				Discount rate at 4.5%	The higher the discount rate the lower the fair value

There were no changes in the valuation techniques used.

(b) 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, the PRC. The Luoyang Properties were acquired through the acquisition of the subsidiaries during the year ended 31 December 2015. The Luoyang Properties comprise a parcel of land held under medium term leases with a site area of 69,942.185 square metres which can be developed into a total gross floor area of 173,724.12 square metres.

Its carrying amount comprised the land use right and directly attributable costs and was stated at acquisition cost of approximately RMB61,782,000 (equivalent to approximately HK$70,228,000 (31 December 2018: HK$70,346,000)), and less impairment, if any. The directors are of opinion that the construction planning of the Luoyang Properties has yet been determined as at 30 June 2019 and accordingly, its fair value cannot be measured reliably.

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, Luoyang Wan Heng 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 these Unaudited Condensed Consolidated Financial Statements, the construction plan of the Luoyang Properties has yet been approved by 洛陽規劃局.

In preparing these Unaudited 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.

At 30 June 2019, the Luoyang Properties with carrying amount of approximately HK$342,280,000 were pledged to secure bank borrowings, details of which are set out in note 17 to the Unaudited Condensed Consolidated Financial Statements.

(c) Investment properties in Zhuhai (the "Zhuhai Properties") represented the construction in progress of a parcel of land which are situated at the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province the PRC. The Zhuhai Properties were acquired through the acquisition of a subsidiary during the six months ended 30 June 2019. The Zhuhai Properties comprise a parcel of land held under medium term leases with a site area of 11,956.46 square metres under State-owned Land Use Rights Certificate (國有土地使用證).

Its carrying amount comprised the land use right and directly attributable costs and was stated at cost of approximately RMB301,117,000 (equivalent to approximately HK$342,280,000), and less impairment, if any. The directors are of opinion that the construction of the Zhuhai Properties has yet been completed as at 30 June 2019 and accordingly, its fair value cannot be measured reliably.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

Notes:

(a) The prepaid professional fee represented design and environmental assessment fees paid to independent construction consultants for the Luoyang Properties with a total contract sum of RMB11,119,000 (equivalent to approximately HK$12,639,000) (31 December 2018: RMB11,119,000 (equivalent to approximately HK$12,660,000)). As at 30 June 2019, an aggregate amount of approximately RMB1,773,000 (equivalent to approximately HK$2,016,000) (31 December 2018: RMB1,720,000 (equivalent to approximately HK$1,959,000)) has been prepaid by the Group to the consultants for preparation of the work.

(b) The amount represented construction costs has been prepaid to independent construction companies for the Zhuhai Properties with an aggregate amount of approximately RMB59,921,000 (equivalent to approximately HK$68,112,000).

(c) The Group entered into a memorandum of understanding (the "Vision Products MOU") with Vision Products Limited ("Vision Products") on 20 June 2016, pursuant to which, the Group engaged Vision Products as a consultant to lead a project on the development of cultural business in different brands and icons that the Group believes which would further contribute to the value of the Group. Vision Products has the experience and track records of building up cultural products and design of branded products and icons for various multinationals which are very popular in Europe and other markets worldwide. Pursuant to the Vision Products MOU, the Group has made deposit of approximately HK$5,980,000 (the "Vision Deposit") to Vision Products for its exclusive development for themed business so as to achieve their objective and target, (i) the attraction of family-based target consumer group with exclusive procurement of cultural products; (ii) promotion of different themes to the Group; and (iii) the nurture for people and family- based audience to become aware of our brands, products and the Group.

The Group has further taken this opportunity to leverage the expertise of Vision Products to contribute to the renovation of the Guangzhou Properties for upgrading it with new edge concept and value enhancement in collaboration with 廣州市青年設計師協會 ("GZYDA") in contributing to the design conceptualisation into the properties improvement. To ensure the technical, engineering and construction requirement can be performed to express the design conceptualisation created by Vision Products and GZYDA, Vision Products would have to seek qualified engineering company to lead the renovation for the Group's final decision and appointment.

However, in order to ensure the Group is having the financial strength and have specifically reserved the funding for such appointment of a well-qualified engineering company for the project, Vision Products has requested for a refundable deposit of approximately HK$49,520,000 (the "Escrow Amount") be escrowed for the specific purpose of construction cost involved in the renovation project so these contractors being approached by Vision Products would be comfortable and the necessary funding can be swiftly transferred to the selected contractor to fix the cost of the renovation upon the completion of the formal appointment with the selected contractor. The Group would then have a direct contractual relationship with the selected contractor being appointed.

As at 30 June 2019 and 31 December 2018, the Escrow Amount was held by an independent contractor as deposit for project development of Guangzhou properties of the Group.

(d) On 1 October 2017, Guangdong Changliu Investment Company Limited (廣東暢流投資有限公司) ("Guangdong Changliu"), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the "Cooperation Agreement") with 珠海市潤珠商貿有限公司 ("珠海潤珠"), a company established in the PRC and the beneficial owner of 珠海市柏林國際酒店 ("柏林酒店"), pursuant to which Guangdong Changliu has agreed to enter into a cooperation arrangement with 珠海潤珠 for leasing the hotel premises of 柏林酒店, at monthly rental of RMB131,000 (equivalent to approximately HK$149,000) for a period of 15 years from 1 October 2017 to 30 September 2032, with a rent-free period of six months from the date of the Cooperation Agreement in return to participate in the financial management function of 柏林酒店 and share 85% of its profits for a period from 1 October 2017 to 30 September 2032 (the "Cooperation"). Under the Cooperation Agreement, Guangdong Changliu is required to invest a fund amounting to RMB35,000,000 (equivalent to approximately HK$39,785,000) (the "Investment Fund") within 30 days from the date of the Cooperation Agreement, solely for the purposes of renovation, purchases of equipment and facilities for 柏林酒店.

The Cooperation Agreement was subsequently supplemented on 31 December 2017, to further elaborate the nature and function of the Investment Fund and attach additional conditions to the Cooperation. Pursuant to the Cooperation Agreement as supplemented, the parties therein agreed that (i) the amount of Investment Fund made by Guangdong Changliu would be regarded as an earnest money paid for the proposed Cooperation and subject to satisfaction of the conditions precedent including the average occupancy rate of 柏林酒店 would be reached 80% or above during the pilot run period from 1 January 2018 to 31 December 2018 ("Pilot Run Period"); and (ii) the Investment Fund would be repayable upon request together with interest of 8% accrued thereon in the event that the average occupancy rate of 柏林酒店 was below 80% during the Pilot Run Period. During the year ended 31 December 2018, the Group entered into an extension agreement with 珠海潤珠 to extend the Pilot Run Period for one year to 31 December 2019.

(e) The amount represented outstanding receivables from 北京中証房地產開發有限公司("北京中証", a former subsidiary of the Company which was disposed of in 2010) as a result of the following sequence of events.

The Company 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 ("上海復旦"). The Litigation was stemmed from a series of civil court proceedings commenced by 上海復旦 in Beijing No. 1 Intermediate People's Court and the other courts in the PRC since 2003 which alleged that 北京中証 had failed to perform its obligation under a sale contract dated 27 June 2002 entered into between 北京中証 and 上海復旦 for selling certain real properties (the "Properties Transactions") in the PRC to 上海復旦 at a consideration of approximately US$1,755,000 (equivalent to approximately HK$13,710,000) (the "Allegation"). The Company became one of defendants as 上海復旦 claimed that Mr. Leung Kwo (梁戈) ("Mr. Leung"), a former director and chairman of the Company, entered into a guarantee agreement (the "Guarantee Agreement") with 上海復旦 on 28 June 2002 for and on behalf of the Company, pursuant to which, the Company acted as a guarantor to guarantee 上海復旦 that 北京中証 should perform its obligation under the Properties Transactions.

In view of the Litigation, the directors of the Company have conducted extensive investigations, in which the directors have (i) 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 identify if the Allegation has ever been brought to the attention of the directors; (ii) contacted the key management personnel of 北京中証 for ascertaining the merits of the Allegation; (iii) 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; and (ii)北京中証 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 北京中証 shall be jointly liable to repay to 上海復旦 the sum of approximately RMB14,530,000 (equivalent to approximately HK$16,516,000) together with interest accrued thereon from 1 July 2002 up to the date of payment (collectively, the "Judgment Debt") (which was preliminarily estimated by the directors to be approximately RMB27,660,000 (equivalent to approximately HK$31,441,000)).

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 上海復旦 for the entering into a debt settlement agreement between the Company, 上海復旦 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 approximately HK$33,607,000 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 ("北京億隆"), a related company of the Subscriber) was nominated by the Subscriber for the negotiation with 上海復旦 and reached a settlement of the Judgment Debt at an aggregate amount of RMB27,000,000 (equivalent to approximately HK$30,691,000). Accordingly, the Company entered into a debt settlement agreement (執行和解協議) (the "Debt Settlement Agreement") with 上海復旦 and 北京億隆 on 9 December 2015, pursuant to which, the amount of the Judgment Debt was agreed at RMB27,000,000 (equivalent to approximately HK$30,691,000) which is interest-free, guaranteed and secured by a property of 北京億隆 (the "Yi Long Property") and (i) as to RMB3,000,000 (equivalent to approximately HK$3,410,000) payable at the date of signing of the Debt Settlement Agreement; and (ii) the remaining balance of RMB24,000,000 (equivalent to approximately HK$27,281,000) repayable by 4 quarterly installments on 31 March, 30 June, 30 September and 31 December 2016, respectively.

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, 北京億隆 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) 北京億隆 pledges the Yi Long Property to 上海復旦 as security against the Judgment Debt; and (iii) 北京創意 pays on behalf of the Subscriber RMB3,000,000 (equivalent to approximately HK$3,410,000) of the Judgement 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 approximately HK$33,606,000 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 北京中証 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 北京中証, pursuant to which, 北京中証 agreed to fully repay 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$5,684,000) 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 ("北京桑普"), an independent third party.

On 1 March 2018, the Company entered into a supplementary agreement (關於延期支付承諾款項之三方補充協議) (the "Debt Recovery Supplementary Agreement") with 北京中証 and 北京桑普 to further extend the settlement date of Recoverable Debt on or before 7 March 2020 by 北京中証 and 北京桑普 continues to be the guarantor of the Recoverable Debt.

The recoverability of the Recoverable Debt is also guaranteed by Mr. Han, who is responsible for its collection pursuant to a guarantee agreement entered into between Mr. Han and the Company dated 28 March 2019.

15. FINANCIAL ASSET AT FVTPL

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
Listed equity investment, at market value in Taiwan	**33,753**	34,594

The fair value of the equity investment as at 30 June 2019 was determined based on the quoted market bid price (level 1 fair value measurement) available on The Taiwan Stock Exchange.

16. TRADE RECEIVABLES

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

	30 June 2019 (Unaudited) *HK$'000*	31 December 2018 (Audited) *HK$'000*
Within 6 months	**3,715**	—

17. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED

	Effective interest rate (%)	Maturity	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Bank loan — CZBANK Loan *(note (a))*	8.085%	2,030	**318,276**	318,808
Bank loan — DGBANK Loan *(note (b))*	12%	2,022	**66,761**	—
			385,037	318,808
Analysed into:				
Repayable:				
Within one year or on demand			**5,582**	2,847
In the second to fifth years, inclusive			**150,593**	68,316
Over five years			**228,862**	247,645
Total			**385,037**	318,808
Non-current portion			**(379,455)**	(315,961)
Current portion			**5,582**	2,847

Notes:

(a) On 20 June 2018, Guangdong Changliu entered into a loan agreement with China Zheshang Bank Co., Ltd. ("CZBANK"), pursuant to which, CZBANK agreed to grant a loan (the "CZBANK Loan") in the amount of RMB280,000,000 (equivalent to approximately HK$318,808,000) to Guangdong Changliu for a term of 12 years, which is secured by legal charges over the Guangzhou Properties and personal guarantee provided by Mr. Han. The CZBANK Loan bears interest at 8.085%, 165% of the benchmark annual lending and deposit rate of the People's Bank of China, which is repayable on a quarterly basis. The principal amount of the CZBANK Loan is repayable by 48 instalments starting from 20 September 2019 and will mature on 7 May 2030.

(b) On 30 April 2019, Zhuhai Teng Shun Industrial Company Limited (珠海市騰順實業有限公司) ("Zhuhai Teng Shun") entered into a loan agreement with Bank of Dongguan ("DGBANK"), pursuant to which, DGBANK agreed to grant a loan (the "DGBANK Loan") in the amount of RMB299,000,000 (equivalent to approximately HK$339,873,000) to Zhuhai Teng Shun for a term of 3 years, which is secured by legal charges over the Luoyang Properties and personal guarantee provided by Mr. Han. As at 30 June 2019, RMB58,732,000 (equivalent to approximately HK$66,761,000) was drawn by Zhuhai Teng Shun. The DGBANK Loan bears fixed interest at 12% which is repayable on a monthly basis. The principal amount of the DGBANK Loan will mature on 29 April 2022.

18. 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:

	30 June 2019 (Unaudited) ***HK$'000***	31 December 2018 (Audited) *HK$'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	**41,769**	—
Imputed interest charged	**681**	1,289
Conversion of CN1	**(42,450)**	(33,671)
Liability component at end of Period/year	**—**	41,769

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.

19. 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)	**10,000,000,000**	**40,000**
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 *(note (a))*	162,790,697	651
At 31 December 2018 and 1 January 2019 (audited)	3,479,835,737	13,919
Conversion of convertible notes (note (b))	**135,000,000**	**540**
At 30 June 2019 (unaudited)	**3,614,835,737**	**14,459**

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.

20. OTHER 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

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
	HK$'000	*HK$'000*
Construction design contracts for the Luoyang Properties	**10,622**	10,701

21. CONTINGENT LIABILITIES

Saved as disclosed in note 13(b) to the Unaudited Condensed Consolidated Financial Statements, the Group did not have any material contingent liabilities as at 30 June 2019.

22. 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:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Rental expenses paid to related/connected companies	**777**	777

23. ACQUISITION OF A SUBSIDIARY

On 22 May 2019, the Group acquired 15.88% of the issued share capital of 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:

	HK$'000
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)
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)
	501
Satisfied by:	
Call option designated at financial assets at FVTPL	25
Cash	476
	501
Net cash inflow arising on acquisition:	
Cash consideration paid	(476)
Cash and cash equivalents acquired	828
	352

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.

24. FAIR VALUE MEASUREMENTS

Except as disclosed in notes 13 and 15 to the Unaudited Condensed Consolidated Financial Statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

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.

Besides, 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% of the equity interest, upon completion of the acquisition, 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 was minimal adjusted. The Group is 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 change 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).

THE USE OF PROCEEDS

The net proceeds from the issuance of Convertible Notes, which were based on the respective conversion prices of HK$0.215 and HK$0.32, were approximately HK$35 million and HK$43 million respectively (the "Net Proceeds").

As disclosed in the announcements of the Company dated 16 May 2018 and 25 June 2018, the Company intended to use such net proceeds as general working capital for the Company to develop its existing and future business and for financing possible acquisition and investment opportunities of the Company.

The details of the intended use of the Net Proceeds, the actual use of the Net Proceeds up to 30 June 2019 and the remaining balance of the Net Proceeds as at 30 June 2019 are set out as follows:

	Intended use of the Net Proceeds	Actual use of the Net Proceeds up to 30 June 2019	Balance as at 30 June 2019
	HK$ million	*HK$ million*	*HK$ million*
General working capital to develop the Group's existing and future business	35.0	35.0	—
Possible acquisition and investment	43.0	30.9	12.1
Total	78.0	65.9	12.1

The Group will use the remaining net proceeds from the issuance of Conversion Notes in accordance with the purposes stated in the announcements of the Company dated 16 May 2018 and 25 June 2018.

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.

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 23, 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 21 to this announcement.

COMMITMENT

Except for the note 20, the Group did not have any commitment as at 30 June 2019.

OTHER INFORMATION

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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the underlying shares of the Company

Name of Director	Capacity	Number of underlying shares held	Approximate % of shareholding
Mr. Han Junran	Interests of controlled corporation	2,529,328,931[(1)]	69.97
	Beneficial owner	243,000,000	6.72

Note:

(1) Junyi Investments Limited (a company wholly-owned by Mr. Han Junran) held 2,529,328,931 Shares, representing 69.97% of the issued share capital. For the purposes of the SFO, Mr. Han Junran was deemed to be interested in the 2,529,328,931 Shares held by Junyi Investments Limited.

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executive of the Company, as at 30 June 2019, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name	Capacity	Number of underlying shares held	Approximate % of shareholding
Mr. Han Junran	Interests of controlled corporation	2,529,328,931[(1)]	69.97
	Beneficial owner	243,000,000	6.72
Junyi Investments Limited	Beneficial owner	2,529,328,931[(1)]	69.97
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP)	Person having a security interest	1,886,662,752[(2)]	52.19
Zhongtai International Asset Management Limited	Investment manager	1,886,662,752[(2)]	52.19

Notes:

(1) Junyi Investments Limited, a company incorporated with limited liability in the British Virgin Islands, is wholly-owned by Mr. Han Junran who is an Executive Director of the Company.

(2) The security interest of the 1,886,662,752 Shares is held by Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP), an investment fund managed by Zhongtai International Asset Management Limited.

Save as disclosed above, as at 30 June 2019, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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. Zhang Jing 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.

By Order of the Board
Han Junran
Chairman

Hong Kong, 30 August 2019