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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$91,764,000 (2017: HK$39,076,000)
- Profit for the year was approximately HK$13,711,000 (2017: HK$23,010,000)
- Earnings per share (basic) was 0.41 HK cents (2017: 0.70 HK cents)

FINAL RESULTS

The Board of Directors (the "Board") of New City Development Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2018 together with the comparative figures in 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	5	**91,764**	39,076
Cost of goods sold and services provided		**(51,781)**	(3,124)
Gross profit		**39,983**	35,952
Other income	6	**77,375**	31,697
Administrative and other operating expenses		**(67,436)**	(27,594)
Profit from operation		**49,922**	40,055
Finance costs	7	**(21,917)**	(13,952)
PROFIT BEFORE TAX		**28,005**	26,103
Income tax expense	8	**(14,294)**	(3,093)
PROFIT FOR THE YEAR	9	**13,711**	23,010
Profit for the year attributable to:			
Owners of the Company		**13,753**	23,274
Non-controlling interests		**(42)**	(264)
		13,711	23,010
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CENTS)			
Basic	10	**0.41**	0.70
Diluted	10	**0.41**	0.70

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**13,711**	23,010
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX:		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(25,962)**	37,034
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(12,251)**	60,044
Total comprehensive income for the year attributable to:		
Owners of the Company	**(11,616)**	60,041
Non-controlling interests	**(635)**	3
	(12,251)	60,044

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**62,296**	3,968
Investment properties	*12*	**810,436**	793,411
Investments in associates		**11,500**	—
Financial assets at fair value through other comprehensive income ("FVTOCI")		**—**	—
Available-for-sale financial assets		**—**	—
Prepayments, deposits and other receivables	*14*	**139,958**	206,027
		1,024,190	1,003,406
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		**34,594**	57,906
Inventories	*13*	**11,460**	—
Prepayments, deposits and other receivables	*14*	**20,375**	5,549
Due from associates		**97,257**	11
Due from a related company		**13**	11
Due from non-controlling shareholders		**939**	1,580
Cash and bank balances		**72,603**	35,684
		237,241	100,741
Current liabilities			
Accruals and other payables	*15*	**22,695**	21,307
Deposits received		**11,500**	9,156
Borrowings	*16*	**2,847**	3,597
Finance lease payables		**557**	—
Due to non-controlling shareholders		**6,165**	5,820
Due to related parties		**581**	612
Due to a director		**1,680**	1,560
Current tax liabilities		**—**	3,064
		46,025	45,116
Net current assets		**191,216**	55,625
Total assets less current liabilities		**1,215,406**	1,059,031

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Non-current liabilities			
Borrowings	*16*	**315,961**	236,183
Finance lease payables		**3,129**	—
Convertible notes	*17*	**41,769**	—
Deferred tax liabilities		**165,341**	159,111
		526,200	395,294
Net assets		**689,206**	663,737
Equity			
Equity attributable to owners of the Company			
Share capital	*18*	**13,919**	13,268
Reserves		**675,484**	650,031
		689,403	663,299
Non-controlling interests		**(197)**	438
Total equity		**689,206**	663,737

NOTES
For the year ended 31 December 2018

1. CORPORATE INFORMATION

New City Development Group Limited (the "Company") was incorporated in the Cayman Islands with limited liabilities on 10 August 1998. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business in Hong Kong is located at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 May 2000.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development and investment in the People's Republic of China (the "PRC") which have not been changed during the year.

In the opinion of the directors of the Company, as at 31 December 2018, Junyi Investments Limited, a company incorporated in the British Virgin Islands ("BVI") is the immediate and ultimate parent of the Company and Mr. Han Junran ("Mr. Han"), a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

3. Adoption of new and revised HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and
(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at FVTOCI or FVTPL, and
— those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income or administrative and other operating expenses in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

With respect to the financial assets classified as available-for-sale under HKAS 39, the Group elected to designate these investments as FVTOCI on 1 January 2018. The carrying amounts of these financial assets as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

With respect to the financial assets classified as loans and receivables (which were measured at amortised cost) and financial assets measured at FVTPL under HKAS 39, the Group has assessed the business model under which the financial assets are managed and its contractual cash flow characteristics, and these financial assets will continue with their respective classification and measurements upon the adoption of HKFRS 9, and the carrying amounts of these financial assets as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 January 2018 and the initial adoption of HKFRS 9 did not have impact on the Group's opening retained profits.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. The initial adoption of HKFRS 15 did not have impact on the Group's opening retained profits and how the Group recognises its revenue.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKAS 28	Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially adopted in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or finance leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 21(b) to this announcement, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$2,816,000 as at 31 December 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK (IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. OPERATING SEGMENT INFORMATION

For the year ended 31 December 2018, the Group is engaged in property development and investment in PRC and trading of buses. Accordingly, there are two reportable segments to be presented.

For the year ended 31 December 2017, the Group is engaged in a single operating segment, being property development and investment in PRC. As a result, no segment information to be presented in 2017.

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. Segment profits or losses do not include unallocated other income, administrative and other operating expenses, finance costs and income tax expense. Segment assets do not include unallocated property, plant and equipment, investments in associates, financial assets at FVTOCI, financial assets at FVTPL, prepayments, deposits and other receivables, 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, finance lease payables, amounts due to non-controlling shareholders, related parties and a director, convertible notes, current tax liabilities and deferred tax liabilities.

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

	Property development and investment	Sales of buses	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2018			
Revenue from external customers	**41,925**	**49,839**	**91,764**
Segment profit	**38,989**	**994**	**39,983**
As at 31 December 2018			
Segment assets	**810,436**	**11,460**	**821,896**
Segment liabilities	**11,500**	**—**	**11,500**

Reconciliations of segment profit or loss:

	2018
	HK$'000
Profit or loss	
Total profit of reportable segments	**39,983**
Other income	**77,375**
Administrative and other operating expenses	**(67,436)**
Finance costs	**(21,917)**
Consolidated profit before tax	**28,005**

Reconciliations of segment assets or liabilities:

	2018
	HK$'000
Assets	
Total assets of reportable segments	**821,896**
Property, plant and equipment	**62,296**
Investments in associates	**11,500**
Financial assets at FVTPL	**34,594**
Prepayments, deposits and other receivables	**160,333**
Due from associates	**97,257**
Due from a related company	**13**
Due from non-controlling shareholders	**939**
Cash and bank balances	**72,603**
Consolidated total assets	**1,261,431**
Liabilities	
Total liabilities of reportable segments	**11,500**
Accruals and other payables	**22,695**
Borrowings	**318,808**
Finance lease payables	**3,686**
Due to non-controlling shareholders	**6,165**
Due to related parties	**581**
Due to a director	**1,680**
Convertible notes	**41,769**
Deferred tax liabilities	**165,341**
Consolidated total liabilities	**572,225**

Geographical information

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

	2018
	HK$'000
Hong Kong	**49,839**
PRC	**41,925**
Consolidated total revenue	**91,764**

For the year ended 31 December 2018, over 90% of the Group's non-current assets (excluding 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 was disclosed.

For the year ended 31 December 2017, over 90% of the Group's non-current assets (excluding investments in associates, available-for-sale financial assets and prepayments, deposits and other receivables) are located in the PRC and over 90% of the revenue are generated in the PRC. Accordingly, no further geographical information of non-current assets and revenue was disclosed.

Revenue from major customers:

	2018
	HK$'000
Sales of buses	
Customer a	**18,650**
Customer b	**17,432**

Rental income and related management service income:

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

5. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Products transferred at a point in time:		
Sales of buses	**49,839**	—
Services transferred over time:		
Rental income and related management service income	**41,925**	39,076
	91,764	39,076

6. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Dividend income	**4,694**	—
Interest income	**6,548**	8,397
Fair value gain on financial assets at FVTPL	**—**	17,112
Fair value gain on investment properties	**56,930**	—
Gain on bargain purchases on acquisition of an associate	**9,189**	—
Net foreign exchange gains	**—**	6,188
Others	**14**	—
	77,375	31,697

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowings	**20,530**	13,950
Interest on convertibles notes	**1,289**	—
Finance lease charges	**98**	2
	21,917	13,952

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**—**	3,341
Under-provision in prior years	**61**	52
	61	3,393
Deferred tax	**14,233**	(300)
	14,294	3,093

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year.

PRC Enterprise Income Tax has been provided at a rate of 25% (2017: 25%).

9. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging / (crediting):

	2018	2017
	HK$'000	*HK$'000*
Allowance for doubtful debts	**5,700**	—
Auditor's remuneration		
— Current	**550**	500
— Under-provision in prior year	**—**	172
	550	672
Cost of services provided	**51,781**	3,124
Depreciation of property, plant and equipment		
— Owned assets	**5,432**	430
— Leased assets	**86**	92
	5,518	522
Staff cost (including directors' remuneration):		
— Salaries, bonuses and allowances	**11,941**	11,975
— Contributions to defined contribution retirement plan	**611**	626
	12,552	12,601
Minimum lease payments under operating leases on land and buildings*	**1,894**	1,663
Net foreign exchange losses / (gains)	**4,203**	(6,188)
Fair value loss / (gain) on financial assets at FVTPL	**21,662**	(17,112)
Fair value (gain) / loss on investment properties	**(56,930)**	1,199

* Minimum lease payments under operating leases on land and buildings included rental for a director quarter of approximately HK$624,000 (2017: HK$624,000).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2018 and 2017.

The calculation of basic earnings per share is based on:

	2018	2017
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company, used in the basic earnings per share calculation	**13,753**	23,274

	Number of shares	
	2018	2017
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**3,381,141,886**	3,317,045,040

As the conversion of the Group's outstanding convertible notes for the year ended 31 December 2018 would be anti-dilutive, no diluted earning per share to be presented.

No adjustment has been made to the basic earnings per share for the year ended 31 December 2017 in respect of a dilution as there were no potentially dilutive ordinary shares in issue during the year ended 31 December 2017.

11. DIVIDENDS

The directors did not recommend any dividend for the year ended 31 December 2018 (2017: Nil).

12. INVESTMENT PROPERTIES

	The Guangzhou Properties at fair value		The Luoyang Properties at cost		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Completed project						
Investment properties in Guangzhou *(note (a))*						
At 1 January	**719,340**	667,892	**—**	—	**719,340**	667,892
Fair value of gains / (losses)	**56,930**	(1,199)	**—**	—	**56,930**	(1,199)
Exchange differences	**(36,180)**	52,647	**—**	—	**(36,180)**	52,647
At 31 December	**740,090**	719,340	**—**	—	**740,090**	719,340
Incomplete project						
Investment properties in Luoyang *(note (b))*						
At 1 January	**—**	—	**74,071**	68,659	**74,071**	68,659
Exchange differences	**—**	—	**(3,725)**	5,412	**(3,725)**	5,412
At 31 December	**—**	—	**70,346**	74,071	**70,346**	74,071
Total carrying amount at 31 December	**740,090**	719,340	**70,346**	74,071	**810,436**	793,411

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.

The fair value of the Guangzhou Properties has been assessed by Ravia Global Appraisal Advisory Limited ("Ravia Global") (2017: Access Partner Consultancy & Appraisals Limited), an independent valuer, by using the income approach to be RMB650,000,000 (equivalent to approximately HK$740,090,000) (2017: RMB600,000,000 (equivalent to approximately HK$719,340,000)) as at 31 December 2018.

At 31 December 2018, the Guangzhou Properties with carrying amount of approximately HK$740,090,000 (2017: HK$719,340,000) were pledged to secure bank borrowings, details of which are set out in note 16 to this announcement.

(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, 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$70,346,000 (2017: HK$74,071,000)), and less impairment, if any. The directors are of opinion that the construction planning of the Luoyang Properties has yet been determined as at 31 December 2018 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$35,604,000), 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 閒置土地調查通知書 (the "Notice of Investigation of Idle Land") 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. The Group expected to commence work at the end of 2017. 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.

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

In preparing the 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 31 December 2018 and 2017.

Impairment assessment of the Luoyang Properties

The recoverable amount of the Luoyang Properties has been assessed by Ravia Global, as at 31 December 2018. No impairment in respect of the Luoyang Properties has been provided as the recoverable amount of the Luoyang Properties was higher than its carrying amount as at 31 December 2018 (2017: Nil).

13. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Buses	**11,460**	—

At 31 December 2018 the carrying amount of inventories were stated at cost in which approximately HK$3,800,000 (2017: Nil) held by the Group under finance leases.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Prepayments		
— Prepaid professional fee for the Luoyang Properties	**1,959**	1,806
— Prepaid renovation and improvement costs of the Guangzhou Properties	**—**	47,154
— Others	**1,358**	780
Deposits held by		
— Vision Products Limited	**5,980**	5,980
— An independent contractor	**49,520**	49,520
— 珠海市潤珠商貿有限公司	**39,851**	41,962
— Zhuhai Teng Shun	**—**	11,989
— Others	**1,097**	289
Other receivables		
— Due from 北京中証房地產開發有限公司	**50,307**	47,616
— Others	**15,961**	4,480
	166,033	211,576
Less: Allowance for doubtful debts	**(5,700)**	—
	160,333	211,576
Less: Non-current portion	**(139,958)**	(206,027)
Current portion	**20,375**	5,549

15. ACCRUALS AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accrued expenses	**3,017**	5,415
Other payables	**9,713**	5,399
Due to 北京誠達順逸商貿有限公司	**9,965**	10,493
	22,695	21,307

16. BORROWINGS

	Effective interest rate	Maturity	**2018**	2017
			HK$'000	*HK$'000*
Bank loan — BOGZ Loan *(note (a))*	6.713%	2027	**—**	239,780
Bank loan — CZBANK Loan *(note (b))*	8.085%	2030	**318,808**	—
			318,808	239,780
Analysed into:				
Repayable:				
— Within one year or on demand			**2,847**	3,597
— In the second to fifth years, inclusive			**68,316**	59,945
— Over five years			**247,645**	176,238
Total			**318,808**	239,780
Less: Non-current portion			**(315,961)**	(236,183)
Current portion			**2,847**	3,597

Notes:

(a) On 7 July 2017, Guangdong Changliu entered into a loan agreement with Bank of Guangzhou ("BOGZ"), pursuant to which, BOGZ agreed to grant a loan (the "BOGZ Loan") in the amount of RMB200,000,000 (equivalent to approximately HK$239,780,000) to Guangdong Changliu for a term of 10 years, which is secured by legal charges over the Guangzhou Properties and personal guarantee provided by Mr. Han. The BOGZ Loan bears interest at 6.713%, 137% 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 BOGZ Loan is repayable by 20 instalments starting from January 2018 and will mature in July 2027.

(b) 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.

17. 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 element and an equity component, as follows:

	2018	2017
	HK$'000	*HK$'000*
Face value of convertible notes issued	**78,200**	—
Equity component	**(4,049)**	—
Liability component at the date of issue	**74,151**	—
Imputed interest charged	**1,289**	—
Conversion of CN1	**(33,671)**	—
	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.

The directors estimate the fair value of the liability component of the CN2 at 31 December 2018 approximately to be its fair value which has been calculated by discounting the future cash flows at the market rate (level 2 fair value measurements).

18. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.004 each		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**10,000,000,000**	**40,000**
Issued and fully paid:		
Ordinary shares of HK$0.004 each		
At 1 January 2017, 31 December 2017 and 1 January 2018	3,317,045,040	13,268
Conversion of convertible notes *(note)*	**162,790,697**	**651**
At 31 December 2018	**3,479,835,737**	**13,919**

Note:

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.

19. CONTINGENT LIABILITIES

Save as those disclosed in note 12 (b) to this announcement, the Group did not have any material contingent liabilities as at 31 December 2018 and 2017.

20. RELATED PARTY TRANSACTIONS

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

	2018	2017
	HK$'000	*HK$'000*
Rental expenses paid to related / connected companies	**1,542**	1,542

(b) Compensation of key management personnel of the Group:

	2018	2017
	HK$'000	*HK$'000*
Fees	**600**	600
Other emoluments		
salaries, wages and other benefits	**4,466**	5,014
contributions to defined contribution retirement plan	**79**	81
	4,545	5,095
	5,145	5,695

The number of directors, chief executive and key management personnel of the Group, whose remuneration / compensation fell within the following bands is as follows:

	2018	2017
HK$Nil to HK$1,000,000	**9**	8
HK$1,000,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$5,000,000	**—**	—
HK$5,000,001 to HK$10,000,000	**—**	—
Over HK$10,000,000	**—**	—
	10	10

21. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases the Guangzhou Properties (note 12(a)) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 6 years (2017: 1 to 5 years).

At 31 December 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**19,908**	24,771
In the second to fifth years, inclusive	**31,530**	21,221
	51,438	45,992

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 2 to 4 years (2017: 2 to 4 years).

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**1,904**	808
In the second to fifth years, inclusive	**912**	371
	2,816	1,179

22. OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 21 to this announcement, the Group had the following commitments at the end of the reporting period:

(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$1,139,000 (2017: HK$1,199,000)), 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 this announcement. As at 31 December 2018, none of the RMB340,000 (equivalent to approximately HK$387,000 (2017: HK$408,000)), being the contribution by the Group, has been injected by the Company to the Shanghai Subsidiary through NC Fortune Medicare.

(b) Capital commitments

	2018	2017
	HK$'000	*HK$'000*
Construction design contracts for the Luoyang Properties	**10,701**	11,525
Renovation and improvement costs for the Guangzhou Properties	**—**	3,000
	10,701	14,525

23. EVENTS AFTER THE REPORTING PERIOD

On 17 February 2019, the Very Best Investments Limited (the "Purchaser"), a subsidiary of the Company, entered into a sale and purchase agreement (the "Gold Channel Acquisition Agreement") with Junyi Investment Limited (the "Vendor"), the immediate and ultimate parent of the Company, and the Mr. Han (as guarantor of the Vendor). Pursuant to the Gold Channel Acquisition Agreement, the Group agree to acquire (i) the entire issued share capital of Gold Channel Holdings Limited (the "Target Company") and its subsidiaries, (collectively, the "Target Group"); and (ii) the amounts due to the Vendor of approximately HK$205,047,000 by the Target Group at a total consideration of HK$522,648,000 (the "Gold Channel Acquisition"). The Target Group is principally engaged in the property development and investment in the PRC.

On 15 March 2019, after having considered the status of the investment properties of Target Group, certain terms of the Gold Channel Acquisition Agreement may have to be re-considered. As negotiations may take time, the directors of the Company intends to suspend the Gold Channel Acquisition and as a result, the Purchaser, the Vendor and Mr. Han entered into a termination agreement (the "Termination Agreement") whereby the parties mutually agreed to terminate the Gold Channel Acquisition Agreement with effect from the date of the Termination Agreement.

Details of the above are set in the Company's announcements dated 18 February 2019 and 18 March 2019.

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

The Group recorded a turnover of approximately HK$91,764,000 and recorded a profit after tax of approximately HK$13,711,000 for the year.

Major business arrangements

Continuing Connected Transactions

On 31 May 2018, new tenancy agreements (the "New Tenancy Agreements") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarter and car parking space. The New Tenancy Agreements are for a term of two years commencing from 1 June 2018. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

OUTLOOK

The Group's wholly-owned subsidiary, Guangdong Changliu Investment Company Limited ("Changliu"), currently is the Group's main operating unit. Given that the steady growth in property market in China, and the completion of renovation project in Changliu Park in the near future, which was heavily invested by the Group, the Group's rental and related management service income from Changliu slightly increased as compared to last year. Leasing will continue to be the main commercial activity of Changliu, and the Group will also carry on business projects focusing on cultural industries in various forms in the park, we expect that the rental and other income from major cities in China will rise steadily in the coming year.

Furthermore, the Company has also invested in property development in Zhuhai and will continue to invest in the PRC, especially in other properties in Greater Bay Area, to explore new business profit models for culture and real estate.

The Company will focus on cultural and innovative projects in the coming year. We 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 our existing resources and property projects under progress in different regions, we, on one hand, will continue to participate in the property development market, and on the other hand, will integrate cultural features in our property development projects.

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

Besides, a subsidiary was established by the Group to launch and operate sale of buses. During the year under review, the business contributed approximately 49 million in turnover. It provides a new source of income and reduce the Group's reliance on the rental income from Changliu. We are optimistic about the company's prospects. The management will continue to strive for higher returns for the Group.

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

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditors, World Link CPA Limited ("World Link"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2018. The work performed by World Link in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by World Link on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Result

For the year under review, the Group reported a turnover which represented the rental income and related management service income and sales of buses of approximately HK$41,925,000 and HK$49,839,000 (2017: HK$39,076,000 and Nil). The Group's net profit for the year was approximately HK$13,711,000 (2017: HK$23,010,000). The basic earnings per share for the year was approximately 0.41 HK cents (2017: 0.70 HK cents). Administrative and other operating expenses was approximately HK$67,436,000 (2017: HK$27,594,000). Finance costs was approximately HK$21,917,000 (2017: HK$13,952,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2018, the Group had obligations under hire purchase contracts of approximately HK$3,686,000 (2017: Nil).

As at 31 December 2018, the Group's total assets were approximately HK$1,261,431,000 (2017: HK$1,104,147,000) and total liabilities were of approximately HK$572,225,000 (2017: HK$440,410,000). As at 31 December 2018, the cash and bank balances was approximately HK$72,603,000 (2017: HK$35,684,000) and the current ratio (current assets/ current liabilities) was 5.15 as at 31 December 2018 (2017: 2.23).

Pledge of Assets

As at 31 December 2018, the Group's investment properties located in Guangzhou (note 12(a)) were pledged to secure bank borrowing, details of which are set out in note 16 to this announcement. And the finance lease payable was secured by the leased motor vehicle and inventories under finance lease with a carrying amount of approximately HK$3,686,000 (2017: Nil).

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 33% as at 31 December 2018 (2017: 27%).

Capital Structure

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

Exchange Risks

The majority of the Group's operations are located in the PRC 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 and consider to hedge significant item should the need arise.

Dividends

The directors did not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

Prospect

The management of the Company continues to allocate resources mainly in city development and to identify business opportunities which are in line with its long established development strategy. Looking forward, the Group will adhere to its sale of buses business and cultural industry development plan implemented in the current year and actively develop the real estate development business and explore profitable projects in the design culture field, so as to enhance the Company's financial performance and generate optimal returns for its shareholders.

Employees

As at 31 December 2018, the Group has employed about 52 (2017: 50) employees in Hong Kong and 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.

Significant Investments and Material Acquisitions

The Group did not have any significant investments or acquisitions during the year ended 31 December 2018.

Contingent Liabilities

Details of the contingent liabilities are set out in notes 19 to this announcement.

Commitments

Details of the commitments are set out in notes 20 and 21 to this announcement.

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 year ended 31 December 2018.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions ("Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules of 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. 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.

In respect of Code Provision A.6.7 of the CG Code, three Independent Non-executive Director did not attend the annual general meeting of the Company held on 26 June 2018.

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 (the "Model Code"). Having made specific enquiry of the Directors, the Directors have complied with the Model Code throughout the year ended 31 December 2018.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of Hong Kong Exchanges and Clearing Ltd (www.hkex.com.hk) and the Company (www.newcitygroup.com.hk). The 2018 Annual Report will be despatched to the Company's shareholders on or before 30 April 2018 and will be available at the websites of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Chan Yiu Tung, Anthony, Mr. Leung Kwai Wah, Alex and Mr. Zhang Jing. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and the consolidated financial statements for the year ended 31 December 2018.

REMUNERATION COMMITTEE

Pursuant to the provisions of the Code as set out in Appendix 14 of the Listing Rules, the Board has established the Remuneration Committee. The Remuneration Committee comprises two independent non-executive Director, Mr. Chan Yiu Tung, Anthony as chairman and Mr. Leung Kwai Wah, Alex and the chairman of the Board, Mr. Han Junran who is an executive Director. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the members of the Board and the senior management and other related matters.

NOMINATION COMMITTEE

The Company has established a nomination committee and was chaired by the chairman of the Board, Mr. Han Junran, an executive Director. Other members of the Nomination Committee include three independent non-executive Directors, Mr. Leung Kwai Wah, Alex, Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The Nomination Committee is responsible for nominating potential candidates for directorship appointment and succession planning of the Board, reviewing the composition and structure of the Board regularly and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

BOARD OF DIRECTORS

As at the date of this announcement, the Company has (i) two executive directors, namely Mr. Han Junran (Chairman) and Mr. Luo Min; and (ii) four independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Dr. Ouyang Qingru, Mr. Leung Kwai Wah, Alex and Mr. Zhang Jing.

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

Hong Kong , 28 March 2019