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NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK\$98,607,000 (2023: HK\$172,926,000)
- Loss for the year was approximately HK\$136,522,000 (2023: HK\$141,766,000)
- Loss per share (basic) was 108.87 HK cents (2023: 138.53 HK cents)

FINAL RESULTS

The board of directors (the “**Board**”) of New City Development Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively known as the “**Group**”) for the year ended 31 December 2024 together with the comparative figures in 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	5	98,607	172,926
Cost of goods sold and services provided		<u>(48,805)</u>	<u>(93,055)</u>
Gross profit		49,802	79,871
Other income	6	1,880	14,311
Other gains and losses	7	29,747	(168,739)
Administrative and other operating expenses		(70,223)	(83,726)
Written off of property, plant and equipment		(38,585)	–
Impairment loss on intangible assets		(2,217)	(6,931)
Impairment loss on prepayment		(15,500)	–
Impairment loss on property under development		(54,637)	–
Impairment losses on deposits and other receivables		<u>(33,038)</u>	<u>(12,059)</u>
Loss from operations		(132,771)	(177,273)
Finance costs	8	<u>(13,913)</u>	<u>(23,512)</u>
Loss before tax		(146,684)	(200,785)
Income tax credit	9	<u>10,162</u>	<u>59,019</u>
Loss for the year	10	<u>(136,522)</u>	<u>(141,766)</u>
Loss for the year attributable to:			
Owners of the Company		(127,649)	(125,946)
Non-controlling interests		<u>(8,873)</u>	<u>(15,820)</u>
		<u>(136,522)</u>	<u>(141,766)</u>
Loss per share attributable to owners of the Company (HK cents)			
Basic and diluted	11	<u>(108.87)</u>	<u>(138.53)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK\$'000	HK\$'000
Loss for the year	(136,522)	(141,766)
Other comprehensive income for the year:		
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value on financial assets at fair value through other comprehensive income	–	(18,903)
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations	38,264	(11,081)
Reclassification of translation reserve upon disposal of a subsidiary	<u>(30)</u>	<u>–</u>
Total comprehensive income for the year	<u>(98,288)</u>	<u>(171,750)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	(78,089)	(158,392)
Non-controlling interests	<u>(20,199)</u>	<u>(13,358)</u>
	<u>(98,288)</u>	<u>(171,750)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		28,707	79,890
Investment properties	13	651,809	661,819
Intangible assets		–	3,274
Right-of-use assets		–	13
Investment in an associate		–	–
Deferred tax assets		43,178	39,723
		<u>723,694</u>	<u>784,719</u>
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		61,866	27,281
Prepayments, deposits and other receivables	14	367,101	426,080
Inventories	15	–	2,250
Properties under development		448,483	478,088
Due from related parties		194	194
Cash and bank balances		8,459	9,541
		<u>886,103</u>	<u>943,434</u>
Current liabilities			
Accruals and other payables	16	145,865	56,840
Deposits received		15,056	19,309
Borrowings	17	420,878	255,953
Lease liabilities		46	57
Due to non-controlling shareholders		5,112	3,086
Due to related parties		59,779	53,872
Due to a director		20,238	6,624
		<u>666,974</u>	<u>395,741</u>
Net current assets		<u>219,129</u>	<u>547,693</u>
Total assets less current liabilities		<u>942,823</u>	<u>1,332,412</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities			
Accruals and other payables	<i>16</i>	264,708	363,957
Borrowings	<i>17</i>	253,173	444,461
Lease liabilities		–	55
Deferred tax liabilities		151,534	152,213
		<u>669,415</u>	<u>960,686</u>
Net assets		<u>273,408</u>	<u>371,726</u>
Equity			
Equity attributable to owners of the Company			
Share capital	<i>18</i>	23,449	23,449
Reserves		304,492	382,611
		<u>327,941</u>	<u>406,060</u>
Non-controlling interests		<u>(54,533)</u>	<u>(34,334)</u>
Total equity		<u>273,408</u>	<u>371,726</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 and operation of Lifestyle Supermarket retail 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 2024, Junyi Investments Limited, a company incorporated in the British Virgin Islands (the “**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

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); HKFRS Sustainability Disclosure Standards; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These 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. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards 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 these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of liabilities as Current or Non-current
Hong Kong Interpretation 5 (“ HK Int 5 ”) (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) **New and revised HKFRS Accounting Standards in issue but not yet effective**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in property development and investment in PRC, and operation of lifestyle supermarket retail. Accordingly, there are two reportable segments to be presented for the directors, the chief operating decision maker to allocate resource.

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

The accounting policies of the operating segments are the same as those accounting policies of the Group to the consolidated financial statements. Segment profits or losses do not include unallocated other income, other gains and losses, administrative and other operating expenses, impairment losses on deposits and other receivables, impairment loss on prepayment, impairment loss on property under development, impairment loss on intangible assets and finance costs. Segment assets do not include unallocated property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at FVTPL, prepayments, deposits and other receivables, amounts due from related parties, and cash and bank balances. Segment liabilities do not include unallocated accruals and other payables, lease liabilities, amounts due to non-controlling shareholders, related parties and a director and deferred tax liabilities.

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

	Property development and investment <i>HK\$'000</i>	Operation of lifestyle supermarket retail <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024			
Revenue from external customers	54,587	44,020	98,607
Segment profit	38,861	10,941	49,802
As at 31 December 2024			
Segment assets	1,444,790	34,771	1,479,561
Segment liabilities	872,266	7,880	880,146
	Property development and investment <i>HK\$'000</i>	Operation of lifestyle supermarket retail <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023			
Revenue from external customers	56,051	116,875	172,926
Segment profit	43,437	36,434	79,871
As at 31 December 2023			
Segment assets	1,136,633	5,524	1,142,157
Segment liabilities	820,836	23,045	843,881

Reconciliations of segment profit or loss

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit or loss		
Total profit of reportable segments	49,802	79,871
Other income	1,880	14,311
Other gains and losses	29,747	(168,739)
Administrative and other operating expenses	(70,223)	(83,726)
Written off of property, plant and equipment	(38,585)	–
Impairment losses on deposits and other receivables	(33,038)	(12,059)
Impairment loss on prepayment	(15,500)	–
Impairment loss on property under development	(54,637)	–
Impairment loss on intangible assets	(2,217)	(6,931)
Finance costs	(13,913)	(23,512)
	<u>(146,684)</u>	<u>(200,785)</u>
Consolidated loss before tax	<u>(146,684)</u>	<u>(200,785)</u>

Reconciliations of segment assets or liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets		
Total assets of reportable segments	1,479,561	1,142,157
Property, plant and equipment	93	79,890
Intangible assets	–	3,274
Right-of-use assets	–	13
Deferred tax assets	43,178	39,723
Financial assets at FVTPL	61,866	27,281
Prepayments, deposits and other receivables	16,446	426,080
Due from related parties	194	194
Cash and bank balances	8,459	9,541
	<u>1,609,797</u>	<u>1,728,153</u>
Consolidated total assets	<u>1,609,797</u>	<u>1,728,153</u>
Liabilities		
Total liabilities of reportable segments	880,146	843,881
Accruals and other payables	219,534	296,639
Lease liabilities	46	112
Due to non-controlling shareholders	5,112	3,086
Due to related parties	59,779	53,872
Due to a director	20,238	6,624
Deferred tax liabilities	151,534	152,213
	<u>1,336,389</u>	<u>1,356,427</u>
Consolidated total liabilities	<u>1,336,389</u>	<u>1,356,427</u>

Geographical information

The Group's revenue from external customers were solely derived from PRC.

Over 90% of the Group's non-current assets (excluding intangible assets, right-of-use assets, investment in an associate and deferred tax assets) are located in PRC. Accordingly, no further geographical information of non-current assets was disclosed.

Revenue from major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 December 2024 (2023: Nil).

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Products transferred at a point in time:		
Sales from operation of supermarket retail in the PRC	44,020	116,875
Service transferred over time:		
Related management service income	24,812	24,728
Revenue from other sources:		
Rental income from investment properties	<u>29,775</u>	<u>31,323</u>
	<u>98,607</u>	<u>172,926</u>

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividend income	–	8,661
Interest income	348	4,817
Other income	<u>1,532</u>	<u>833</u>
	<u>1,880</u>	<u>14,311</u>

7. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net foreign exchange loss	(1,731)	(1,600)
Fair value gain/(loss) on investment properties	1,183	(166,751)
Fair value gain on financial assets at FVTPL	34,585	2,376
Fair value loss on shares subscription (<i>note 18</i>)	–	(2,764)
Gain on disposal of investment in a subsidiary	1,294	–
Written off on deposit and other receivables	(5,584)	–
	<u>29,747</u>	<u>(168,739)</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	45,482	45,305
Interest on lease liabilities	8	10
	<u>45,490</u>	<u>45,315</u>
Total borrowing costs	45,490	45,315
Less: amounts capitalised in the cost of qualifying assets	(31,577)	(21,803)
	<u>13,913</u>	<u>23,512</u>

9. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deferred tax	<u>10,162</u>	<u>59,019</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the years ended 31 December 2024 and 2023.

PRC Enterprise Income Tax has been provided at a rate of 25% (2023: 25%).

10. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	880	880
– Non-audit services	–	–
Cost of goods sold and services provided	48,805	93,055
Depreciation of property, plant and equipment	13,562	12,184
Depreciation of right-of-use assets	13	460
Amortisation of intangible assets	1,057	1,057
Short-term lease payments	26,790	17,332
Staff cost (including directors' remuneration)		
– Salaries, bonuses and allowances	20,369	19,878
– Contributions to defined contribution retirement plan	728	856
	<u>21,097</u>	<u>20,734</u>

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss 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 2024 and 2023.

The calculation of basic loss per share is based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u>(127,649)</u>	<u>(125,946)</u>
	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>117,245,044</u>	<u>90,917,239</u>

No diluted loss per share is presented as there were no potentially dilutive ordinary shares in issue as at 31 December 2024 (2023: Nil).

12. DIVIDENDS

The directors did not recommend any dividend for the year ended 31 December 2024 (2023: Nil).

13. INVESTMENT PROPERTIES

	Properties at fair value		Properties at cost		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Completed project						
Investment properties in Guangzhou						
At 1 January	594,229	786,094	–	–	594,229	786,094
Fair value gains/(losses)	1,183	(166,751)	–	–	1,183	(166,751)
Exchange differences	(10,050)	(25,114)	–	–	(10,050)	(25,114)
At 31 December	<u>585,362</u>	<u>594,229</u>	<u>–</u>	<u>–</u>	<u>585,362</u>	<u>594,229</u>
Incomplete project						
Investment properties in Luoyang						
At 1 January	–	–	67,590	69,931	67,590	69,931
Exchange differences	–	–	(1,143)	(2,341)	(1,143)	(2,341)
At 31 December	<u>–</u>	<u>–</u>	<u>66,447</u>	<u>67,590</u>	<u>66,447</u>	<u>67,590</u>
Total carrying amount at 31 December	<u>585,362</u>	<u>594,229</u>	<u>66,447</u>	<u>67,590</u>	<u>651,809</u>	<u>661,819</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	HK\$'000	HK\$'000
Prepayments		
– Prepaid for the Luoyang Properties	6,773	6,889
– Prepaid for the Zhuhai Properties	309,111	315,618
– Others	31,158	26,566
Less: Impairment loss on prepayment	(15,500)	–
	<u>331,542</u>	<u>349,073</u>
Deposits held by		
– 新澳中世紀國際貿易(北京)有限公司	20,000	20,000
– Others	993	1,072
Other receivables		
– Others	56,396	85,513
Less: Loss allowance for deposits and other receivables	(41,830)	(29,578)
	<u>35,559</u>	<u>77,007</u>
	<u>367,101</u>	<u>426,080</u>

15. INVENTORIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Retail merchandise	<u>–</u>	<u>2,250</u>

As at 31 December 2024 and 2023, all the inventories were stated at cost.

16. ACCRUALS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accrued expenses	13,418	19,185
Due to a former shareholder of Guangdong Changliu	4,033	5,580
Due to non-controlling interest of Zhuhai Teng Shun Industrial Company Limited (“Teng Shun”)	264,708	268,860
Other payables	<u>128,414</u>	<u>127,172</u>
	410,573	420,797
Less: Non-current portion	<u>(264,708)</u>	<u>(363,957)</u>
Current portion	<u>145,865</u>	<u>56,840</u>

17. BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured borrowings:		
Bank loan 1	391,947	402,518
Bank loan 2	28,286	28,772
Bank loan 3	<u>253,818</u>	<u>269,124</u>
	<u>674,051</u>	<u>700,414</u>
Analysed into:		
Repayable:		
– Within one year or on demand	420,878	255,953
– In the second to fifth years, inclusive	123,037	295,677
– Over five years	<u>130,136</u>	<u>148,784</u>
Total	674,051	700,414
Less: Non-current portion	<u>(253,173)</u>	<u>(444,461)</u>
Current portion	<u>420,878</u>	<u>255,953</u>

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>200,000,000</u>	<u>40,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.20 each		
At 1 January 2023	86,543,290	17,309
Issuance of new shares (<i>note</i>)	<u>30,701,754</u>	<u>6,140</u>
At 31 December 2023, 1 January 2024 and 31 December 2024	<u>117,245,044</u>	<u>23,449</u>

Note: Pursuant to the extraordinary general meeting of the Company passed on 3 November 2023, 30,701,754 new shares had been issued on the same date at a consideration of HK\$0.66 per share (approximately total HK\$20,264,000) to settle the amount due to director approximately amounted to HK\$17,500,000. The related loss approximately HK\$2,764,000 was recognised in the profit or loss during the year ended 31 December 2023.

19. CONTINGENT LIABILITIES

The subsidiaries of the Group, Guangdong Changyang and Guangdong Changliu, were the defendants in two legal actions involved a claim on breach of contract in relation to the acquisition of the entire equity interest for Guangzhou Lianwei Property Limited and Guangzhou Youchang Business Management Limited.

The first case has been made by 廣州市增城區人民法院 (Zengcheng People's Court*) that the Group has been adjudicated to pay the plaintiffs approximately RMB57 million (the "**Judgment Sum**"). The Group has appealed to 廣州市中級人民法院 (Guangzhou Secondary People's Court*), the court has upheld the decision.

The second case has been made by 廣州市增城區人民法院 (Zengcheng People's Court) that the Group has been adjudicated to pay the plaintiffs the additional overdue amount of approximately RMB24 million on top of the Judgment Sum.

* English for identification purpose

In respect of the above, for the first case, the Group has applied to the 廣州市高級人民法院 (Guangzhou High People’s Court*) (“**Guangzhou High Court**”) for a retrial, and the Guangzhou High Court has accepted the application and granted a stay of execution and held a hearing. As at the date of this announcement, a decision has yet to be made. For the second case, the Group had applied to the 廣州市中級人民法院 (Guangzhou Secondary People’s Court*) (“**Guangzhou Secondary Court**”), Guangzhou Secondary Court has accepted the application and granted a stay of execution. A hearing has been held, a decision has yet to be made as of the date of this announcement.

The Group has consulted its PRC legal adviser, and considered that, the Group has good merits in defending the actions.

20. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Fees	<u>180</u>	<u>1,303</u>
Other emoluments		
Salaries, wages and other benefits	4,239	4,224
contributions to defined contribution retirement plan	<u>30</u>	<u>32</u>
	<u>4,269</u>	<u>4,256</u>
	<u><u>4,449</u></u>	<u><u>5,559</u></u>

* *English for identification purpose*

21. OPERATING LEASE COMMITMENTS

(a) As lessor

Operating leases relate to investment property owned by the Group with lease terms of 1 to 10 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted minimum lease payments receivable on leases are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within first year	25,255	24,927
In the second year	22,783	13,327
In the third year	11,505	8,573
In the fourth year	5,960	7,749
In the fifth year	5,091	6,987
After five years	<u>23,090</u>	<u>20,329</u>
	<u><u>93,684</u></u>	<u><u>81,892</u></u>

(b) As lessee

The portfolio of short-term leases for certain of its offices which are regularly entered into by the Group during the years ended 31 December 2024 and 2023. As at 31 December 2024, the outstanding lease commitments is approximately HK\$642,000 (2023: HK\$378,000).

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

The Group recorded a revenue of approximately HK\$98,607,000 and recorded a loss after tax of approximately HK\$136,522,000 for the year ended 31 December 2024.

On 17 January 2025, subsequent to the reporting period, the Company entered into a subscription agreement with an independent third party to issue 21,000,000 new shares at HK0.325 per share, raising approximately HK\$6,825,000 in gross proceeds. The net proceeds of approximately HK\$6,625,000 are intended for general working capital purposes. The subscription was conditional upon the approval for listing and permission to deal in the subscription shares by the Listing Committee of the Stock Exchange. The condition was fulfilled, and the transaction was completed on 7 February 2025.

Major business arrangements

Continuing connected transactions

On 13 May 2024, 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 one year commencing from 1 June 2024. 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 AND PROSPECT

The Group’s wholly-owned subsidiary, Guangdong Changliu Investment Company Limited (“**Changliu**”), currently is the Group’s main operating unit. Profit generated from the rental and related management service of Changliu slightly increased as compared to last corresponding period. The leasing of Changliu will continue to be one of the Group’s main commercial activities. The Group expects that the rental income from Changliu will be maintainable in the coming year.

Since year 2019, the Group has adopted “New Day, New Life, New City” as the theme of its future development as part of the integration of property development and property management with daily needs in living. The Group will continue to identify and create synergy among its different business operations in Guangzhou, Zhuhai and Luoyang to implement the aforesaid theme.

Supermarket Business, PRC

Looking back to 2024, after the economic recovery of the supermarket business in Mainland China, the Group’s supermarket business in Mainland China has been adversely affected due to the adjustment of the macro economic conditions. In order to ensure a stable return rate of the supermarket business in Mainland China, the Group reduced its participation in the future development of the supermarket business in Mainland China to optimize the supermarket business channel in Mainland China.

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.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the revised construction plan submitted by the Group in early period. The Group expected the commence the work within 12 months after the date of the approval documents. In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2024, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

Property Development in Zhuhai, PRC

The development of the Zhuhai Property is part of the Group's commercial property development projects in the Great Bay Area that were scheduled in year 2020. In 2024, taking into account the adjustment of the property market environment in the PRC, the Group is monitoring the pace of development of the property market and will then decide on the next steps and development for that project. The Group holds an optimistic attitude towards the long term real estate market in China, but will also not overlook the market dynamics and will pay attention to the same in making the most favorable commercial decisions for the Company.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods"), to the amounts set out in the Group's latest draft financial statements for the year ended 31 December 2024. The work performed by McMillan Woods 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 McMillan Woods on the preliminary announcement.

FINANCIAL REVIEW

Results

For the year under review, the Group reported a turnover which represented the rental income and related management service income and retail and related income of approximately HK\$54,587,000 and HK\$44,020,000 (2023: HK\$56,051,000 and HK\$116,875,000). The Group's net loss for the year was approximately HK\$136,522,000 (2023: HK\$141,766,000). The basic loss per share for the year was approximately 108.87 HK cents (2023: loss per share 138.53 HK cents). Administrative expenses was approximately HK\$70,223,000 (2023: HK\$83,726,000). Finance costs was approximately HK\$13,913,000 (2023: HK\$23,512,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2024, the Group's total assets was approximately HK\$1,609,797,000 (2023: HK\$1,728,153,000) and total liabilities were of approximately HK\$1,336,389,000 (2023: HK\$1,356,427,000). As at 31 December 2024, the cash and bank balances was approximately HK\$8,459,000 (2023: HK\$9,541,000) and the current ratio (current assets/current liabilities) was 1.33 as at 31 December 2024 (2023: 2.38).

Pledge of Assets

As at 31 December 2024, the Group's investment properties located in Guangzhou were pledged to secure bank borrowings.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 78% as at 31 December 2024 (2023: 74%).

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.

Dividends

The directors did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

Employees

As at 31 December 2024, the Group has employed about 53 (2023: 53) 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.

Significant Investments and Material Acquisitions

The Group did not have any significant investments and material acquisitions during the year ended 31 December 2024.

Contingent Liabilities

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

Commitments

Details of the commitments are set out in note 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 2024.

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. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. 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.

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 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.newcitygroup.com.hk). The 2024 Annual Report will be despatched to our Shareholders on or before 30 April 2025 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 2024.

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, including Mr. Chan Yiu Tung, Anthony as chairman and Mr. Leung Kwai Wah, Alex, Mr. Han Junran who is an executive Director and Chairman of the Board. 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 Mr. Han Junran, an executive Director and Chairman of the Board. The Nomination Committee also include three independent non-executive Directors, namely Mr. Leung Kwai Wah, Alex, Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The Nomination Committee is responsible for, inter alia, 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) five independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Dr. Ouyang Qingru, Mr. Leung Kwai Wah, Alex, Mr. Zhang Jing and Mr. Luo Zhen.

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

Hong Kong, 31 March 2025