NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 0456)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$51,504,000 (2012: HK$45,575,000)
- Profit for the year was approximately HK$122,706,000 (2012: HK$164,363,000)
- Earnings per share (basic) was 4.82 HK cents (2012: 7.41 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 2013 together with the comparative figures in 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	3	**51,504**	45,575
COST OF SERVICES PROVIDED		**(3,656)**	(2,887)
GROSS PROFIT		**47,848**	42,688
Other income and gains	3	**150,321**	208,373
Administrative and other operating expenses		**(20,800)**	(17,354)
Finance costs	6	**(14,375)**	(16,403)
PROFIT BEFORE TAX	5	**162,994**	217,304
Income tax expense	7	**(40,288)**	(52,941)
PROFIT FOR THE YEAR		**122,706**	164,363
Attributable to:			
Owners of the Company	8	**122,706**	164,363
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**4.82 cents**	7.41 cents
Diluted		**4.82 cents**	6.67 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR	**122,706**	164,363
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**8,430**	3,631
Less: Income tax effect	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**8,430**	3,631
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**131,136**	167,994
Attributable to:		
Owners of the Company	**131,136**	167,994

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,516**	4,780
Investment properties	*11*	**714,240**	550,732
Total non-current assets		**717,756**	555,512
CURRENT ASSETS			
Trade receivable	*12*	**2,000**	2,000
Prepayments, deposits and other receivables	*13*	**10,750**	10,668
Cash and bank balances		**33,352**	46,740
Total current assets		**46,102**	59,408
CURRENT LIABILITIES			
Other payables and accruals	*14*	**17,792**	27,357
Deposits received		**7,165**	4,519
Finance lease payable		**143**	134
Interest-bearing bank and other borrowings, secured	*15*	**20,122**	12,273
Due to directors		**1,080**	1,234
Tax payable		**2,803**	1,359
Total current liabilities		**49,105**	46,876
NET CURRENT (LIABILITIES)/ASSETS		**(3,003)**	12,532
TOTAL ASSETS LESS CURRENT LIABILITIES		**714,753**	568,044
NON-CURRENT LIABILITIES			
Other payables	*14*	**–**	8,307
Finance lease payable		**420**	563
Interest-bearing bank and other borrowings, secured	*15*	**137,805**	153,732
Deferred tax liabilities		**157,277**	117,327
Total non-current liabilities		**295,502**	279,929
Net assets		**419,251**	288,115
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**10,179**	10,179
Reserves		**409,072**	277,936
Total equity		**419,251**	288,115

NOTES

1. CORPORATE INFORMATION

New City Development Group Limited (the "Company") is a limited liability company incorporated in Cayman Islands on 10 August 1998. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and its principal place of business in Hong Kong is situated at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Group's principal activity has not changed during the year and is engaged in property development and investment in the PRC.

The shares of the Company have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 May 2000.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the disclosure requirements of the predecessor Hong Kong Companies Ordinance, Cap 32. They have been prepared under the historical cost convention, except for investment properties, which has been measured at fair value.

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

Despite the fact that the Group had net current liabilities of HK$3,003,000 as at 31 December 2013, these consolidated financial statements have been prepared on the basis that the Group and the Company will continue to operate as a going concern. The directors are of the opinion that the Group and the Company are able to continue as a going concern and to meet in full their financial obligations. In view of the liquidity problems faced by the Group, the directors consider that (i) the Group may enlarge and strengthen its capital base through various fund raising exercises of the Company and (ii) funding from continuing financial supports has been provided by substantial shareholder of the Company, who has confirmed his willingness to continue financing the operation of the Group to meet its future obligation. Taking into consideration of the net assets value of the Group of HK$419,251,000 and the net current liabilities of HK$3,003,000, as at 31 December 2013 and a letter of support has been provided by substantial shareholder of the Company, the directors are of confident that the Group and the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements and it is reasonable to expect the Group and the Company to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group and the Company's liquidity position as at 31 December 2013.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognises, in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Emphasis of matters

Without qualifying their opinion, the auditors of the Company (the "Auditors") draw attention to note 2.1 to the consolidated financial statements in the annual report which indicates that the Group had net current liabilities of HK$3,003,000 as at 31 December 2013. The consolidated financial statements have been prepared on a going concern basis. As further detailed in note 2.1 to the consolidated financial statements in the annual report, the Auditors consider that the adoption of the going concern basis is appropriate as (i) the Group may enlarge and strengthen its capital base through various fund raising exercises of the Company and (ii) funding from continuing financial supports has been provided by substantial shareholder of the Company, who has confirmed his willingness to continue financing the operation of the Group to meet its future obligations. The Auditors consider that the fundamental uncertainty has been properly disclosed in the consolidated financial statements. The Auditors' report is not qualified in respect of the fundamental uncertainty relating to the going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13 and HKAS 1 Amendments, the adoption of these new and revised HKFRS has had no significant financial effect on these consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 Consolidation – Special Purpose Entities. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of application of HKFRS 10, the Group has changed the accounting policy with respect to determine which investees are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 35 to the consolidated financial statements in the annual report.

(c) HKAS 1 Amendments: Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on transaction of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 9	Financial Instruments[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities[1]
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions[2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]

HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption

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

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of property management services rendered and gross rental income received and receivable from the investment properties.

An analysis of revenue, other income and gains is as follows:

	2013	2012
	HK$'000	HK$'000
Revenue		
Property management fee income	**8,000**	8,000
Rental income and related management service income	**43,504**	37,575
	51,504	45,575
Other income and gains		
Write-back of other payables and accruals	**2,619**	613
Interest income	**946**	193
Gain on disposal of items of property, plant and equipment	**–**	150
Fair value gains on investment properties (note 11)	**146,644**	202,716
Gain on redemption of convertible bonds	**–**	2,259
Gain on bargain purchase	**–**	2,419
Others	**112**	23
	150,321	208,373
Total revenue, other income and gains	**201,825**	253,948

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about a major customer

Property management fee income

The major customer of the Group during the years ended 31 December 2013 and 2012 was Tong Sun Limited ("Tong Sun"), a subsidiary being disposed by the Group during the year ended 31 December 2010. The Group managed and operated a property for Tong Sun in the PRC at an annual management fee (the "Property Management Fee Income") of HK$8,000,000 payable on a quarterly basis for a term of 3 years commencing from January 2011.

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. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	HK$'000
Auditors' remuneration	**360**	300
Cost of services provided	**3,656**	2,887
Depreciation		
– owned assets	**1,213**	757
– leased assets	**184**	93
	1,397	850
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**7,999**	7,063
Pension scheme contributions	**236**	186
	8,235	7,249
Minimum lease payments under operating leases on land and buildings*	**1,065**	643
Write-off of property, plant and equipment	**36**	31
Rental income on investment properties included in the rental income and related management service income less direct opearting expenses of HK$2,445,000 (2012: HK$2,234,000)	**22,482**	19,741
Write-back of other payables and accruals (note 14)	**(2,619)**	(613)
Gain on redemption of convertible bonds	**–**	(2,259)
Gain on disposal of items of property, plant and equipment	**–**	(150)
Gain on bargain purchase	**–**	(2,419)
Fair value gains on investment properties (note 11)	**(146,644)**	(202,716)
Interest income	**(946)**	(193)

* Minimum lease payments under operating leases on land and buildings included rental for director quarter of HK$260,000 (2012: HK$11,500).

6. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
Bank and other borrowings, secured	**14,332**	13,948
Convertible bonds	**–**	2,353
Finance leases	**43**	26
Other payables	**–**	76
	14,375	16,403

7. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil).

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

	2013 HK$'000	2012 HK$'000
Current tax:		
Hong Kong	**–**	–
Elsewhere	**3,994**	2,570
	3,994	2,570
Deferred tax	**36,294**	50,371
Total tax charge for the year	**40,288**	52,941

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to effective tax rates, are as follows:

	2013		2012	
	HK$'000	**%**	**HK$'000**	%
Profit before tax	**162,994**		**217,304**	
Tax at the statutory tax rate	**40,121**	**24.6**	**53,154**	24.5
Income not subject to tax	**(1,451)**	**(0.9)**	**(3,122)**	(1.4)
Expenses not deductible for tax	**365**	**0.2**	**1,523**	0.7
Tax benefit not recognised	**1,136**	**0.7**	**1,036**	0.5
Underprovision in previous year	**117**	**0.1**	**350**	0.2
Tax charge at effective rate	**40,288**	**24.7**	**52,941**	24.5

As at 31 December 2013 and 2012, the Group has not provided deferred tax assets in respect of tax losses available for offsetting future assessable profits and accelerated depreciation calculated at the rate of 16.5% (2012: 16.5%) as follows:

	2013	2012
	HK$'000	HK$'000
Tax losses	**2,058**	1,028
Accelerated depreciation	**118**	12
	2,176	1,040

8. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2013 includes a profit of HK$11,177,000 (2012: loss of HK$1,458,000) which has been dealt with in the financial statements of the Company.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share amounts for the year ended 31 December 2012 was based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the effect of share consolidation and bonus issue during the year.

The calculations of basic earnings per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**122,706**	164,363

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,544,787,999**	2,218,250,355

No adjustment has been made to the basic earnings per share amounts for the year ended 31 December 2013 in respect of a dilution because there were no potentially dilutive ordinary shares in issue during the year.

For the year ended 31 December 2012, the calculation of diluted earnings per share amounts was based on the profit for the year attributable to ordinary equity holders of the Company as adjusted to reflect the interest on convertible bonds and the weighted average number of ordinary shares used in the basic earnings per share calculation as adjusted for the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share for the year ended 31 December 2012 is based on:

	2012
	HK$'000
Earnings	
Profit for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	164,363
Interest on convertible bonds *(note 6)*	2,353
Less: Tax effect for the interest on convertible bonds (16.5%)	(389)
Profit for the year attributable to ordinary equity holders of the Company before interest on convertible bonds	166,327

	Number of shares
	2012
Shares	
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	2,218,250,355
Effect on dilution – weighted average number of ordinary shares:	
– Convertible bonds	275,037,821
Weighted average number of ordinary shares in issue during the year used in diluted earnings per share calculation	2,493,288,176

10. DIVIDENDS

The directors did not recommend any dividend for the year ended 31 December 2013 (2012: Nil).

11. INVESTMENT PROPERTIES

	2013	2012
	HK$'000	HK$'000
Carrying amount at 1 January	**550,732**	–
Additions from acquisition of subsidiaries	–	338,494
Addition during the year	–	438
Change in fair value of investment properties (note 3)	**146,644**	202,716
Exchange realignment	**16,864**	9,084
Carrying amount at 31 December	**714,240**	550,732

Investment properties are situated in Nos. 20-22 Chigang West Road, Haizhu District, Guangzhou, Guangdong Province, PRC for rental purpose and are held under medium term lease.

Investment properties were leased to tenants for rental income and management service fee (note 3). The investment properties were stated at fair value at the end of the reporting period.

At 31 December 2013, the Group's investment properties with a carrying value of HK$714,240,000 (2012: HK$550,732,000) were pledged to secure bank borrowing, details of which are set out in note 15.

The fair value of the investment properties have been assessed by an independent valuer, Savills Valuation and Professional Services Limited, by using the direct comparsion approach to be RMB558,000,000 (equivalent to HK$714,240,000) as at 31 December 2013.

12. TRADE RECEIVABLE

	2013	2012
	HK$'000	HK$'000
Trade receivable	**2,000**	2,000
Impairment	**–**	–
	2,000	2,000

The trade receivable represented the property management fee income receivable from Tong Sun Limited ("Tong Sun"). The Group's services terms with Tong Sun are mainly on credit of 14 days.

Subsequent to the end of the reporting period, the trade receivable has been fully settled.

An aged analysis of the trade receivable as at the end of the reporting period, based on the date of invoice, is as follows:

	2013	2012
	HK$'000	HK$'000
Within 1 month	**2,000**	2,000

The aged analysis of the trade receivable that are not considered to be impaired is as follows:

	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**2,000**	2,000

Trade receivable represented an amount due from a single customer and the Group has a high concentration of credit risk accordingly. The trade receivable is non-interest bearing.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Prepaid administrative fee *(note 15)*	**5,932**	7,220
Prepayments	**397**	544
Deposits	**254**	148
Other receivables	**4,167**	2,756
	10,750	10,668

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. OTHER PAYABLES AND ACCRUALS

	2013 HK$'000	2012 HK$'000
Accrued expenses	**1,139**	657
Other payables	**622**	467
Loan from 誠達 *(note (a))*	**10,496**	24,920
Due to 誠達 *(note (b))*	**5,535**	9,620
	17,792	35,664
Less: Classified as non-current portion	**–**	(8,307)
Current portion	**17,792**	27,357

Notes:

(a) Amount represented a loan (the "誠達 Loan") obtained by Guangdong Changliu Investment Company Limited ("Changliu"), an indirect subsidiary of the Company, from 北京誠達順逸商貿有限公司, ("誠達") in June 2011 which is unsecured and bears interest (i) at the benchmark annual lending and deposit rate of the People's Bank of China for the first and second year; and (ii) at 130% of the benchmark annual lending and deposit rate of the People's Bank of China for the third year. The principal amount of the 誠達 Loan of RMB20,000,000 (equivalent to HK$24,920,000) is repayable by annual installment of approximately RMB6.67 million (equivalent to HK$8,306,667) each with the first repayment due in May 2012. During the year ended 31 December 2013, 誠達 has agreed to waive the interest on the 誠達 Loan from date of inception of the 誠達 Loan. Accordingly, the 誠達 Loan becomes interest-free and the interest accrued in the amount of HK$2,619,000 for the year 2011 and 2012 was written back to the consolidated statement of profit or loss during the year (note 5). As at 31 December 2013, an aggregate principal amount of RMB11,800,000 (equivalent to HK$14,424,000) of the 誠達 Loan has been settled.

(b) The amount due to 誠達 is unsecured, interest-free and repayable on demand.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED

	Effective interest rate (%)	Maturity	2013 HK$'000	2012 HK$'000
Bank loan – ICBC Loan *(note a)*	8.8%-9.2%	2021	**22,067**	23,275
Other loan – Sichuan Loan *(note b)*	8.8%-9.2%	2021	**135,860**	142,730
			157,927	166,005
Analysed into:				
Repayable:				
Within one year or on demand			**20,122**	12,273
In the second to fifth years, inclusive			**84,173**	80,915
Beyond five years			**53,632**	72,817
Total			**157,927**	166,005
Current portion			**(20,122)**	(12,273)
Non-current portion			**137,805**	153,732

Note:

The Company acquired a 100% equity interest in French Land Limited ("French Land"), Fudi International Holding Co., Limited ("Fudi") and Guangdong Changliu Investment Company Limited ("Changliu", together with French Land and Fudi, collectively the "Changliu Group") on 21 February 2012. All the bank and other borrowings of the Group were assumed from the acquisition of Changliu Group which are denominated in RMB and are secured by legal charges on the investment properties (note 11). Details of the secured interest-bearing bank and other borrowings are as follows:

(a) On 15 June 2011, Changliu entered into a loan agreement (the "ICBC Loan Agreement") with Industrial and Commercial Bank of China ("ICBC"), pursuant to which, ICBC agreed to grant a loan (the "ICBC Loan") in the amount of RMB140 million to Changliu with a term of 10 years. As at 31 December 2012, RMB19.7 million (equivalent to HK$24,546,200) of the ICBC Loan has been drawn down by Changliu. The ICBC Loan bears interest at the benchmark annual lending and deposit rate of the People's Bank of China and is payable by 120 monthly installments from July 2011 onwards.

(b) As for the undrawn balance of RMB120.3 million, ICBC has procured Sichuan Trust Co., Limited (the "Sichuan Trust") to enter into a loan agreement (the "Sichuan Trust Loan Agreement") with Changliu on 2 August 2011, pursuant to which, Sichuan Trust agreed to provide a loan in the amount of RMB$120.3 million (the "Sichuan Trust Loan") to Changliu with a term of 10 years. As at 31 December 2012, the Sichuan Trust Loan were fully drawn down by Changliu. The Sichuan Trust Loan bears interest at 120% of the benchmark annual lending and deposit rate of the People's Bank of China with the principal amount payable by 40 quarterly installments and interest payable on a monthly basis since August 2011.

In addition, ICBC charged (i) 30% of the interest on the ICBC Loan; and (ii) 10% of the interest on the Sichuan Trust Loan, as administrative fee for the arrangement of the ICBC Loan and the Sichuan Trust Loan, which in aggregate amounting to RMB7,543,640 (equivalent to approximately HK$9,399,000). As at 31 December 2012, the Group has fully prepaid the administrative fee to ICBC, which would be amortised to the consolidated statement of profit or loss at the effective interest rate over a 10-year period since 2011. During the year ended 31 December 2013, an amount of RMB1,159,870 (equivalent to approximately HK$1,288,000) (2012: RMB1,002,900, equivalent to approximately HK$1,250,000) was charged to the consolidated statement of profit or loss and the remaining balance of the prepaid administrative fee of RMB4,635,070 (equivalent to approximately HK$5,932,000) (2012: RMB5,794,940, equivalent to approximately HK$7,220,000) was recorded in the consolidated statement of financial position as "prepayments" (note 13).

16. SHARE CAPITAL

(a) Shares

	Company	
	2013	2012
	HK$'000	HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.004 each	**40,000**	40,000
Issued and fully paid:		
2,544,787,999 ordinary shares of HK$0.004 each	**10,179**	10,179

A summary movements of the Company's authorised share capital is as follows:

	Number of shares	**Authorised capital**
	'000	HK$'000
At 1 January 2012		
Ordinary shares of HK$0.001 each	10,000,000	10,000
Shares consolidation *(i)*	(7,500,000)	–
Ordinary shares of HK$0.004 each	2,500,000	10,000
Increase in the authorised share capital *(ii)*	7,500,000	30,000
At 31 December 2012 and 2013	10,000,000	40,000

A summary of the transactions in the Company's issued share capital is as follows:

	Number of shares in issue '000	**Issued capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2012				
Ordinary shares of HK$0.001 each	271,758	272	20,773	21,045
Shares consolidation *(i)*	(203,818)	–	–	–
Ordinary shares of HK$0.004 each	67,940	272	20,773	21,045
Bonus issue *(iii)*	135,879	544	(544)	–
Issue of new shares during the year:				
Open offer *(iv)*	520,869	2,084	60,420	62,504
Remuneration shares *(v)*	8,333	33	967	1,000
Subscription *(vi)*	1,112,500	4,450	129,050	133,500
	1,641,702	6,567	190,437	197,004
Share issue expenses	–	–	(1,403)	(1,403)
	1,641,702	6,567	189,034	195,601
Acquisition of subsidiaries *(vii)*	695,100	2,780	43,097	45,877
Exercise of warrants *(v)*	4,167	16	984	1,000
At 31 December 2012 and 2013	2,544,788	10,179	253,344	263,523

(i) Pursuant to an ordinary resolution passed on 12 January 2012, every four issued and unissued share of HK$0.001 each in the share capital of the Company was consolidated into one consolidated share (the "Consolidated Share") of HK$0.004. The board lot size for trading was changed to 20,000 Consolidated Share upon the share consolidation becoming effective.

(ii) Pursuant to an ordinary resolution passed on 12 January 2012, the authorised share capital of the Company was increased from HK$10,000,000 divided into 2,500,000,000 Consolidated Shares of HK$0.004 each to HK$40,000,000 divided into 10,000,000,000 Consolidated Shares of HK$0.004 each by the creation of additional 7,500,000,000 Consolidated Shares.

(iii) The Company issued 135,879,000 bonus shares at an issue price of HK$0.004 per share to the existing shareholders of the Company on the basis of two bonus shares for every existing Consolidated Share held by the shareholders on 21 February 2012.

(iv) On 20 January 2012, the Company made an open offer (the "Open Offer") on the basis of twenty three offer shares for every three Consolidated Shares held by the shareholders at a price of HK$0.12 per Offer Share. On 21 February 2012, a total of 520,869,500 Offer Shares were issued of which 88,300,000 and 405,674,059 shares were taken up by the Subscribers and the placing agent, respectively.

(v) A portion of the professional fee for resumption of trading of the Company's shares on the Stock Exchange of HK$500,000 was satisfied by the issue of remuneration warrants (the "Warrants") of the Company and HK$1,000,000 was satisfied by the issue of 8,333,333 Consolidated Shares at an issue price of HK$0.12 each. The Warrants and the Consolidated Shares were issued by the Company on 21 February 2012.

The fair value of the Warrants of HK$500,000 was included in warrant reserve in the consolidated statement of financial position at the issue date. The holders of the Warrants are entitled to subscribe for the Consolidated Shares at a subscription price of HK$0.12 per Consolidated Share. During the year ended 31 December 2012, the Warrants have been fully exercised into 4,166,666 Consolidated Shares with aggregate proceeds of HK$500,000.

(vi) Pursuant to an subscription agreement entered into among the Company, Mr. Han Junran ("Mr. Han") and Junyi Investment Limited (the "Subscribers") dated 15 November 2011, the Subscribers agreed to subscribe for the shares of the Company in the amount of HK$133.5 million of which, (i) as to approximately HK$71 million being set off against the redemption of the outstanding convertible bonds of the Company (including all interest accrued thereon) held by Mr. Han; and (ii) as to approximately HK$27.5 million being set off against the repayment of the working capital loan drawn by the Company as at the date of completion of the Subscription. The Subscription was completed and a total of 1,112,500,000 Subscription Shares were issued to the Subscribers on 21 February 2012.

(vii) During the year ended 31 December 2012, the Group acquired French Land Limited and its subsidiaries at a consideration of RMB299,696,000 (equivalent to approximately HK$357.1 million), of which, RMB70,000,000 was settled by the issuance of 695,100,000 Consolidated Shares to the vendors.

17. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 3 years.

At 31 December 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**22,462**	27,330
In the second to fifth years, inclusive	**2,584**	13,297
	25,046	40,627

(b) As lessee

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

At 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**564**	794
In the second to fifth years, inclusive	–	316
	564	1,110

18. OTHER COMMITMENT

In addition to the operating lease commitments detailed in note 17 above, the Group had the following commitment at the end of the reporting period.

Proposed acquisition

On 8 November 2013, the Group entered into a co-operation agreement (the "Agreement") with an independent third party (the "Vendor") and Qingdao Chengtai Real Estate Development Company Limited 青島成泰房地產開發有限公司 ("Qingdao Chengtai"). Pursuant to which, the Group will acquire (the "Qingdao Acquisition") the entire equity interest in Qingdao Chengtai in 2 phases at a consideration (the "Consideration") of RMB200,000,000 (equivalent to approximately HK$254,000,000), subject to an upward adjustment.

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

For the first phase (the "1st Phase") of the Qingdao Acquisition, the Group will acquire 65% equity interest in Qingdao Chengtai when, among other things, the planning approval of the Project is obtained from the relevant government authorities. For the second phase (the "2nd Phase") of the Qingdao Acquisition, the Group will acquire the remaining 35% equity interest in Qingdao Chengtai when the Project has been completed.

The Consideration will be satisfied by (i) as to RMB80,000,000 (equivalent to approximately HK$101,600,000) by cash and payable upon the completion of the 1st Phase; and (ii) as to RMB120,000,000 (equivalent to approximately HK$152,400,000), subject to an upward adjustment, by transferring the corresponding parts of the real estate of the Project which worth RMB120,000,000 and payable upon the completion of the 2nd Phase.

As at the date of approval of the announcement, both of the 1st Phase and 2nd Phase of the Qingdao Acquisition have not been completed.

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

The Group recorded a turnover of HK$51,504,000 and recorded a profit after tax of about HK$122,706,000 for the year.

Major business arrangements

Continuing Connected Transactions

On 25 May 2012, the tenancy agreements (the "Tenancy Agreements") were respectively entered into (i) between New Rank Services Limited ("New Rank") (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited ("Winrich") as landlord; and (ii) between New Rank as tenant and Goldrich Investments Limited ("Goldrich") as landlord for leasing of the office premises and the car-parking space. The Tenancy Agreements are for a term of two years commencing from that day at a monthly rental of HK$66,200. Both Winrich and Goldrich are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

On 1 August 2013, New Rank, as a tenant, entered into a residential tenancy agreement (the "Residential Tenancy Agreement") with a landlord, Jiacheng Jiaxin International Property Management (Hong Kong) Limited ("Jiacheng Jiaxin"), pursuant to which, Jiancheng Jiaxin leased its residential property and a car-parking space to New Rank at a monthly rental of HK$52,000 for a term of nine months and twenty four days commencing from the date of the Residential Tenancy Agreement. Jiacheng Jiaxin is a company which is indirectly wholly-owned by an associate of a connected person of the Company. Therefore the transaction contemplated under the Residential Tenancy Agreement constitutes continuing connected transaction for the Group under Chapter 14A of the Listing Rules. Details of which, please refer to the Company's announcement dated 1 August 2013.

OUTLOOK

The Company has resumed its trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for two years already. The Company remains its focus on the city development and identifies business opportunities along with its long-established development strategy.

Going forward, urbanization believes to be the main focus of economic growth in China and will offer tremendous business opportunities for the Company. Aligned with the direction of China's economy growth and also to adhere with the Group's strategic development, we shall actively explore profitable projects including real estate developments and other environmental protection projects. The Group will continue to build strategic business alliance with various professional enterprises, so that all parties can contribute their proficiencies and efforts for conducting business in the arena of city development. In this way, the Company's financial performance can be strengthened and bring optimal benefits to its shareholders.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by Ascenda Cachet 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 HKICPA and consequently no assurance has been expressed by Ascenda Cachet 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 Management fee income of HK$51,504,000 (2012: HK$45,575,000). The Group's net profit for the year was approximately HK$122,706,000 (2012: HK$164,363,000). The basic profit per share for the year was approximately 4.82 HK cents (2012: 7.41 HK cents). Administrative expenses was approximately HK$20,800,000 (2012: HK$17,354,000). Finance costs was approximately HK$14,375,000 (2012: HK$16,403,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2013, the Group had obligations under hire purchase contracts of approximately HK$563,000 (2012: HK$697,000).

As at 31 December 2013, the Group's total assets was approximately HK$763,858,000 (2012: approximately HK$614,920,000) and total liabilities were of approximately HK$344,607,000 (2012: approximately HK$326,805,000). As at 31 December 2013, the cash and bank balances was approximately HK$33,352,000 (2012: approximately HK$46,740,000) and the current ratio (current assets/current liabilities) was 0.94 as at 31 December 2013 (2012: 1.27).

Litigation

The Group did not have any litigation as at 31 December 2013.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 26% as at 31 December 2013 (2012: 36%).

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 any dividend for the year ended 31 December 2013 (2012: Nil).

Prospect

Guangzhou Changliu project is the Group's main operating unit in 2013. While the sluggish world economy have adversely affected the Chinese economics development, the rental income of Guangzhou Changliu project has remained fairly stable. The Group's management target is besides stablizing the rental income, every opportunity which could improve the rental income would be exploited through improving services quality of the site. On the other hand, according to Three Oldies Reform Policy formulated by the Guangdong Provincial Government and Guangzhou Municipal Government, as well as the correspondence with the Renovation Office of the Peoples' Government of Haizhu District, Guangzhou City, the Group will coordinate the progress in the redevelopment of the Guangzhou Changliu project at a pace which would correspond with the overall progress of the local government in the region.

In November 2013, the Group has acquired the entire shareholding of a project company in Qingdao, China. This project company owned a piece of land located in the Qingdao City for the purpose of scientific research use. The land is located in the prime location in the central business district of the Qingdao City. It is close to the subway under construction and adjacent to the office building and administrative centre of the Qingdao municipal government. Pursuant to the signed cooperation agreement, the Group is in the course of applying for planning approval for an increase in the plot ratio without any change in the current use of the land. By doing so, it is believed that in addition to the increase of economic value in the project, a better economic benefits could be achieved through more efficient use of land.

The redevelopment of Guangzhou Changliu project and the application for planning approval of the Qingdao project are still at an initial stage. The Board shall announce its latest development when material advancement takes place.

Employees

As at 31 December 2013, the Group has employed about 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

Except for detailed in note 18, the Company did not have any significant investments or material acquisitions for the year ended 31 December 2013.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2013.

Commitments

Details of the commitments are set-out in notes 17 and 18.

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

The Company had not redeemed any of its shares during the year ended 31 December 2013. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 December 2013.

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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, save for the deviations listed below:

The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As the current nature of the Group's business is not complicated, the Board considers that the current structure is sufficient for monitoring and controlling the operation of the Group. The Company will review the structure from time to time and will make necessary arrangements to observe the provisions of the Listing Rules whenever necessary.

According to the Articles of Association of the Company, the non-executive directors of the Company are not appointed for specific terms. Thus, they are deviated from Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 which stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in view of the fact that non-executive directors are subject to retirement by rotation as stipulated in the Company's Articles of Association, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions. In respect of Code Provision A.6.7 of the CG Code, two Independent Non-executive Directors did not attend the annual general meeting of the Company held on 28 May 2013. 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 2013.

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.newcitychina.com). The 2013 Annual Report will be despatched to our shareholders on or before 30 April 2014 and will be available at the websites of the Stock Exchange and the Company.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") will be held on 26 June 2014. A circular containing the notice of the Annual General Meeting will be published on the Company's website and the Stock Exchange's website and sent to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 24 June 2014 to 26 June 2014 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at 18/F Fook Lee Commercial Centre Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 pm on 23 June 2014.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing. 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 2013.

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. Seto Man Fai 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 (the "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. Seto Man Fai, Mr. Chan Yiu Tung, Anthony and Mr. Zheng Qing. 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) three executive directors, namely Mr. Han Junran (Chairman), Mr. Fu Yiu Kwong and Mr. Luo Min; and (ii) three independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai and Mr. Zheng Qing.

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

Hong Kong , 26 March 2014