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NEW CITY (BEIJING) DEVELOPMENT LIMITED

新城市（北京）建設有限公司

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTIONS

BEIJING PROFIT MARK PROPERTY MANAGEMENT COMPANY LIMITED

北京利市物業管理有限公司

The Group Company provided a Guarantee in support of banking facilities obtained by the Property Management Company in which a director of the Company has 60% controlling interest. The Property Management Company provides building management services at the Investment Plaza. The banking facilities were used by the Property Management Company to replace the elevator system and for maintenance and related expenses of Investment Plaza. The Guarantee has been called upon by the lender and the Group Company has satisfied the obligations under the Guarantee. The Group Company and the Property Management Company have entered into a Loan Agreement for the amount paid under the Guarantee. The Exchange is of the view that the Guarantee and the Loan Agreement constitute connected transactions for the Company under Rule 14.25(1) of the Listing Rules and are therefore subject to the relevant disclosure requirements stipulated therein. The failure of the Company to make proper disclosure in respect of the Guarantee and the Loan Agreement at the material time may constitute a breach of the Listing Rules. The Exchange reserves the right to take appropriate action against the Company and/or its directors.

The Group Company granted the Guarantee dated June 5, 2001 in the amount of RMB10,000,000 in favour of the China Construction Bank (中國建設銀行) in support of banking facilities obtained by the Property Management Company in the PRC. The banking facilities provided for the Property Management Company to borrow up to RMB10,000,000 unsecured at an interest rate of approximately 6.435% per annum, repayable in full on June 4, 2002 with interest payable quarterly.

The Property Management Company fully utilized the banking facilities to fund the replacement of elevators and for maintenance and related expenses of the Investment Plaza. The Property Management Company made these arrangements in relation to the repair and maintenance works of the elevators on behalf of the owners of Investment Plaza at the request of the owners. At the date of the Guarantee, Investment Plaza was 99% owned by the Group, but approximately one half of the units at the property were subsequently sold to independent third parties. Most of the remaining units were leased to independent third parties and the Group Company currently occupies some of the units for self-use. Investment Plaza does not have an owner's cooperative and the Property Management Company acts as agent on behalf of the owners of all units. The Property Management Company receives levies for managing Investment Plaza. The Property Management Company has not received any benefit from the banking facilities nor the Guarantee.

The Guarantee was called upon by the China Construction Bank on June 4, 2002 due to the default in payment by the Property Management Company. The Group Company has satisfied the obligations under the Guarantee in the total amount of RMB10,000,000 by way of a debit to its deposit account held at the China Construction Bank. As a consequence of the Guarantee being satisfied by the Group Company, the Group Company and the Property Management Company have entered into a Loan Agreement dated June 2, 2002 for the amount paid under the Guarantee. The Loan Agreement provides for a loan of RMB10,000,000 unsecured at a short-term loan interest rate as announced by the People's Bank of China from time to time, repayable in full with principal and interest on June 3, 2003. The current interest rate is 5.31% per annum. The Property Management Company agreed to repay the loan from property management levies on the owners of units at Investment Plaza.

The Property Management Company provides building management services in the Investment Plaza. The Property Management Company is a connected person to the Company because Mr. Albert Lo, a director of the Company, has confirmed a beneficial ownership of 60% of the Property Management Company. The remaining ownership of 40% belongs to Zhong Run Economic Development Limited Liability Company (中潤經濟發展有限責任公司). As shown in the Company's 2001 Annual Report, the Property Management Company provides building management services to Investment Plaza.

The Guarantee and the Loan Agreement constitute connected transactions for the Company under Rule 14.25(1) of the Listing Rules. The Directors confirmed that the Group Company entered into the Guarantee and the Loan Agreement in the ordinary and usual course of business and on normal commercial terms. The Directors are of the view that these transactions are not required to be disclosed because the Property Management Company, acting as an intermediary, has not received any benefit from the transactions. However, the Exchange is of the view that the Guarantee and the Loan Agreement constitute connected transactions for the Company under Rule 14.25(1) of the Listing Rules and are therefore subject to the relevant disclosure requirements stipulated therein. The failure of the Company to make proper disclosure in respect of the Guarantee and the Loan Agreement at the material time may constitute a breach of the Listing Rules. The Exchange reserves the right to take appropriate action against the Company and/or its directors.

DEFINITIONS

“Company”	means New City (Beijing) Development Limited (新城市(北京)建設有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	means the directors of the Company
“Group”	means the Company and its subsidiaries
“Group Company”	means Beijing Zhong Zheng Real Estate Development Co. Ltd. (北京中証房地產開發有限公司), a Chinese Foreign Cooperative Joint Venture established in Beijing, the PRC
“Guarantee”	means the guarantee from the Group Company dated June 5, 2001 in the amount of RMB10,000,000 in favour of the China Construction Bank (中國建設銀行)
“Investment Plaza”	means the building located at No.27, Jin Rong Street, Xi Cheng District, Beijing, the PRC
“Loan Agreement”	means the loan agreement between the Group Company and the Property Management Company dated June 2, 2002 in the amount of RMB10,000,000
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	means the People's Republic of China
“Property Management Company”	means Beijing Profit Mark Property Management Company Limited (北京利市物業管理有限公司)
“RMB”	means Renminbi, the lawful currency for the time being of the PRC

By order of the board of
New City (Beijing) Development Limited
Leung Kwo
Chairman

Hong Kong, October 25, 2002

“Please also refer to the published version of this announcement in The Standard”