NEW CITY (CHINA) DEVELOPMENT LIMITED
新城市（中國）建設有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

- Turnover amounted to approximately HK$2,160,427,000 (2006: nil).
- Profit for the year was approximately HK$231,720,000 (2006: Loss approximately HK$32,909,000).
- Earning per share (Basic) was 50.46 HK cents (2006: Loss per share 12.11 HK cents).

FINAL RESULTS

The Board of Directors (the "Board") of New City (China) Development 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 2007 together with the comparative figures in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTES	**2007** **HK$'000**	2006 *HK$'000*
Turnover	*3*	**2,160,427**	—
Cost of sales		**(1,870,713)**	—
Gross Profit		**289,714**	—
Other revenue	*4*	**261,908**	1,497
Administrative expenses		**(100,083)**	(23,933)
Profit/(Loss) from operations	*5*	**451,539**	(22,436)
Finance costs	*6*	**(78,593)**	(10,473)
Profit/(Loss) before taxation		**372,946**	(32,909)
Taxation	*7*	**(141,226)**	—
Profit/(Loss) for the year		**231,720**	(32,909)
Attributable to:			
Equity holders of the Company		**231,720**	(32,909)
Minority interests		**—**	—
		231,720	(32,909)
Dividends	*8*	**94,600**	—
Earning/(Loss) per share (HK cents)	*9*		
Basic		**50.46**	(12.11)
Diluted	9	**25.46**	—

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**2,634**	1,992
		2,634	1,992
Current assets			
Property for sale-completed property		**729,167**	—
Property for sale-under development		**—**	1,720,280
Accounts receivable	*10*	**70,387**	—
Prepayments, deposits and other receivables		**19,453**	185,406
Bank balances and cash		**42,739**	64,084
		861,746	1,969,770
Current liabilities			
Trade payables	*11*	**103,818**	183,866
Accruals and other payables		**138,728**	142,971
Advances from a customer		**—**	1,512,166
Obligations under finance leases		**73**	—
Bank borrowings		**93,750**	90,000
Other borrowings		**71,000**	210,000
Taxes payable	*7*	**92,692**	—
Provisions		**16,129**	15,484
		516,190	2,154,487
Net current assets/(liabilities)		**345,556**	(184,717)
Total assets less current liabilities		**348,190**	(182,725)
Non-current liabilities			
Trade payables	*11*	**33,415**	—
Obligations under finance leases		**237**	—
Other borrowing		**110,000**	—
Taxes payable	*7*	**93,545**	—
Convertible bonds		**69,263**	11,977
Preference dividend payable		**94,600**	—
		401,060	11,977
NET LIABILITIES		**(52,870)**	(194,702)
Capital and reserves			
Share capital		**272**	272
Reserves		**(53,142)**	(194,974)
		(52,870)	(194,702)
Minority interests		**—**	—
DEFICIENCY OF SHAREHOLDERS' FUNDS		**(52,870)**	(194,702)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The announcement has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRS"), which collective term includes all applicable Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and investment property which are stated at fair values. The functional currencies of the Company and its subsidiaries in the People's Republic of China ("PRC") are Hong Kong dollars and Renminbi respectively. For the purposes of presenting the consolidated financial statements, the Group adopted Hong Kong dollars as its presentation currency.

IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRS for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 1	Amendment Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The adoption of these new or amended HKFRSs did not result in significant changes to the Group's accounting policies but gave rise to additional disclosures.

IMPACT OF 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 financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions [2]
HK(IFRIC) — Int 12	Service Concession Arrangements [4]
HK(IFRIC) — Int 13	Customer Loyalty Programmes [3]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding and their Interaction [4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 January 2008

3. TURNOVER

Turnover represents the total sales proceed of properties received and receivable from customer. An analysis of turnover is as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover:		
Sales of properties	**2,160,427**	—

4. OTHER REVENUE

	2007	2006
	HK$'000	*HK$'000*
Interest income	**2**	2
Exchange gain	**14**	—
Reversal of impairment loss recognised in respect of other receivables	**140**	1,495
Refund of expenses deducted in previous year	**1,530**	—
Gain on disposal of assets	**90**	—
Gain on revaluation of investment properties	**260,132**	—
	261,908	1,497

5. PROFIT/(LOSS) FROM OPERATIONS

	2007	2006
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Costs of properties sold	**1,870,713**	—
Auditors' remuneration	**530**	400
Bad debts written off	**78,849**	—
Depreciation of property, plant and equipment	**668**	764
Exchange loss	**5,405**	6,353
Operating lease rentals for land and buildings	**1,918**	—
Professional fee	**5,250**	—
Legal fee	**734**	—
Listing & Announcement fee	**895**	—
Staff cost		
Salaries and other staff costs	**4,933**	4,834
Retirement benefits	**60**	64

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**12,685**	8,558
Other loans wholly repayable within five years	**72,505**	10,000
Convertible bonds	**2,968**	471
Finance leases	**15**	2
Arrangement fee of convertible bond	**3,105**	—
Total borrowing costs	**91,278**	19,031
Less: Amounts capitalised	**(12,685)**	(8,558)
	78,593	10,473

7. TAXATION

	2007	2006
	HK$'000	*HK$'000*
Income tax expenses		
Hong Kong profits tax	—	—
PRC enterprise income tax	**33,204**	—
PRC business tax	**108,022**	—
	141,226	—

The Company's subsidiaries operating in Hong Kong are subjected to Hong Kong profits tax at the rate of 17.5% (2006: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year ended 31 December 2007 (2006: Nil).

The Group is subject to PRC enterprise income tax at the rate of 33% (2006: 33%) on its taxable income according to the PRC Enterprise Income Tax Law. Pursuant to the document (京國稅函[2002]659號) dated 22 November 2002 issued by Beijing Municipal Office, State Administration Taxation, PRC (北京市國家稅務局), Beijing Zhong Zheng Real Estate Development Co., Ltd. (the "BJCSB") is obligated to make a partial payment of PRC enterprise income tax of which is levied at the statutory tax rate 33% on 10% of the sales proceed received in advance from the customer which is subjected to final clearance upon the finalisation work of construction account to be performed by third party.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved, and it became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Therefore, the applicable income tax rate of the Company becomes 25% according to the New Corporate Income Tax Law starting from 1 January 2008.

Taxation in balance sheet represents:

	2007	2006
	HK$'000	*HK$'000*
— PRC enterprise income tax	**33,204**	—
Less: Payment in previous year	**(7)**	—
— PRC business tax	**108,022**	—
Less: Payment in previous year	**(35,828)**	—
— PRC land appreciation tax	**80,253**	—
— PRC salary tax	**593**	—
	186,237	—
Taxation to be paid within 1 year classified as current liabilities		
— PRC enterprise income tax	**33,197**	—
— PRC business tax	**43,179**	—
— PRC land appreciation tax	**15,723**	—
— PRC salary tax	**593**	—
	92,692	—
Taxation to be paid after 1 year classified as non-current liabilities	**93,545**	—

The Group had no significant unprovided deferred taxation as at 31 December 2007 and 31 December 2006.

8. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Ordinary shares	—	—
Preference shares	**94,600**	—
	94,600	—

Pursuant to the supplemental subscription agreement dated 8 May 2003, Starry Joy Properties Investment Limited holding 49% of the equity interest of Tong Sun Limited ("Tong Sun") is entitled to a preferred dividend from Tong Sun in the sum of up to HK$94,600,000 together with repayment in full of its loan and loan from Poly (Hong Kong) Investments Limited ("Poly HK") and interest accrued thereon in priority over the preferred dividend payments to the Group by Tong Sun.

No interim and final dividend for the year ended 31 December 2007 was declared (2006: Nil).

9. EARNING/(LOSS) PER SHARE

The calculation of the basic earning per share for the year ended 31 December 2007 is based on the net profit after deducted preference shares dividend attributable to equity shareholders of the Company of approximately HK$137,120,000 (2006: Loss: approximately HK$32,909,000) and the weighted average number of 271,758,000 ordinary shares in issue during the year ended 31 December 2007 (2006: 271,758,000 ordinary shares).

The calculation of the diluted earning per share for the year ended 31 December 2007 is based on the net profit before bond interest (net of tax) and after deducting preference shares dividend attributable to equity shareholders of the Company of approximately HK$140,088,000 and the weighted average number of 550,216,000 ordinary shares after considering the effects of converting all convertible bonds to ordinary shares upon maturity.

In last year, no diluted loss per share has been presented for the year ended 31 December 2006 as there were no diluting events existed during the year.

10. ACCOUNTS RECEIVABLE

Accounts receivable represents proceeds receivable from sales of China Securities Plaza. Customers will repay according to the Sales and Purchase Agreement signed on 23 December 2003. The amount was past due but not impaired and expected to be recovered within one year.

11. TRADE PAYABLES

The aged analysis of trade payables as at balance sheet date is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 3 months	**103,818**	73,297
4 — 6 months	**—**	—
7 — 9 months	**—**	—
10 — 12 months	**—**	110,569
Over 1 year	**33,415**	—
	137,233	183,866

12. SEGMENT INFORMATION

Segment information is required by HKAS 14 "Segment Reporting" to be presented by way of two segment formats: (i) on a primary segment reporting basis, which the Group has determined to be by business segment; and (ii) on a secondary segment reporting basis, which the Group has determined to be by geographical segment.

The Group's revenue and profit for the year ended 31 December 2007 were mainly derived from the property development in PRC. Therefore, the Group has only one business segment.

The Group's revenue is substantially derived from its end customers in the PRC and the Group's operating assets are substantially located in the PRC.

Accordingly, no segment analysis by business and geographical segments is provided for the year ended 31 December 2007.

13. POST BALANCE SHEET EVENT

Acquisition of a subsidiary

Pursuant to an acquisition agreement dated 15 August 2007 entered into with Qin Huang Dao City Ocean Realty Company Limited (the "Vendor"), the Company undertook to acquire the 51% equity interest in Qin Huang Dao Ocean West Hill Real Property Development Company Limited by total consideration of RMB10,924,000 (equivalent to approximately HK$11,379,000) which in sum of cash consideration amounted to HK$1,000,000 and a tenancy agreement by which BJCSB shall let and China Yin Di City Investment Company Limited, a subsidiary of the Vendor, shall rent the property and there will be arrangements for setting off all the outstanding amount of the remaining consideration other than the cash consideration under the tenancy agreement.

The Company had paid the cash consideration as a deposit of the acquisition on 12 September 2007 subsequent to the Memorandum of Cooperation entered into between the Company and the Vendor.

On 18 March 2008, an extraordinary general meeting was held and approved the acquisition.

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

During the year, the sale of China Securities Plaza is deemed to have been completed. The Group recorded a turnover of approximately HK$2,160,427,000 and recorded a profit of approximately HK$231,720,000 after tax for the year. Furthermore, the Company entered into an Agreement to acquire 51% equity interest of Qin Huang Dao Ocean West Hill Real Property Development Company Limited on 15 August 2007 and was approved by shareholders on 18 March 2008.

ARRANGEMENTS FOR THE RESUMPTION OF TRADING OF SHARES

Trading in the shares has been suspended on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 December 2003 at the request of the Company pending release of an announcement in relation to a major transaction of the Company involving China Securities Plaza. The Company was placed into the second stage of the delisting procedures on 12 January 2005 as the Stock Exchange is concerned about whether the Company meets the sufficient assets and operations requirements under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company is now actively preparing further information for submission to the Stock Exchange in order to substantiate that it meets the requirements under Rule 13.24 of the Listing Rules. Trading in the shares will remain suspended pending fulfillment of any conditions which may be imposed on the Company by the Stock Exchange and the Company will make an announcement upon resumption of trading.

OUTLOOK

Although growth is halted by an increased level of government intervention and further worsen by the unfavourable impact of falling share prices in mainland China, the property market will still warrant a sound investment since the continuous trend of urbanisation resulted from strong economic growth creates an unsatisfied need of better quality residential and commercial properties. However, as a result of macro policy, bankers has become more prudent in providing funding for property projects, it is therefore vital for the successful property developers to be able to secure their financial resources internally.

Following the completion of our deal with China Network Communications Group Corporation ("CNC") and the settlement of the many delinquent financial responsibilities, we have come to a new era of our Group. We will continual our expansion in the China's property market through joint ventures since under this direction, lesser financial burdens will be placed both on the Group and to our shareholders. It is believed that with the many good business networks both China and Hong Kong and backed up by proven business performances in our past, we will be able to secure profitable development projects in maintaining sound continuous growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Result

For the year under review, the Group reported a turnover of approximately HK$2,160,427,000 (2006: nil) which represents the sale of China Securities Plaza. The Group's net profit for the year was approximately HK$231,720,000 (2006: net loss of approximately HK$32,909,000). The basic earning per share for the year was 50.46 HK cents (2006: loss per share of 12.11 HK cents). Administrative expenses was approximately HK$100,083,000 which includes bad debt provision of approximately HK$78,849,000 for the year of 2007 (2006: approximately HK$23,933,000). Finance costs of approximately HK$78,593,000 (2006: approximately HK$10,473,000) was mainly interest expenses on other borrowings.

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2007, the Group had obligations under finance leases of approximately HK$310,000 (as at 31 December 2006: nil) and the bank borrowings amounted to approximately RMB90,000,000 (equivalent to approximately HK$93,750,000) (as at 31 December 2006: approximately RMB90,000,000 and equivalent to approximately HK$90,000,000), that is secured and interest-bearing.

The loan of HK$165,000,000 as at 31 December 2007 (as at 31 December 2006: HK$165,000,000) was secured on the shares in the Company held by a director and a former director was interest free before 1 July 2005 and extended the repayment date up to 31 December 2005 into two portions: (i) repayment by cash amounting to HK$55,000,000 was interest bearing at 10% per annum; (ii) the balance of which amounting to HK$110,000,000 will transfer such aggregate appraisal value of property to the borrower. Other unsecured loan of HK$15,000,000 as at 31 December 2007 (as at 31 December 2006: HK$15,000,000) was interest bearing at 10% per annum. And, the short term loan of HK$1,000,000 as at 31 December 2007 (as at 31 December 2006: nil) was interest bearing at the rate equal to Prime Rate plus 2%.

As at 31 December 2007, the Group's total assets was approximately HK$864,380,000 (as at 31 December 2006: approximately HK$1,971,762,000) whereas total debts amounted to approximately HK$ 274,750,000 as at 31 December 2007 (as at 31 December 2006: approximately HK$300,000,000). As at 31 December 2007, the cash and bank balances was approximately HK$42,739,000 (as at 31 December 2006: approximately HK$64,084,000) and the current ratio (current assets/current liabilities) was 1.67 as at 31 December 2007 (as at 31 December 2006: 0.91).

Gearing Ratio

The gearing ratio (total debts/total assets of the Group) was 0.32 as at 31 December 2007 (as at 31 December 2006: 0.15). This ratio was higher than the gearing ratio of last year mainly due to sale of China Securities Plaza was completed and received the consideration property from CNC.

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 assess exchange risks.

Pledge Assets

As at 31 December 2007, the Group had pledged the property of China Securities Plaza, the development of project in Beijing to secure bank loans granted approximately HK$93,750,000 (as at 31 December 2006: approximately HK$90,000,000).

Contingent Liabilities

(a) The Group has given guarantees to banks in respect of the loans of the amounts US$2,500,000 and RMB14,000,000 granted to Beijing New Rank Real Estate Development Co., Limited, a former subsidiary of the Group.

(b) On 23 December 2003, the Group had entered into an agreement with CNC for the construction of China Securities Plaza. Pursuant to the agreement, the construction should be completed on 30 June 2005 and its ownership should be delivered to CNC before 30 December 2005. Relevant penalties will be required upon the late delivery of ownership as 0.03% interest per day based on money received by the Group upon the late delivery within 12 months from the day of risk and reward of property which have been transferred on 25 December 2006.

(c) On 19 January 2006, the Beijing Arbitration Committee made an arbitration award in favor of 北京太陽紅投資諮詢有限公司 (the "Beijing Tai Yang Hong") that the agreement dated 6 June 2003 for the purchase of the entire 12th Floor of China Securities Plaza entered into between Beijing Tai Yang Hong and BJCSB, the 51% indirect owned subsidiary of the Group be cancelled and that the sum of approximately RMB14,000,000 being refund of the purchase price paid and RMB800,000 being damages be paid by BJCSB to Beijing Tai Yang Hong. BJCSB has applied to the People's Court in Beijing for stay of enforcement of such award.

Prospect

The Group will endeavour in settling the overdue financial burdens of the Group by disposing the completed property. As this building is situated in the prime business zone of Beijing, it is believed that there will be strong demand and a quick sale could be possible. Subsequent to this disposal, the Qin Huang Dao Ocean West Hill Real Property Development Company Limited project will become the project of paramount importance to our Group. In order to avoid in becoming a sole-project company, the Board will secure more profitable projects so as to strengthen the business and financial base of our Group.

Employees

As at 31 December 2007, the Group has employed about 56 employees in both the PRC and Hong Kong. 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.

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 2007. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 December 2007.

CORPORATE GOVERNANCE

During the year ended 31 December 2007, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the year ended 31 December 2007 except with the deviations from the code provisions listed below:

Code provision A.2.1 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 and the Chairman of the Board and/or the managing director of the Company are not subject to retirement by rotation. Thus, they are deviated from **Code provision A.4.1** which stipulates that non-executive directors should be appointed for a specific term and subject to re-election and **Code provision A.4.2** which stipulates that 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 the provisions of the Listing Rules whenever necessary.

The Company has not established the remuneration committee which deviates from the **Code provision B.1**, as the Company has an established policy for fixing remuneration packages for all directors and the senior management depending on the individuals' performance and responsibility, market trend and company performance. The Board will review from time to time the necessity to establish a remuneration committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, the Directors have complied with the Code throughout the year ended 31 December 2007.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Chan Yiu Tung, Anthony, Mr. Wong Shing Kay, Oliver 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 financial statements for the year ended 31 December 2007.

CHANGE OF NAME OF AUDITOR

On 3 October 2007, C & F (CPA) Limited, auditor of the Company, was affiliated with Parker Randall International, the name was then changed to Parker Randall CF (H.K.) CPA Limited . Accordingly Parker Randall CF (H.K.) CPA Limited was appointed as new auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint Parker Randall CF (H.K.) CPA Limited as auditor of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Company has (i) two executive directors, namely Mr. Han Junran (Chairman) and Mr. Fu Yiu Kwong (ii) three independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Wong Shing Kay, Oliver and Mr. Zheng Qing.

By Order of the Board
Han Junran
Chairman

Hong Kong, 23 April 2008