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)

2009 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the "Board") of New City (China) Development Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009

	Notes	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited)
OTHER REVENUE		**37**	16,066
ADMINISTRATIVE EXPENSES		**(10,923)**	(14,582)
(LOSS) / PROFIT FROM OPERATIONS	4	**(10,886)**	1,484
FINANCE COSTS	5	**(10,307)**	(35,684)
LOSS BEFORE TAXATION		**(21,193)**	(34,200)
TAXATION	6	**-**	-
LOSS FOR THE PERIOD		**(21,193)**	(34,200)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(21,193)**	(34,200)
Minority interests		**-**	-
		(21,193)	(34,200)
DIVIDENDS	8	**-**	-
LOSS PER SHARE (HK CENTS)			
Basic	7	**(7.80)**	(12.58)
Diluted	7	**(2.99)**	(4.09)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	30.6.2009 HK$'000 (Unaudited)	31.12.2008 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,191**	1,850
CURRENT ASSETS			
Property for sale-completed property		**777,778**	777,778
Accounts receivable		**75,079**	75,079
Prepayments, deposits and other receivables	9	**2,130**	3,175
Bank balances and cash		**152**	11,655
		855,139	867,687
CURRENT LIABILITIES			
Trade payables	10	**159,926**	143,859
Accruals and other payables		**206,384**	179,315
Obligations under finance leases		**73**	73
Bank borrowings		**99,989**	99,989
Other borrowings		**59,873**	59,873
Taxes payable		**190,359**	190,317
Convertible bonds		**69,263**	69,263
Provisions		**-**	35,156
		785,867	777,845
NET CURRENT ASSETS		**69,272**	89,842
TOTAL ASSETS LESS CURRENT LIABILITIES		**70,463**	91,692
NON-CURRENT LIABILITIES			
Obligations under finance leases		**128**	164
Other borrowing		**110,000**	110,000
Preferred dividend payable		**94,600**	94,600
		204,728	204,764
NET LIABILITIES		**(134,265)**	(113,072)
CAPITAL AND RESERVES			
Share capital		**272**	272
Reserves		**(134,537)**	(113,344)
DEFICIENCY OF SHAREHOLDERS' FUNDS		**(134,265)**	(113,072)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The condensed consolidated financial statements of New City (China) Development Limited (the "Company") and its subsidiaries (collectively known as the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

b. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and property for sale – completed property which are stated at fair values. The accounting policies and basis of preparation adopted for the preparation of the interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2008.

In preparing the financial statements, the directors have considered the future liquidity of the Group in view of its net liabilities position as at 30 June 2009. The Group incurred loss for the six months ended 30 June 2009, and as at that date, it had consolidated net liabilities of HK$134,265,000. It may cast a doubt on the Group's ability to continue as a going concern. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) The Group has been actively negotiating with a party in relation to a possible property development project located in Beijing to maximise the returns to shareholders.

(ii) The management of the Group is negotiating with its creditors for the rescheduling or extension of the amounts due to creditors. The directors are confident that, on the basis that the disposal of the completed property will be successfully completed and the property as described above be self-financing, and assumed the negotiations with the creditors can be satisfactorily concluded, the Group will be able to meet in full its overdue loans and financial obligations as they fall due in the foreseeable future.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the six months ended 30 June 2009 on a going concern. Should the Group be unable to continue or operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these adjustments has not been reflected in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Principal accounting policies (continued)

Up to the date of issue of the interim financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2009 and which have not been adopted in the interim financial statements.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated & Separate Financial Statements	1 July 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new amended disclosures, it is unlikely to have a significant impact on the Group's result of operations and financial position.

c. Revenue recognition

Revenue comprises the fair values of the consideration received or receivable for the sales of properties in the ordinary course of the Group's activities, revenue is shown net of discount. Revenue is recognised as follows:

(i) Revenue from sales of properties is recognised when the significant risks and rewards of properties have been transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the condensed consolidated balance sheet as advanced proceeds received from customers under current liabilities.

(ii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Provisions and contingencies

Provisions are recognized for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

2. 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 did not have turnover for the six months ended 30 June 2009, and the Group's end-customer is in the PRC. Accordingly, no segment analysis by business and geographical segments is provided for the six months ended 30 June 2009.

3. TURNOVER

Turnover represents the total sales proceed of properties received and receivable from customer.

The Group did not have turnover for the six months ended 30 June 2009 and 2008.

4. (LOSS) / PROFIT FROM OPERATIONS

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
(Loss) / Profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	**681**	455
Exchange loss	**11**	-
and after crediting:		
Interest income	**35**	200
Exchange gain	**-**	15,850
Other income	**2**	16

5. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**7,325**	7,498
Other loans wholly repayable within five years	**-**	13,535
Convertible bonds	**2,972**	2,553
Finance leases	**10**	10
Guarantee fee for the Beijing Tai Yang Hong	**-**	12,088
	10,307	35,684

6. TAXATION

The Company's subsidiaries operating in Hong Kong are subject to profits tax at the rate of 16.5% for the six months ended 30 June 2009 (six months ended 30 June 2008: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. No provision for Hong Kong Profits Tax has been made as the Group has no assessable income for Hong Kong Profits Tax for the six months ended 30 June 2009 and 2008. The group companies operating in the PRC are subject to enterprise income tax at a rate of 25% (six months ended 30 June 2008: 25%) during the period. No provision for PRC enterprise income tax has been made as the Group has no assessable income for PRC tax for the six months ended 2009 and 2008.

The Group had no significant unprovided deferred taxation for the period.

7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30 June 2009 is based on the net loss after deducting preferred dividend attributable to equity shareholders of the Company of HK$21,193,000 (six months ended 30 June 2008: profit HK$34,200,000) and the weighted average number of 271,758,000 ordinary shares in issue during the six months ended 30 June 2009 (six months ended 30 June 2008: 271,758,000 ordinary shares).

The calculation of the diluted loss per share for the six months ended 30 June 2009 is based on the net loss before bond interest (net of tax) and after deducting preferred dividend attributable to equity shareholders of the Company of HK$18,221,000 (six months ended 30 June 2008: HK$31,647,000) and the weighted average number of 610,058,984 ordinary shares (six months ended 30 June 2008: 773,663,558 ordinary shares) after considering the effects of converting all convertible bonds to ordinary shares upon maturity.

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2009 (six months ended 30 June 2008: Nil)

Pursuant to the supplemental subscription agreement dated 8 May 2003, Starry Joy Properties Investment Limited ("Starry Joy"), 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 dividend payments to the Group by Tong Sun.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30.6.2009 **HK$'000**	31.12.2008 HK$'000
Prepaid expenses and deposits	**2,130**	3,175

The amount due is unsecured, non-interest bearing and has no fixed terms of repayment.

10. TRADE PAYABLES

The aged analysis of trade payables as at 30 June 2009 is as follows:

	30.6.2009 **HK$'000**	31.12.2008 HK$'000
Within 3 months	**159,926**	143,859
4 - 6 months	**-**	-
7 - 9 months	**-**	-
10 - 12 months	**-**	-
	159,926	143,859

11. POST BALANCE SHEET EVENTS

a) Increase in Authorized Share Capital

On 10 August 2009, the Independent Shareholders passed the resolution at the EGM for the increase in Authorized Share Capital from HK$2,000,000 divided into 2,000,000,000 shares to HK$10,000,000 divided into 10,000,000,000 shares.

b) Extension of the maturity date of Tritime convertible bonds

On 10 August 2009, the amendments of the terms of Tritime Convertible Bonds, including but not limited to the maturity date shall be extended to 28 February 2012 at a conversion price of HK$0.03 per share were duly passed by the Independent Shareholders at the EGM.

c) Novation of the Crown Champion convertible bonds

On 10 August 2009, the novation of the obligations under the Crown Champion Convertible Bond from the Company to Mr. Han was duly passed by the Independent Shareholders at the EGM.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

During the six-month period under review, the Group has no turnover and net loss for the period amounted to approximately HK$21,193,000, whereas the Group had no turnover and net loss for the first half of 2008 was HK$34,200,000. Basic loss per share for the period was HK$7.80cents (six months ended 30 June 2008 : HK$12.58 cents).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

Pursuant to the supplemental subscription agreement dated 8 May 2003, Starry Joy Properties Investment Limited ("Starry Joy"), 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) Investment Limited ("Poly HK") and interest accrued thereon in priority over the preferred dividend payments to the Group by Tong Sun.

BUSINESS REVIEW

As a result of the continuing effort made by the management regarding the sales of the Consideration Property, prospective buyers are located and results of negotiations are encouraging. It is believed that should progress is developed as expected, further information on this issue would be released to the shareholders in the very near future. This also contributes to the continued support from the creditors to our group during the period as they are also confident that, from the proceeds of the sale of the Consideration

Property, we are able to settle our debts.

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.

PROSPECT

As noted in our previous reports, the need to develop new business is imminent subsequent to the disposal of the Consideration Property or the Group will not be able to meet the listing requirement of a public company. With the limited capital base of the Group, identifying appropriate business venue would be difficult. The management however, is determined to purse in this direction with an objective in regaining our status as a trading public company as soon as possible.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING REQURIEMENTS

As at 30 June 2009, the Group had obligations under hire purchase contracts of approximately HK$201,000 (as at 31 December 2008: HK$237,000) and the bank borrowings amounted to approximately RMB90,000,000 (equivalent to approximately HK$99,989,000) (as at 31 December 2008: approximately RMB90,000,000 and equivalent to approximately HK$99,989,000), that is secured and interest-bearing.

The loan of HK$165,000,000 as at 30 June 2009 (as at 31 December 2008: 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$3,873,000 as at 30 June 2009 (as at 31 December 2008: HK$3,873,000) was interest bearing at 10% per annum. And, the short term loan of HK$1,000,000 as at 30 June 2009 (as at 31 December 2008: HK$1,000,000) was interest bearing at the rate equal to Prime Rate plus 2%.

As at 30 June 2009, the Group's total assets was approximately HK$856,330,000 (as at 31 December 2008: approximately HK$869,537,000) whereas total debts amounted to approximately HK$269,862,000 as at 30 June 2009 (as at 31 December 2008: approximately HK$269,862,000). As at 30 June 2009, the cash and bank balances was approximately HK$152,000 (as at 31 December 2008: approximately HK$11,655,000) and the current ratio (current assets/ current liabilities) was 1.09 as at 30 June 2009 (as at 31 December 2008: 1.12).

EXCHANGE RISKS

The majority of the Group's operations are located in the Peoples' Republic of China ("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 OF ASSETS

As at 30 June 2009, the Group had pledged the property of China Securities Plaza, the development of project in Beijing to secure bank loans granted approximately HK$99,989,000 (as at 31 December 2008: approximately HK$99,989,000).

CORPORATE GOVERNANCE

During the six months ended 30 June 2009, 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 six months ended 30 June 2009, save for the deviation from the code provisions listed below :

The Chairman of the Company is also the chief executive officer of the Company, which deviates from the **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** and **Code provision A.4.2**. 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.

EMPLOYEES

As at 30 June 2009, the Group has employed about 52 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 six months ended 30 June 2009. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30 June 2009.

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 six months period ended 30 June 2009.

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 unaudited interim financial statements for the six months ended 30 June 2009.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises (i) two executive directors, namely Mr. Han Junran (Chairman) and Mr. Fu Yiu Kwong; (ii) one non-executive director, namely Mr. Luo Min; and (iii) 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 (China) Development Limited
Han Junran
Chairman

Hong Kong, 4 November 2009