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 2012

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$45,575,000 (2011: HK$8,000,000)
- Profit for the year was approximately HK$164,363,000 (2011: Loss HK$17,557,000)
- Earnings per share (basic) was 7.41 HK cents (2011: loss per share (basic) 8.61 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 2012 together with the comparative figures in 2011 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	3	**45,575**	8,000
COST OF SALES		**(2,887)**	–
GROSS PROFIT		**42,688**	8,000
Other income and gains	3	**208,373**	885
Administrative and other operating expenses		**(17,354)**	(12,426)
Finance costs	6	**(16,403)**	(14,016)
PROFIT/(LOSS) BEFORE TAX	5	**217,304**	(17,557)
Income tax expense	7	**(52,941)**	–
PROFIT/(LOSS) FOR THE YEAR		**164,363**	(17,557)
Attributable to:			
Owners of the Company	8	**164,363**	(17,557)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**7.41 cents**	(8.61) cents
Diluted		**6.67 cents**	(8.61) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE YEAR	**164,363**	(17,557)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**3,631**	–
Less: Income tax effect	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,631**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**167,994**	(17,557)
Attributable to:		
Owners of the Company	**167,994**	(17,557)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
NON CURRENT ASSETS			
Property, plant and equipment		**4,780**	290
Investment properties	*11*	**550,732**	–
Total non-current assets		**555,512**	290
CURRENT ASSETS			
Trade receivable	*12*	**2,000**	2,000
Prepayments, deposits and other receivables	*13*	**10,668**	363
Cash and bank balances		**46,740**	393
Total current assets		**59,408**	2,756
CURRENT LIABILITIES			
Other payables and accruals	*14*	**27,357**	7,613
Deposits received		**4,519**	–
Finance lease payable		**134**	18
Interest-bearing bank borrowings, secured	*15*	**12,273**	–
Due to directors		**1,234**	29,639
Liability component of convertible bonds	*16*	**–**	82,491
Tax payable		**1,359**	–
Total current liabilities		**46,876**	119,761
NET CURRENT ASSETS/(LIABILITIES)		**12,532**	(117,005)
TOTAL ASSETS LESS CURRENT LIABILITIES		**568,044**	(116,715)
NON-CURRENT LIABILITIES			
Other payables	*14*	**8,307**	–
Finance lease payable		**563**	–
Interest-bearing bank borrowings, secured	*15*	**153,732**	–
Deferred tax liabilities		**117,327**	–
Total non-current liabilities		**279,929**	–
Net assets/(liabilities)		**288,115**	(116,715)
EQUITY/(DEFICIENCY IN ASSETS)			
Equity attributable to owners of the Company			
Issued capital	*17*	**10,179**	272
Reserves		**277,936**	(116,987)
Total equity/(deficiency in assets)		**288,115**	(116,715)

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 Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, 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 the 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 and its shares were suspended for trading since 30 December 2003. The shares of the Company has been resumed for trading on 23 February 2012.

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 (the "Listing Rules") on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance. 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.

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 2012. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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 recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for first-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial instruments: Disclosures – Transfers of Finanical Assets
HKFRS 12 Amendments	Amendments to HKFRS 12 Income Taxes – Deferred tax: Recovery of Underlying Assets

Other than as further explained below regarding the impact of HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these consolidated financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sales has been rebutted by the Group as the Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use.

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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards-Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – *Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvement 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

During the year ended 31 December 2012, revenue, which is also the Group's turnover, represents the value of property management services rendered and gross rental income received and receivable from investment properties.

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

	2012	2011
	HK$'000	HK$'000
Revenue		
Property management fee income	**8,000**	8,000
Rental income and related management service income	**37,575**	–
	45,575	8,000
Other income and gains		
Write-back of other payables and accruals	**613**	885
Interest income	**193**	–
Gain on redemption of convertible bonds *(note 16)*	**2,259**	–
Gain on disposal of items of property, plant and equipment	**150**	–
Gain on bargain purchase *(note 18)*	**2,419**	–
Fair value gains on investment properties *(note 11)*	**202,716**	–
Others	**23**	–
	208,373	885
Total revenue, other income and gains	**253,948**	8,885

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 assets 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 2012 and 2011 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/(LOSS) BEFORE TAX

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

	2012	2011
	HK$'000	HK$'000
Auditors' remuneration	**300**	230
Depreciation		
– owned assets	**757**	59
– leased assets	**93**	17
	850	76
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**7,063**	4,301
Pension scheme contributions	**186**	44
	7,249	4,345
Minimum lease payments under operating leases on land and buildings*	**643**	676
Write-back of other payables and accruals	**(613)**	(885)
Write-off of property, plant and equipment	**31**	–
Gain on redemption of convertible bonds *(note 16)*	**(2,259)**	–
Gain on disposal of items of property, plant and equipment	**(150)**	–
Gain on bargain purchase *(note 18)*	**(2,419)**	–
Fair value gains on investment properties *(note 11)*	**(202,716)**	–
Interest income	**(193)**	–

* Minimum lease payments under operating leases on land and buildings included rental for a director quarter of HK$11,500 (2011: HK$253,000).

6. FINANCE COSTS

	2012	2011
	HK$'000	HK$'000
Interest on:		
Bank loan	**13,948**	–
Convertible bonds (note 16)	**2,353**	13,986
Finance leases	**26**	20
Other payables	**76**	10
	16,403	14,016

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 (2011: 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.

	2012	2011
	HK$'000	HK$'000
Current tax:		
Hong Kong	**–**	–
Elsewhere	**2,570**	–
	2,570	–
Deferred tax	**50,371**	–
Total tax charge for the year	**52,941**	–

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

	2012		2011	
	HK$'000	**%**	HK$'000	%
Profit/(loss) before tax	**217,304**		(17,557)	
Tax at the statutory tax rates	**53,154**	**24.5**	(2,897)	16.5
Income not subject to tax	**(3,122)**	**(1.4)**	(1,466)	8.3
Expenses not deductible for tax	**1,523**	**0.7**	4,360	(24.8)
Tax benefit not recognised	**1,036**	**0.5**	3	–
Underprovision in previous year	**350**	**0.2**	–	–
Tax charge at effective tax rate	**52,941**	**24.5**	–	–

The Group had no significant unprovided deferred taxation as at 31 December 2011 and 2012.

8. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2012 includes a loss of HK$1,458,000 (2011: profit of HK$6,183,000) which has been dealt with in the financial statements of the Company.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) 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 share consolidation and bonus issue during the year.

The calculations of basic earnings/(loss) per share are based on:

	2012	2011
	HK$'000	HK$'000
Earnings/(Loss)		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	**164,363**	(17,557)

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings/(loss) per share calculation	**2,218,250,355**	203,818,500*

* As previous reported, the weighted average number of ordinary shares in issue during the year ended 31 December 2011 has been adjusted to reflect the effect of share consolidation and bonus issue subsequent to the end of the reporting period in January and February 2012, respectively.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) 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.

Diluted loss per share for the year ended 31 December 2011 have not been prepared, as the convertible bonds outstanding during the years had an anti-dilutive effect on the basic loss per share.

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 (16.5%)	**(389)**
Profit attributable to ordinary equity holders of the parent 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**
	2,493,288,176

10. DIVIDENDS

The Directors did not recommend any dividend for the year ended 31 December 2012 (2011: Nil).

11. INVESTMENT PROPERTIES

	HK$'000
Acquisition of subsidiaries *(note 18)*	**338,494**
Addition during the year	**438**
Change in fair value of investment properties *(note 3)*	**202,716**
Exchange realignment	**9,084**
Carrying amount at 31 December 2012	**550,732**

Investment properties are all situated in the PRC and are held under medium term leases.

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.

The fair value of the investment properties have been assessed by an independent valuer, Savills Valuation and Professional Services Limited, to be RMB442,000,000 (equivalent to HK$550,732,000) as at 31 December 2012.

At 31 December 2012, the Group's investment properties with carrying amount of 550,732,000 were pledged to secure the bank borrowing, details of which are set out in note 15.

12. TRADE RECEIVABLE

	2012	2011
	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. 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 within the credit period.

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

	2012	2011
	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:

	2012	2011
	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

	2012	2011
	HK$'000	HK$'000
Prepaid administrative fee *(note 15)*	**7,220**	–
Prepayments	**544**	192
Deposits	**148**	144
Other receivables	**2,756**	27
	10,668	363

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

	2012	2011
	HK$'000	HK$'000
Accrued expenses	**657**	7,613
Other payables	**467**	–
Loan from an ex-shareholder *(note (a))*	**24,920**	–
Due to an ex-shareholder *(note (b))*	**9,620**	–
	35,664	7,613
Less: classified as non-current portion	**(8,307)**	–
Current portion	**27,357**	7,613

Notes:

(a) Amount represented a loan obtained by Changliu from an ex-shareholder, 北京誠達順逸商貿有限公司, (the "誠達Loan") 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 is RMB20,000,000 (equivalent to HK$24,920,000) which 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 and the interest is repayable on a semi-annual basis. As at 31 December 2012, the first installment has not been settled.

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED

	Effective interest rate (%)	**Maturity**	**2012 HK$'000**	2011 HK$'000
Bank loan – ICBC Loan *(note a)*	8.8%-9.2%	2021	**23,275**	–
Other loan – Sichuan Loan *(note b)*	8.8%-9.2%	2021	**142,730**	–
			166,005	–
Analysed into:				
Repayable:				
Within one year or on demand			**12,273**	–
In the second to fifth years, inclusive			**80,915**	–
Beyond five years			**72,817**	–
Total			**166,005**	–
Current portion			**(12,273)**	–
Non-current portion			**153,732**	–

Note:

As detailed in note 18 below, 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 were denominated in RMB and were 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 ("ICBC Loan Agreement") with Industrial and Commercial Bank of China ("ICBC"), pursuant to which, ICBC agreed to grant a loan ("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 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 ("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, Sichuan Trust Loan has been 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 ICBC Loan; and (ii) 10% of the interest on Sichuan Trust Loan, as administrative fee for the arrangement of ICBC Loan and Sichuan Trust Loan, which in aggregate amounting to RMB7,543,640 (equivalent to HK$9,399,375). As at 31 December 2012, the Group has fully settled the administrative fee to ICBC, which shall be amortised to the consolidated income statement at the effective interest rate over a 10-year period since 2011. During the year ended 31 December 2012, the amount of RMB1,002,900 was charged to the consolidated income statement and the remaining balance of the prepaid administrative fee of RMB5,794,940 (equivalent to HK$7,220,495) were recorded in the consolidated statement of financial position as "prepayments" (note 13).

16. CONVERTIBLE BONDS

The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

	2012	2011
	HK$'000	HK$'000
Liability component at 1 January	**82,491**	68,505
Interest expenses (note 6)	**2,353**	13,986
Redemption during the year	**(84,844)**	–
Liability component at 31 December	–	82,491

The fair value of the convertible bonds was estimated at the issuance date by using the closing share price of the Company and the Trinomial Tree Pricing Model by Asset Appraisal Limited, an independent valuer. The inputs into the model were as follows:

	Convertible Bond A 5 May 2009 (issuance date)	**Convertible Bond B 10 August 2009 (issuance date)**
Stock price	HK$0.03	HK$0.03
Expiration	2 years 10 months	3 years
Risk-free-rate	0.920%	1.264%
Volatility	68.285%	69.077%

The fair value of the liability component at the issuance date was approximately HK$52,407,000 and was classified as "Liability component of convertible bonds" in the non-current liabilities. Accordingly the remaining balance of approximately HK$25,027,000 was classified as "Equity component of convertible bonds" in the consolidated statement of change in equity.

The face value of the convertible bonds as at the end of the reporting period is as follows:

	2012	2011
	HK$'000	HK$'000
Convertible Bond A (notes (i))	–	14,185
Convertible Bond B (notes (ii))	–	63,249
	–	77,434

Note:

(i) On 28 February 2009, the Company and a convertible bond holder entered into an agreement for the issuance of a new convertible bond in a principal amount of HK$14,185,129 (the "Convertible Bond A") for the settlement of certain outstanding bonds in an aggregate principal amount of HK$12,804,817 together with accrued interest of HK$1,380,312. The Convertible Bond A bore interest at Prime Rate plus 2% per annum and was convertible into the ordinary shares of the Company at a conversion price of HK$0.03 per share. The Convertible Bond A was approved by the shareholders on 5 May 2009.

(ii) On 18 March 2009, the Company entered into a deed of novation (the "Deed of Novation") with another convertible bond holder (the "Bond Holder") and Mr. Han. Pursuant to the Deed of Novation, the parties agreed that the total outstanding principal amount together with all interest thereon owing by the Company to the Bond Holder be novated from the Company to Mr. Han and the Company be fully released and discharged from all liabilities and obligations, past or future, and any security created.

On the same day, the Company entered into a new loan agreement and subscription agreement (the "New Agreement") with Mr. Han, pursuant to which, the Company was deemed to have drawn down a debt amounting to HK$63,248,596, being the principal amount owed by the Company to the Bond Holder of HK$56,458,150 plus accrued interest of HK$6,790,446 up to the date of execution of the Deed of Novation and the Company issued a new convertible bond (the "Convertible Bond B") therefrom. The Convertible Bond B bore interest at Prime Rate and was convertible into the ordinary shares of the Company at a conversion price of HK$0.03 per share. The Convertible Bond B was approved by the shareholders on 10 August 2009.

On 21 February 2012, both of the Convertible Bond A and Convertible Bond B were early redeemed by the Company at an aggregate consideration of HK$88,227,000. As at the date of redemption, the fair value of the liability component of Convertible Bond A and Convertible Bond B were HK$82,585,000, which was valued by an independent valuers, Asset Appraisal Limited, and accordingly, the Group recognised a gain of HK$2,259,000 on early redemption of the convertible bonds in the consolidated income statements. The difference between the consideration and the carrying amount of the convertible bonds of HK$19,385,000 was directly transferred to the accumulated losses account. Detailed calculation is as follows:

	Equity component *HK$'000*	**Liability component** *HK$'000*	**Total** *HK$'000*
Consideration for redemption	5,642	82,585	88,227
Carrying value prior to redemption	(25,027)	(84,844)	(109,871)
Gain on early redemption of convertible bonds	(19,385)	(2,259)	(21,644)

17. SHARE CAPITAL

	2012 **HK$'000**	2011 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.004 each (2011: 10,000,000,000 ordinary shares of HK$0.001 each)	**40,000**	10,000
Issued and fully paid:		
2,544,787,999 ordinary shares of HK$0.004 each (2011: 271,758,000 ordinary shares of HK$0.001 each)	**10,179**	272

Authorised share capital

	Number of shares '000	Authorised capital HK$'000
At 31 December 2011 and 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	10,000,000	40,000

Issued and fully paid share capital

	Number of shares in issue '000	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 31 December 2011 and 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	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, 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) As detailed in note 18 below, 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.

18. BUSINESS COMBINATION

On 24 January 2011, the Company entered into a sale and purchase agreement with two independent third parties 北京誠達順逸商貿有限公司 (Beijing Chengda Shunyi Shangmao Company Limited) ("Vendor A") and Kayuan Enterprise Investment Co.,Limited ("Vendor B", together with Vendor A, collectively the "Vendors"), which was supplemented by two supplemental agreements on 23 August 2011 and 15 November 2011, respectively (collectively, the "S&P Agreements"), pursuant to which, the Vendors agreed to sell and a wholly-owned subsidiary (the "Subsidiary") of the Company agreed to purchase (the "Acquisition") a 100% equity interest of French Land Limited ("French Land") and Fudi International Holding Co., Limited ("Fudi") and 75% equity interest in Guangdong Changliu Investment Company Limited ("Changliu", together with French Land and Fudi, collectively the "Changliu Group") from Vendor A and (ii) 25% equity interest of Changliu from Vendor B at an aggregate consideration of RMB299,696,000 (equivalent to approximately HK$357.1 million) (the "Consideration") of which, (i) as to RMB70,000,000 (equivalent to approximately HK$83.4 million) shall be paid to the Vendors by way of allotment and issue of the shares of the Company of HK$0.004 each at an issue price of HK$0.12 per share; and (ii) as to RMB199,696,000 (equivalent to approximately HK$238 million) be settled by assignment of Changliu's other receivables; and (iii) as to RMB30,000,000 (equivalent to approximately HK$35.7 million), being the remaining balance of the Consideration be settled by cash. Changliu is principally engaged in property development and property investment in the PRC.

The fair values of the identifiable assets and liabilities of Changliu Group as at the date of Acquisition were as follows:

	Fair value recognised on acquisition
	HK$'000
Property, plant and equipment	974
Investment properties *(note 11)*	338,494
Prepayments, deposits and other receivables	252,340
Cash and cash equivalents	13,316
Other payables and accruals	(37,427)
Deposits received	(4,338)
Receipt in advance	(256)
Interest-bearing bank and other borrowings, secured	(168,758)
Deferred tax liabilities	(65,073)
Total identifiable net assets at fair value of Changliu Group	329,272
Gain on bargain purchase recognised in the consolidated income statement *(note 3)*	(2,419)
Total consideration	326,853
Total consideration of the Acquisition is satisfied by:	
The issue of Consideration Shares *(note 17 (vii))*:	
Issued share capital	2,780
Share premium	43,097
The fair value of the Consideration Shares	45,877
Cash	36,948
Assignment of Changliu's other receivables	244,028
	326,853

An analysis of the cash flows in respect of the Acquisition of Changliu Group is as follows:

	HK$'000
Cash consideration	(36,948)
Cash and bank balances acquired	13,316
Net outflow of cash and cash equivalents included in cash flows from investing activities	(23,632)

Since the acquisition, Changliu Group contributed HK$37,575,000 to the Group's turnover and HK$162,609,000 to the consolidated profit for the year ended 31 December 2012. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$52,410,000 and HK$120,260,000, respectively.

19. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases its investment properties (note 11) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 2 years.

At 31 December 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**27,330**	–
In the second to fifth years, inclusive	**13,297**	–
	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 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**794**	108
2-5 years, inclusive	**316**	–
	1,110	108

20. CAPITAL COMMITMENTS

At the end of the reporting period on 31 December 2012, neither the Group nor the Company had any significant capital commitments.

Except for those as stated in note 18, the Group and the Company did not have any other capital commitments as at 31 December 2011.

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

The Group recorded a turnover of HK$45,575,000 and recorded a profit after tax of about HK$164,363,000 for the year.

Major business arrangements

Group Restructuring and Resumption of Trading

During the year, the Company has undergone the Group restructuring and resumption of trading as follows:

a) Share Consolidation and Change of Board Lot Size

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

b) ***Increment of Authorised Capital***

The authorised share capital of the Company was HK$10,000,000 divided into 10,000,000,000 shares of HK$0.001 each with 271,758,000 shares in issue prior to the share consolidation becoming effective. Upon the share consolidation becoming effective, the authorised share capital of the Company was HK$10,000,000 divided into 2,500,000,000 Consolidated Shares of HK$0.004 each with 67,939,500 Consolidated Shares in issue.

In order to accommodate the issue of the consideration shares, the bonus shares, the offer shares, the subscription shares, the remuneration shares and the warrant shares, upon the share consolidation becoming effective, pursuant to an ordinary resolution passed by the shareholders of the Company on 12 January 2012, the Company increased its authorised share capital 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.

c) ***Issue of Remuneration Shares and Remuneration Warrants***

Pursuant to an engagement letter entered into between the Company and the joint financial advisers for resumption of trading of the shares of the Company, it was agreed between the Company and the joint financial advisers that the professional fees charged by the joint financial advisers may be settled by (i) the issue of remuneration shares in an aggregate amount of HK$1,000,000 (i.e. 8,333,333 Consolidated Shares); (ii) the issue of remuneration warrants in an aggregate amount of HK$500,000; and (iii) the settlement of the balance of HK$1,000,000 in cash. The Company has issued such remuneration shares and remuneration warrants to the joint financial advisers on 21 February 2012. As at the date of this announcement, the joint financial advisers have fully exercised the remuneration warrants at a subscription price of HK$0.12 per Consolidated Share.

d) ***Subscription of shares***

Pursuant to an subscription agreement entered into among the Company, Mr. Han Junran ("Mr. Han") and Junyi Investments 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 provided by Mr. Han to 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.

e) ***Issue of Bonus Shares***

The Company has issued 135,879,000 bonus shares to the shareholders of the Company on the basis of two bonus shares for every existing Consolidated Share held by the shareholders on 21 February 2012.

f) Completion of Acquisition

On 24 January 2011, the Company entered into a sale and purchase agreement with two independent third parties 北京誠達順逸商貿有限公司 (Beijing Chengda Shunyi Shangmao Company Limited) ("Vendor A") and Kayuan Enterprise Investment Co., Limited ("Vendor B", together with Vendor A, collectively the "Vendors"), which was supplemented by two supplemental agreements dated 23 August 2011 and 15 November 2011, respectively (collectively, the "S&P Agreements"), pursuant to which, the Vendors agreed to sell and a wholly-owned subsidiary of the Company agreed to purchase (the "Resumption Acquisition") 100% equity interest of French Land Limited and Fudi International Holding Co., Limited and 75% equity interest in Guangdong Changliu Investment Company Limited ("Changliu") from the Vendor A and (ii) 25% equity interest of Changliu from the Vendor B at an aggregate consideration of RMB299,696,000 (equivalent to approximately HK$357.1 million) (the "Consideration"), Changliu is principally engaged in property development and property investment in the PRC.

The Resumption Acquisition was completed on 21 February 2012 and the Consideration was settled as follows:

1. as to RMB30,000,000 by cash;

2. as to RMB20,000,000 by the issuance of 198,600,000 Consolidated Shares to the person designated by the Vendor A;

3. as to RMB50,000,000 by the issuance of 496,500,000 Consolidated Shares to the person designated by the Vendor B;

4. as to RMB124,640,000 by procuring Changliu to settle in cash to Vendor A; and

5. as to RMB75,056,000 by procuring Changliu to deliver a deed of assignment of its receivables in favour of Vendor A at nil consideration.

g) Open Offer

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 on the record date. As at the date of this announcement, 26,895,441 Offer Shares were subscribed through the Open Offer. The remaining 88,300,000 and 405,674,059 offer shares were taken up by the Subscribers and the placing agent in accordance with their obligation under an underwriting agreement dated 15 November 2011.

h) Repayment of Convertible Bonds and Loan from a Director

The Company has fully repaid the outstanding principal amounts and all interests accrued thereon of the convertible bonds, and the outstanding loan from a director in an aggregate amount of approximately HK$116 million on 21 February 2012.

i) Resumption of Trading in Shares

At the request of the Company, trading in the shares on the Stock Exchange has been suspended since 30 December 2003. As all the resumption conditions have been fulfilled, the Stock Exchange approved the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 23 February 2012.

j) Re-designation of Director

On 1 March 2012, Mr. Luo Min has been re-designated from a non-executive director to an executive director.

k) Appointment and resignation of Director and Vice-Chairman

On 2 April 2012, Dr. Liu Ta-pei ("Dr. Liu") has been appointed as a non-executive director and vice-chairman. On 26 September 2012, Dr. Liu resigned as non-executive director and vice-chairman.

l) Change of Company name

On 19 June 2012, the English name of the Company has been changed from "New City (China) Development Limited" to "New City Development Group Limited" and the Company has adopted the new Chinese name "新城市建設發展集團有限公司" and ceased to use the Chinese name "新城市(中國)建設有限公司". The certificate of incorporation on change of name was issued by the Registrar of Companies in Cayman Islands on 16 May 2012.

m) Continuing Connected Transactions

On 25 May 2012, the Tenancy Agreements were respectively entered into (i) between 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. 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.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 30 December 2003. As all the resumption conditions have been fulfilled, the Company has made an application to and was approved by the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 23 February 2012.

OUTLOOK

From the perspective of macro-economic, the world economies show sign of recovery while filling with uncertainties. While facing with challenges, the Chinese economies still offer ample opportunities. And urbanization will be the next emphasis for the economic growth in China. To this end, the management will continue to utilize its strengths in developing urban complex and focus on identifying opportunities. Meanwhile, the Group will identify opportunities in the arena of sustainable city development. Strategic business alliance will be made with other business partners in order to expand our scope of business, as well as to widen our sources of income. By this way, the new city development mission, which the Group has been emphasizing, can be achieved.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 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 2012. 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$45,575,000 (2011: 8,000,000). The Group's net profit for the year was approximately HK$164,363,000 (2011: loss of about HK$17,557,000). The basic profit per share for the year was approximately 7.41 HK cents (2011: loss of about 8.61 HK cents). Administrative expenses was approximately HK$17,354,000 (2011: HK$12,426,000). Financial costs was approximately HK$16,403,000 (2011: HK$14,016,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2012, the Group had obligations under hire purchase contracts of approximately HK$697,000 (2011: HK$18,000).

As at 31 December 2012, the Group's total assets was approximately HK$614,920,000 (2011: approximately HKHK3,046,000) and total liabilities were of approximately HK$326,805,000 (2011: approximately HK$119,761,000) whereas the convertible bonds was nil as at 31 December 2012 (2011: approximately HK$82,491,000). As at 31 December 2012, the cash and bank balances was approximately HK$46,740,000 (2011: approximately HK$393,000) and the current ratio (current assets/current liabilities) was 1.27 as at 31 December 2012 (2011: 0.02).

Litigation

The Group did not have any litigation as at 31 December 2012.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 0.36 as at 31 December 2012 (2011: 44.99).

Capital Structure

During the year ended 31 December 2012, the Company had changed its capital structure. As detailed in note 17 above, during the reporting period, the Company has certain movements in its share capital structure.

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 2012 (2011: Nil).

Prospect

The acquisition of Guangzhou Changliu project was accomplished in 2012. With the enrollment of the former management of Changliu, Changliu's business was handed over without complication. And the rental and relevant income derived from the project was recorded in the Group's financial statements. Whilst receiving stable income from the project, the Group has started the preparatory work on the redevelopment of the property. The property project is closely monitored and tightly run. The management is of confidence that the property will generate result as expected.

Employees

As at 31 December 2012, 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 2012.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2012.

Commitments

Details of the commitments are set-out in notes 19 and 20.

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 2012. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 December 2012.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules was amended and renamed as Corporate Governance Code and Corporate governance Report ("Revised CG Code").

The Company has complied with all the code provisions in the CG Code during the period from 1 January 2012 to 31 March 2012 and has complied with the Revised CG Code during the period from 1 April 2012 to 31 December 2012, 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 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 9 May 2012 due to work commitment. 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.

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 2012.

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 2012 Annual Report will be despatched to our shareholders on or before 30 April 2013 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 24 May 2013. 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 20 May 2013 to 24 May 2013 (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 4:30 pm on 19 May 2013.

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 2012.

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 , 27 March 2013