

CHAIRMAN'S STATEMENT

I am pleased to present this annual report of New City (Beijing) Development Limited (the "Company") and its subsidiaries (the "Group") for the financial year 2003.

REVIEW OF OPERATIONS

Following the closure of disposing 49% interest in Tong Sun Limited to Starry Joy Properties Investment Limited (a wholly owned subsidiary of Continental Mariner Investment Co., Limited) by the end of June 2003, the Group managed to secure an interest-free and an interest bearing loans of HK\$142 million and HK\$45 million respectively. Thereafter, the management devoted much of its efforts in the full scale reactivation of the China Securities Plaza project and also in identifying a single buyer for the property. An independent prospective buyer was located and an agreement with this other party - China Network Communications Group Corporation was signed before the end of the financial year in which the building was to be built to their requirements and that the property will be handed over to the purchaser by end of year 2005 should certain conditions precedent are met. Although it is noted that there will be quite a lot of uncertainties in executing this agreement, a positive cash flow would be expected if the agreement is eventually executed.

Details of this transaction is laid out as Addendum of this annual report.

The Group still experiences immense financial pressure from lending bankers and creditors. Expenses had been scrutinized, reduced and controlled at a reasonable level. Communication with our bankers and creditors were effective during the year under review. They were very much informed about our business progress and had given the new management support by not demanding immediate payments.

OUTLOOK

The management will devote most of its efforts in ensuring proper execution of the agreement concerning China Securities Plaza as mentioned above. Importance on up-keeping good relationship between banks, creditors and the Group will also be stressed since their supports in this area are inevitable for our existence at the moment.

Despite of the fact that currently the government made changes in the macro policy of land provisions throughout China in order to limit investments in the property sector, it is considered that ample room for investment would still be available for Beijing with her being one of the cultural and financial center of the country. With deep knowledge and experience in Beijing property market, the management will be on the watch for quality investment opportunities so as to bring long term financial benefits to the shareholders of the Company.

APPRECIATION

On behalf of the Board, I would like to thank all our shareholders and business partners for their strong support to the Group. I would also like to express appreciation to the management and staff for their contribution to the Group over the past year and for their continuous dedication and commitment in the future.

Han Junran

Chairman

Hong Kong, 26 April 2004