



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 2004.

BUSINESS REVIEW

During the year under review, the new management successfully resolved various issues within the Group left by their predecessors. Operations of the Group have been restructured with satisfactory financial and administrative resources.

By the end of December 2003, the Group entered into an agreement with China Network Communications Group Corporation ("Netcom") in respect of certain financial and construction arrangements for China Securities Plaza. With the financial support from Netcom, the Group was able to proceed with the construction of China Securities Plaza as scheduled.

During the year under review, the Group successfully completed the very substantial disposal of all interests in New Rank (BVI 1) Limited to an independent third party. During the year, the Group made repayments in respect of creditors, construction amounts due to contractors and loans of RMB190 million (approximately HK\$178 million), RMB161 million (approximately HK\$150 million) and RMB50 million (approximately HK\$47 million) respectively.

If the Group can complete the transaction with Netcom in respect of the disposal of China Securities Plaza in 2005, the Group will receive, as part of the consideration, building valued at approximately HK\$421 million by valuers in January 2005. This is expected to improve the negative net assets of the Group.

CHINA SECURITIES PLAZA

Construction of China Securities Plaza was fully resumed in October 2003. Following the execution of an agreement with Netcom in respect of certain financial and construction arrangements for China Securities Plaza by the end of December 2003, the structural construction of the Plaza has been completed. Exterior decoration and services installation works have commenced.



CHAIRMAN'S STATEMENT

ARRANGEMENTS FOR THE RESUMPTION OF TRADING OF SHARES

Since the Group entered into an agreement with Netcom regarding certain financial and construction arrangements of China Securities Plaza by the end of December 2003, trading in shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 30 December 2003, pending the release of an announcement by the Company regarding a major transaction relating to China Securities Plaza. Apart from that, subsequent to the disposal of New Rank (BVI 1) Limited, the Stock Exchange questioned whether the Company had a sufficient level of assets and operations. The Board is now working closely with the Stock Exchange by submitting all the required information, with an aim of complying with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and enabling the continued listing of its shares on the Stock Exchange. As at the date of this report, the Stock Exchange still considers that the Group has not fully addressed the issues raised. As such, the Group continues to discuss with the Stock Exchange in this respect.

OUTLOOK

The Board will continue to monitor the construction progress of China Securities Plaza and ensure its completion in 2005. Furthermore, in anticipation of its improved financial strength, the Group commenced to identify new investment projects with a view to consolidating its operations and income stream.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all shareholders and business partners for their continued support. I would also like to thank the management and staff for their dedication and contribution to the Group over the past year.

Han Junran

Chairman

Hong Kong, 26 April 2005