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 2014

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$43,808,000 (2013: HK$51,504,000)
- Profit for the year was approximately HK$32,964,000 (2013: HK$122,706,000)
- Earnings per share (basic) was 1.30 HK cents (2013: 4.82 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 2014 together with the comparative figures in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	3	**43,808**	51,504
Cost of services provided		**(3,943)**	(3,656)
GROSS PROFIT		**39,865**	47,848
Other income and gains	3	**41,900**	150,321
Administrative and other operating expenses		**(21,900)**	(20,800)
Finance costs	6	**(12,854)**	(14,375)
PROFIT BEFORE TAX	5	**47,011**	162,994
Income tax expense	7	**(14,047)**	(40,288)
PROFIT FOR THE YEAR		**32,964**	122,706
Attributable to:			
Owners of the Company		**32,964**	122,706
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**1.30 cents**	4.82 cents
Diluted		**1.30 cents**	4.82 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**32,964**	122,706
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(9,768)**	8,430
Less: Income tax effect	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(9,768)**	8,430
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**23,196**	131,136
Attributable to:		
Owners of the Company	**23,196**	131,136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,534**	3,516
Investment properties	*11*	**737,508**	714,240
Investment in an associate		**–**	–
Available for sales investment		**–**	–
Total non-current assets		**740,042**	717,756
CURRENT ASSETS			
Trade receivable	*12*	**–**	2,000
Prepayments, deposits and other receivables	*13*	**9,413**	10,750
Due from an associate		**6**	–
Due from a related company		**5**	–
Cash and bank balances		**25,199**	33,352
Total current assets		**34,623**	46,102
CURRENT LIABILITIES			
Other payables and accruals	*14*	**2,002**	17,792
Deposits received		**8,007**	7,165
Finance lease payable		**154**	143
Interest bearing bank and other borrowings, secured	*15*	**20,515**	20,122
Due to directors		**1,205**	1,080
Tax payable		**3,069**	2,803
Total current liabilities		**34,952**	49,105
NET CURRENT LIABILITIES		**(329)**	(3,003)
TOTAL ASSETS LESS CURRENT LIABILITIES		**739,713**	714,753
NON-CURRENT LIABILITIES			
Other payables	*14*	**19,748**	–
Finance lease payable		**266**	420
Interest bearing bank and other borrowings, secured	*15*	**113,959**	137,805
Deferred tax liabilities		**163,293**	157,277
Total non-current liabilities		**297,266**	295,502
Net assets		**442,447**	419,251
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**10,179**	10,179
Reserves		**432,268**	409,072
Total equity		**442,447**	419,251

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 Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, 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 Company and its subsidiaries (collectively known as the "Group") is principally engaged in property development and investment in the People's Republic of China ("PRC") which has not been changed during the year.

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.

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 on the Stock Exchange (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of consolidated financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance, Cap. 32, in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap. 622, "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, which have 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.

Despite the fact that the Group had net current liabilities of approximately HK$329,000 as at 31 December 2014, these consolidated financial statements have been prepared on the basis that the Group and the Company will continue to operate as a going concern. The directors are of the opinion that the Group and the Company are able to continue as a going concern and to meet in full their financial obligations. In view of the liquidity problems faced by the Group, the directors consider that (i) the Group may enlarge and strengthen its capital base through various fund raising exercises of the Company and (ii) funding from continuing financial support has been provided by a substantial shareholder of the Company, who has confirmed his willingness to continue financing the operation of the Group to meet its future obligations. In addition, as detailed in note 14 of this announcement, 北京誠達順逸商貿有限公司 ("one of its major creditors and a substantial shareholder of the Company"), has also agreed not to demand for repayment of the loans and amount due to it with an aggregate amount of approximately HK$19,748,000 in the next 12 months from the date of this announcement and until the Group is financially viable to do so. Taking into consideration of the net assets value of the Group of approximately HK$442,447,000 and the net current liabilities of approximately HK$329,000, as at 31 December 2014 and a letter of support has been provided by a substantial shareholder of the Company, the directors are of confident that the Group and the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements and it is reasonable to expect the Group and the Company to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group and the Company's liquidity position as at 31 December 2014.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Emphasis of matters

Without qualifying their opinion, the auditors of the Company (the "Auditors") draw attention to note 2.1 to the consolidated financial statements in the annual report which indicates that the Group had net current liabilities of approximately HK$329,000 as at 31 December 2014. The consolidated financial statements have been prepared on a going concern basis. As further detailed in note 2.1 to the consolidated financial statements in the annual report, the Auditors consider that the adoption of the going concern basis is appropriate as (i) the Group may enlarge and strengthen its capital base through various fund raising exercises of the Company and (ii) funding from continuing financial supports has been provided by a substantial shareholder of the Company, who has confirmed his willingness to continue financing the operation of the Group to meet its future obligations. In addition, as detailed in note 14 of this announcement, 北京誠達順逸商貿有限公司, one of its major creditors and a substantial shareholder of the Company, has also agreed not to demand for repayment of the loans and amount due to it with an aggregate amount of approximately HK$19,748,000 in the next 12 months from the date of this announcement and until the Group is financially viable to do so. The Auditors consider that the fundamental uncertainty has been properly disclosed in the consolidated financial statements. The Auditors' report is not qualified in respect of the fundamental uncertainty relating to the going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	Definition of Vesting Condition[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	Accounting for Contingent Consideration in a Business Combination[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	Meaning of Effective HKFRSs

[1] Effective from 1 July 2014

Other than as further explained below regarding the impact of HKFRS 10 and HKFRS 13 Amendments, the adopting of these new and revised HKFRS has had no significant effect on these consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, which are applicable to the Group, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 9	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

In addition, the Hong Kong Companies Ordinance, Cap. 622, will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of property management services rendered and gross rental income received and receivable from the investment properties.

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

	2014	2013
	HK$'000	HK$'000
Revenue		
Property management fee income	**–**	8,000
Rental income and related management service income	**43,808**	43,504
	43,808	51,504
Other income and gains		
Write-back of loan interest accrued	**–**	2,619
Interest income	**710**	946
Gain on disposal of items of property, plant and equipment	**8**	–
Fair value gains on investment properties (note 11)	**41,180**	146,644
Others	**2**	112
	41,900	150,321
Total revenue, other income and gains	**85,708**	201,825

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 asset and revenue was disclosed.

Information about a major customer

Property management fee income

The major customer of the Group during the year ended 31 December 2013 was Tong Sun Limited ("Tong Sun"), a subsidiary being disposed by the Group during the year ended 31 December 2010. The Group managed 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. The management agreement of the property was expired on 31 December 2013 and accordingly, no Property Management Fee Income was recorded by the Group during the year ended 31 December 2014.

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 BEFORE TAX

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

	2014	2013
	HK$'000	HK$'000
Auditors' remuneration	**380**	360
Cost of services provided	**3,943**	3,656
Depreciation		
– owned assets	**801**	1,213
– leased assets	**184**	184
	985	1,397
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**9,533**	7,999
Pension scheme contributions	**262**	236
	9,795	8,235
Minimum lease payments under operating leases on land and buildings*	**1,501**	1,065
Write-off of property, plant and equipment	**–**	36
Rental income on investment properties included in the rental income and related management service income less direct operating expenses of approximately HK$2,344,000 (2013: HK$2,445,000)	**22,123**	22,482
Write-back of loan interest accrued (note 14)	**–**	(2,619)
Gain on disposal of items of property, plant and equipment	**(8)**	–
Fair value gains on investment properties (note 11)	**(41,180)**	(146,644)
Interest income	**(710)**	(946)

* Minimum lease payments under operating leases on land and buildings included rental for director quarter of HK$624,000 (2013: HK$260,000).

6. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on:		
Bank and other borrowings, secured and wholly repayable:		
Beyond five years	**12,822**	14,332
Finance leases	**32**	43
	12,854	14,375

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 (2013: Nil).

Under the Corporate Income Tax Law, the corporate income tax ("CIT") is calculated at a rate of 25% (2013: 25%) on the Group's estimated assessable profits arising in the PRC during the year.

	2014	2013
	HK$'000	HK$'000
Current tax:		
Hong Kong	**–**	–
PRC	**4,159**	3,877
(Over)/under provision in previous year	**(72)**	117
	4,087	3,994
Deferred tax	**9,960**	36,294
Total tax charge for the year	**14,047**	40,288

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

	2014		2013	
	HK$'000	**%**	HK$'000	%
Profit before tax	**47,011**		162,994	
Tax at the statutory tax rate	**12,774**	**27.2**	40,121	24.6
Income not subject to tax	**(113)**	**(0.2)**	(1,451)	(0.9)
Expenses not deductible for tax	**1,420**	**3.0**	1,395	0.8
Tax benefit not recognised	**38**	**0.1**	106	0.1
(Over)/under provision in previous year	**(72)**	**(0.2)**	117	0.1
Tax charge at effective rate	**14,047**	**29.9**	40,288	24.7

As at 31 December 2014 and 2013, the Group has not provided deferred tax assets in respect of tax losses available and decelerated depreciation for offsetting future assessable profits calculated at the rate of 16.5% (2013: 16.5%) as follows:

	2014	2013
	HK$'000	HK$'000
Tax losses	**255**	255
Decelerated depreciation	**156**	118
	411	373

8. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2014 includes a loss of approximately HK$6,535,000 (2013: a profit of HK$2,354,000) which has been dealt with in the financial statements of the Company.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2014 and 2013.

The calculations of basic earnings per share are based on:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**32,964**	122,706

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,544,787,999**	2,544,787,999

No adjustment has been made to the basic earnings per share amounts for the years ended 31 December 2014 and 2013 in respect of a dilution because there were no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

10. DIVIDENDS

The directors did not recommend any dividend for the year ended 31 December 2014 (2013: Nil).

11. INVESTMENT PROPERTIES

	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	**714,240**	550,732
Change in fair value of investment properties (note 3)	**41,180**	146,644
Exchange realignment	**(17,912)**	16,864
Carrying amount at 31 December	**737,508**	714,240

Investment properties are situated at Nos. 20-22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, PRC and are held under medium term leases.

Investment properties were leased to tenants under operating leases for rental income and management service income (note 3). The investment properties were stated at fair value at the end of the reporting period.

At 31 December 2014, the Group's investment properties with a carrying value of approximately HK$737,508,000 (2013: HK$714,240,000) were pledged to secure the bank borrowings, details of which are set out in note 15 of this announcement.

The fair value of the investment properties have been assessed by an independent valuer, Savills Valuation and Professional Services Limited ("Savills"), by using the direct comparison approach to be RMB591,000,000 (2013: RMB558,000,000) (equivalent to approximately HK$737,508,000 (2013: HK$714,240,000)) as at 31 December 2014.

12. TRADE RECEIVABLE

	2014	2013
	HK$'000	HK$'000
Trade receivable	–	2,000
Impairment	–	–
	–	2,000

The trade receivable represented the property management fee income receivable from Tong Sun Limited ("Tong Sun"). The Group's services terms with Tong Sun were mainly on credit of 14 days. The management agreement was expired on 31 December 2013. During the year, the trade receivable had been fully settled.

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

	2014	2013
	HK$'000	HK$'000
Within 1 month	**–**	2,000

The aged analysis of the trade receivable that were not considered to be impaired was as follows:

	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**–**	2,000

Trade receivable represented an amount due from a single customer and the Group had a high concentration of credit risk accordingly. The trade receivable was non-interest bearing.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	HK$'000
Prepaid administrative fee *(note 15)*	**4,445**	5,932
Prepayments	**818**	397
Deposits	**274**	254
Other receivables	**3,876**	4,167
	9,413	10,750

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

	2014	2013
	HK$'000	HK$'000
Accrued expenses	**1,755**	1,139
Other payables	**247**	622
Loans from 誠達 *(note (a))*		
– Loan 1	**6,052**	10,496
– Loan 2	**8,299**	–
Due to 誠達 *(note (b))*	**5,397**	5,535
	21,750	17,792
Less: Non current portion *(note (c))*	**(19,748)**	–
Current portion	**2,002**	17,792

Note:

(a) The amounts represented two loans obtained by Guangdong Changliu Investment Company Limited ("Changliu"), an indirect subsidiary of the Company, from 北京誠達順逸商貿有限公司 ("誠達"), one of its major creditors and a substantial shareholder of the Company.

In June 2011, Changliu obtained a loan from 誠達, with the principal amount of RMB20,000,000 (equivalent to approximately HK$24,920,000) (the "Loan 1"), which was unsecured and bore interest (i) at the benchmark annual lending and deposit rate of the People's Bank of China for the first and second years; and (ii) at 130% of the benchmark annual lending and deposit rate of the People's Bank of China for the third year. The Loan 1 was repayable by annual installment of approximately RMB6.67 million (equivalent to HK$8,306,667) with the final repayment in May 2014. During the year ended 31 December 2013, 誠達 agreed to waive the interest on the Loan 1 from date of inception of the Loan 1. Accordingly, the Loan 1 became interest-free and the interest accrued in the amount of approximately HK$2,619,000 for the years 2011 and 2012 was written back to the consolidated statement of profit or loss during the year ended 31 December 2013 (note 5). As at 31 December 2014, an aggregate principal amount of RMB15,150,000 (equivalent to approximately HK$18,868,000) of the Loan 1 has been settled. For the remaining balance of RMB4,850,000 (equivalent to approximately HK$6,052,000), 誠達 has agreed not to demand for repayment in the next twelve months from the date of this announcement and until the Group is financially viable to do so.

In April 2014, Changliu obtained a second loan from 誠達, with the principal amount of RMB6,650,000 (equivalent to approximately HK$8,299,000) (the "Loan 2"), which was unsecured, bore interest at benchmark annual lending and deposit rate of the People's Bank of China and is repayable within 2 years. Subsequently to the end of the reporting period in March 2015, 誠達 agreed to waive the interest on the Loan 2 from date of inception of the Loan 2. Accordingly, no finance costs was provided during the year ended 31 December 2014 and the Loan 2 becomes interest-free.

(b) The amount due to 誠達 is unsecured, interest-free and has no fixed terms of repayment.

(c) 誠達 has agreed not to demand for repayment of the remaining balance of the Loan 1, the Loan 2 and the amount due to it in the next twelve months from the date of this announcement and until the Group is financially viable to do so. Accordingly, the aggregate amount of approximately HK$19,748,000 was classified as non-current liabilities as at 31 December 2014.

15. INTEREST BEARING BANK AND OTHER BORROWINGS, SECURED

	Effective interest rate (%)	Maturity	2014 HK$'000 (note)	2013 HK$'000
Bank loan – ICBC Loan *(note a)*	8.0%-9.5%	2021	**18,818**	22,067
Other loan – Sichuan Loan *(note b)*	8.0%-9.4%	2021	**115,656**	135,860
			134,474	157,927
Analysed into:				
Repayable:				
Within one year or on demand			**20,515**	20,122
In the second to fifth years, inclusive			**82,062**	84,173
Beyond five years			**31,897**	53,632
Total			**134,474**	157,927
Current portion			**(20,515)**	(20,122)
Non current portion			**113,959**	137,805

Note:

All the bank and other borrowings are denominated in RMB and are 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, Guangdong Changliu Investment Company Limited ("Changliu"), an indirect subsidiary of the Company, entered into a loan agreement (the "ICBC Loan Agreement") with Industrial and Commercial Bank of China ("ICBC"), pursuant to which, ICBC agreed to grant a loan (the "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 the 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 (the "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, the 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 the ICBC Loan; and (ii) 10% of the interest on the Sichuan Trust Loan, as administrative fee for the arrangement of the ICBC Loan and the Sichuan Trust Loan, which in aggregate amounting to RMB7,543,640 (equivalent to approximately HK$9,399,000). As at 31 December 2012, the Group has fully prepaid the administrative fee to ICBC, which would be amortised to the consolidated statement of profit or loss at the effective interest rate over a 10-year period since 2011. During the year ended 31 December 2014, an amount of RMB1,073,150 (equivalent to approximately HK$1,339,000) (2013: RMB1,159,870, equivalent to HK$1,288,000) was charged to the consolidated statement of profit or loss and the remaining balance of the prepaid administrative fee of RMB3,561,920 (equivalent to approximately HK$4,445,000) (2013: RMB4,635,070, equivalent to HK$5,932,000) was recorded in the consolidated statement of financial position as "prepayments" (note 13).

16. SHARE CAPITAL

	2014	2013
	HK$'000	HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.004 each	**40,000**	40,000
Issued and fully paid:		
2,544,787,999 ordinary shares of HK$0.004 each	**10,179**	10,179

17. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11) under operating lease arrangements, with leases negotiated for a term of 1 year (2013: for terms ranging from 1 to 3 years), so as to coordinate with the progress in the redevelopment of its investment properties under the urban redevelopment scheme of Guangzhou, PRC, in the near future. The tenancy agreements will be renewed with the tenants upon expiry of the existing lease arrangement.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**17,677**	22,462
In the second to fifth years, inclusive	**–**	2,584
	17,677	25,046

(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 (2013: 1 to 2 years).

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**1,541**	564
In the second to fifth years, inclusive	**642**	–
	2,183	564

18. OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following commitments at the end of the reporting period.

(a) Proposed acquisition

On 8 November 2013, the Group entered into a co-operation agreement (the "Agreement") with an independent third party (the "Vendor") and Qingdao Chengtai Real Estate Development Company Limited 青島成泰房地產開發有限公司 ("Qingdao Chengtai"). Pursuant to which, the Group will acquire (the "Qingdao Acquisition") the entire equity interest in Qingdao Chengtai in 2 phases at a consideration (the "Consideration") of RMB200,000,000 (equivalent to approximately HK$249,580,000), subject to the upward adjustment.

The principal assets of Qingdao Chengtai is a leasehold land (the "Land") located in Qingdao City, Shangdong Province, the PRC which is intended for the development of real estate (the "Project").

For the first phase (the "1st Phase") of the Qingdao Acquisition, the Group shall acquire 65% equity interest in Qingdao Chengtai when, among other things, the planning approval of the Project is obtained from the relevant government authorities, which should be completed on or before 8 July 2014. For the second phase (the "2nd Phase") of the Qingdao Acquisition, the Group shall acquire the remaining 35% equity interest in Qingdao Chengtai when the Project has been completed.

The Consideration shall be satisfied by (i) as to RMB80,000,000 (equivalent to approximately HK$99,832,000) by cash and payable upon the completion of the 1st Phase; and (ii) as to RMB120,000,000 (equivalent to approximately HK$149,748,000), subject to an upward adjustment, by transferring the corresponding parts of the real estate of the Project which worth RMB120,000,000 (equivalent to approximately HK$149,748,000) and payable upon the completion of the 2nd Phase.

As at 31 December 2014, the Qingdao Acquisition has yet to be completed. Subsequent to the end of the reporting period on 29 January 2015, the Group entered into a supplemental agreement with the Vendor to extend the completion date of the 1st Phase of the Qingdao Acquisition to 30 June 2015. As at the date of approval of this announcement, both of the 1st Phase and the 2nd Phase of the Qingdao Acquisition have not been completed.

(b) Capital injection

On 12 July 2014, the Company entered into a letter of intent for co-operation with an independent third party (the "Partner"), pursuant to which, a Hong Kong company, New City Fortune Medicare Group Limited ("NC Fortune Medicare") was incorporated, of which, 34% equity interest in NC Fortune Medicare was hold by the Group. NC Fortune Medicare will then set up a wholly-owned subsidiary in Shanghai (the "Shanghai Subsidiary") for the development of medicare business in various cities in the PRC. The registered capital of the Shanghai Subsidiary will be RMB1,000,000. As at 31 December 2014, none of the RMB340,000 (equivalent to approximately HK$424,000) being the capital to be contributed by the Group has been injected by the Company to the Shanghai Subsidiary through NC Fortune Medicare.

19. LITIGATION

The Company and 北京中証房地產開發有限公司 (literally translated as Beijing Zhong Zheng Real Estate Development Company Limited) ("Beijing Zhongzheng"), a company which was previously a subsidiary of the Company and was disposed of by the Company in 2010, received a civil summons dated 15 May 2014 from the Higher People's Court of Beijing City, pursuant to which, an application for retrial of a civil court case (the "Litigation") had been filed by 上海復旦光華信息科技股份有限公司 (literally translated as Shanghai Fudan Guanghua Information Technology Company Limited) (the "Plaintiff"). The Litigation stems from a series of civil court proceedings commenced by the Plaintiff in Beijing No.1 Intermediate People's Court and the other courts in the PRC since 2003 which alleged that Beijing Zhongzheng had failed to perform its obligation under a sale contract dated 7 June 2002 for selling certain real properties (the "Properties Transactions") in the PRC to the Plaintiff at a consideration of US$1,755,432 (equivalent to approximately HK$13,605,000) entered into between Beijing Zhongzheng and the Plaintiff (the "Allegation"). The Company became one of defendants, as the Plaintiff claimed that Mr. Leung Kwo (梁戈) ("Mr. Leung"), the ex-director and former chairman of the Company, entered into a guarantee agreement (the "Guarantee Agreement") with the Plaintiff on 28 June 2002 for and on behalf of the Company, pursuant to which, the Company acted as a guarantor to guarantee to the Plaintiff that Beijing Zhougzheng should perform its obligation under the Properties Transactions. No specific amount of compensation was demanded by the Plaintiff against the Company in the Litigation.

In view of the Litigation, the directors of the Company (the "Directors") has conducted extensive investigations, in which (i) the Directors have inspected all the minutes of the meetings of its board of directors from the date of its incorporation to the end of year 2013 to see if the Allegation has ever been brought to the attention of the Directors, (ii) the Directors have contacted the key management personnel of Beijing Zhongzheng for ascertaining the merits of the Allegation, (iii) the Directors have discussed in their meeting to determine the financial impact of the Litigation and the Allegation; and (iv) sought for legal advices from lawyers in the Cayman Islands and the PRC (collectively, the "Lawyers") in respect of the Litigation. From such investigations, the Company found that (i) there was no record showing that the Allegation has ever been brought to the attention of the Directors and they did not approve and sign the Guarantee Agreement, (ii) Beijing Zhongzheng was aware of the Allegation and Litigation, but it has no records in respect of the sales of the Properties Transactions or the receipt of the sale proceeds as alleged in the Litigation. Based on the findings of the investigations, together with legal opinions from the Lawyers, the Directors are of the opinion that the Plaintiff has no merits in the Litigation against the Company and no provision in respect of the claims, if any, has been made in the consolidated financial statements as at 31 December 2014.

BUSINESS AND OPERATION REVIEW

BUSINESS REVIEW

The Group recorded a turnover of approximately HK$43,808,000 and recorded a profit after tax of approximately HK$32,964,000 for the year.

Major business arrangements

Continuing Connected Transactions

The old tenancy agreements of the Group's office premises in Hong Kong and the staff quarter and car parking space, which ended on 24 May 2014, were extended on the same terms of the respective agreement for the period from 25 May 2014 to 31 May 2014. On 30 May 2014, new tenancy agreements (the "New Tenancy Agreements") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarter and car parking space. The New Tenancy Agreements are for a term of two years commencing from 1 June 2014. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Details of which, please refer to the Company's announcement dated 30 May 2014.

OUTLOOK

The Company continues its focus on city development and identifies business opportunities along with its long established development strategy.

Going forward, urbanization is believed to be the prominent direction of economic growth in China and will offer tremendous business opportunities for the Company. Aligned with the direction of China's economy growth and also to adhere to the Group's strategic development, we shall actively explore profitable projects including real estate developments, medicare, environmental protection and education. The Group will continue to build strategic business alliance with various professional enterprises, so that all parties can contribute their proficiencies and efforts for conducting business in the arena of city development. In this way, the Company's financial performance can be strengthened and optimal benefits will be brought to its shareholders.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 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 2014. 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 approximately HK$43,808,000 (2013: HK$51,504,000). The Group's net profit for the year was approximately HK$32,964,000 (2013: HK$122,706,000). The basic earnings per share for the year was approximately 1.30 HK cents (2013: 4.82 HK cents). Administrative expenses was approximately HK$21,900,000 (2013: HK$20,800,000). Finance costs was approximately HK$12,854,000 (2013: HK$14,375,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2014, the Group had obligations under hire purchase contracts of approximately HK$420,000 (2013: HK$563,000).

As at 31 December 2014, the Group's total assets was approximately HK$774,665,000 (2013: HK$763,858,000) and total liabilities were of approximately HK$332,218,000 (2013: HK$344,607,000). As at 31 December 2014, the cash and bank balances was approximately HK$25,199,000 (2013: HK$33,352,000) and the current ratio (current assets/current liabilities) was 0.99 as at 31 December 2014 (2013: 0.94).

Litigation

Details of the litigation are set out in note 19 to this announcement.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 24% as at 31 December 2014 (2013: 26%).

Capital Structure

There is no change in the capital structure of the Company.

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 2014 (2013: Nil).

Prospect

Guangzhou Changliu project is currently the Group's main operating unit. While the general economy is less than robust, the rental income of Guangzhou Changliu project has remained fairly stable. The Group's management target is, apart from stabilizing the rental income and management fee income, to exploit every opportunity to improve the rental income through improving services quality of the site. Service fee income has initiated by providing value added services to tenants. On the other hand, according to Three Oldies Reform Policy formulated by the Guangdong Provincial Government and Guangzhou Municipal Government, as well as the correspondence with the Renovation Office of the Peoples' Government of Haizhu District, Guangzhou City, the Group will continue to coordinate the progress in the redevelopment of the Guangzhou Changliu project at a pace which would correspond with the overall progress of the local government in the region.

In November 2013, the Group has entered into an agreement to acquire a parcel of land for scientific research use in Qingdao City, the PRC. The Group undertook active steps for construction planning approval. After rounds of discussion and correspondence with the government and according to the overall planning opinion of the government, the Group has engaged an international planning and design firm, Parsons Brinckerhoff, which has prepared a design plan for the project. The Group has entered into a supplemental agreement with the Vendor in January 2015 and strives to obtain the construction planning approval by June 2015. The construction work will commence upon the approval so that economic benefits will bring to shareholders.

Upon various reviews and discussions, the Group is planning to participate in a project in the medicare business and will conduct this medicare business in various cities in the PRC. It is anticipated that quality technology in this medicare field will bring into Chinese citizens. The Group shall disclose the development and the potential financial benefits about the project should the details be crystallized.

Employees

As at 31 December 2014, the Group has employed about 50 (2013: 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 to this announcement, the Group did not have any significant investments or material acquisitions for the year ended 31 December 2014.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2014.

Commitments

Details of the commitments are set out in notes 17 and 18 to this announcement.

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 2014. Neither the Company nor its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions ("Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules of the Stock Exchange, save for the deviations listed below:

The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which 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. 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, one Executive Director and two Independent Non-executive Directors did not attend the annual general meeting of the Company held on 26 June 2014. The Company will review its Articles of Association from time to time and will make necessary amendments to ensure observance of 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 2014.

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 2014 Annual Report will be despatched to our shareholders on or before 30 April 2015 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 22 June 2015. 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 18 June 2015 to 22 June 2015 (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 A18/F., Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 pm on 17 June 2015.

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 2014.

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 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) four independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Mr. Seto Man Fai, Dr. Ouyang Qingru and Mr. Zheng Qing.

By Order of the Board
New City Development Group Limited
Han Junran
Chairman

Hong Kong , 26 March 2015