
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New City (China) Development Limited, you should at once hand this Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of this Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

NEW CITY (CHINA) DEVELOPMENT LIMITED

新城市(中國)建設有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

OPEN OFFER ON THE BASIS OF TWENTY THREE OFFER SHARES FOR EVERY THREE CONSOLIDATED SHARES HELD ON THE RECORD DATE

Joint Financial Advisers

VEDA | CAPITAL
智略資本

 **統一證券(香港)有限公司**
PRESIDENT SECURITIES (HONG KONG) LTD.

Underwriters

Junyi Investments Limited

 **統一證券(香港)有限公司**
PRESIDENT SECURITIES (HONG KONG) LTD.

Terms used in this cover page have the same meanings as defined in this Prospectus.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Wednesday, 8 February 2012. The procedures for application and payment of the Offer Shares are set out on page 18 of this Prospectus.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Open Offer" on page 22 of this Prospectus and the Underwriting Agreement contains provisions which entitle the Underwriters by notice in writing, to terminate the Underwriting Agreement prior to the latest time for termination of the Underwriting Agreement on the occurrence of certain events as set out under the section headed "Termination of the Underwriting Agreement" in page 11 of this Prospectus. If the Underwriters terminate the Underwriting Agreement or if the conditions to the Underwriting Agreement have not been fulfilled in accordance therewith, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing in the Shares.

Trading in the Shares has been suspended since 30 December 2003. Shareholders should note that resumption in trading in the Shares will not take place if the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholders or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 5:00 p.m. on Monday, 13 February 2012), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended that his/her/its professional advisor be consulted.

20 January 2012

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	9
Termination of the Underwriting Agreement.	11
Letter from the Board	13
Appendix I – Financial information of the Group	30
Appendix II – Unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group	33
Appendix III – General information	39

DEFINITIONS

In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:

“2009 Convertible Bond”	a convertible bond in the principal amount of HK\$63,248,596 issued by the Company at a conversion price of HK\$0.03 per Share to Mr. Han on 10 August 2009
“Acquisition”	the acquisition by the Purchaser, upon completion of the Reorganisation, of (i) the entire issued share capital of Marshall Holding from Vendor A; and (ii) 25% equity interest of the Target Company from Vendor B pursuant to the S&P Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 15 November 2011 in relation to: (1) the status of Resumption Proposal; (2) Share Consolidation and change of board lot size; (3) increase in authorized share capital; (4) issue of Remuneration Shares and Remuneration Warrants; (5) fundraising by way of Subscription and Open Offer; connected transactions, application for Whitewash Waiver and Special Deal; (6) Bonus Issue of Shares; and (7) very substantial acquisition of property business
“Application Form”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the same meaning ascribed thereto in the Listing Rules
“Authorised Capital Increase”	the increase in the authorised share capital of the Company from HK\$10,000,000 divided into 2,500,000,000 Consolidated Shares of a nominal value of HK\$0.004 each to HK\$40,000,000 divided into 10,000,000,000 Consolidated Shares of a nominal value of HK\$0.004 each by the creation of 7,500,000,000 Consolidated Shares
“Bonus Issue”	the proposed issue of two Bonus Shares for every existing Consolidated Share held as at the close of business on the Record Date
“Bonus Shares”	135,879,000 new Consolidated Shares which may fall to be allotted and issued by way of Bonus Issue

DEFINITIONS

“BVI”	British Virgin Islands
“Business Day”	a day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m. on weekdays)
“CB Undertakings”	the undertakings from Tritime for not to convert the Tritime Convertible Bonds and from Mr. Han for not to convert the 2009 Convertible Bond before the Resumption
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 23 December 2011 in relation to, inter alia, the transactions under the Resumption Proposal
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	New City (China) Development Limited (stock code: 456), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules
“Consideration Shares”	an aggregate of 695,100,000 new Consolidated Shares to be allotted and issued by the Company at an issue price of HK\$0.12 per Consolidated Share as part of the consideration of the Acquisition and detail of which has been set out in the Circular
“Consolidated Shares”	ordinary shares of HK\$0.004 each in the share capital of the Company upon the Share Consolidation become effective
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other, the Share Consolidation, the Authorised Capital Increase, the issue of the Remuneration Shares and the Remuneration Warrants, the Subscription, the Open Offer, the Whitewash Waiver, the Special Deal, the Bonus Issue and the Acquisition
“EGM Results Announcement”	an announcement of the Company to be published on the date of the EGM stating the results of the EGM
“Enlarged Group”	the Group upon completion of the transactions contemplated under the Resumption Proposal
“Excluded Shareholders”	those Overseas Shareholders to whom the Company (having obtained relevant and necessary legal opinions) considers it necessary or expedient not to offer the Offer Shares on account of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than (i) Mr. Han, the Subscriber, its associates and parties acting in concert with any of them; (ii) President Securities, its associates and parties acting in concert with it; and (iii) those who are interested in, or involved in the Open Offer, the Subscription, the Whitewash Waiver and the Special Deal (including Veda Capital, its associates and parties acting in concert with it)
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company and is/are not connected person(s) of the Company

DEFINITIONS

“Joint Financial Advisers”	Veda Capital and President Securities, the joint financial advisers to the Company in respect of the Resumption
“Last Acceptance Date”	8 February 2012, being the last date for acceptance of and payment for the Offer Shares
“Last Trading Day”	29 December 2003, being the last trading day prior to the Suspension
“Latest Practicable Date”	16 January 2012, being the latest practicable date prior to the printing of this Prospectus ascertaining certain information in this Prospectus
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Division”	the Listing Division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2012 (or such later date as the parties may agree in writing), being the long stop date of the S&P Agreement, the Subscription Agreement and the Underwriting Agreement
“Management Agreement”	an agreement dated 30 November 2010 (as supplemented on 23 March 2011) entered into between the Company, Tong Sun Limited and Sure Yield Investments Limited in relation to the property management service provided by the Company and detail of which has been set out in the Circular
“Mr. Han”	Mr. Han Junran, an executive Director and the chairman of the Company and the sole shareholder of the Subscriber
“Offer Price”	a price of HK\$0.12 per Offer Share
“Offer Shares”	520,869,500 new Consolidated Shares to be issued and allotted under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Offer Price on the basis of 23 Offer Shares for every 3 Consolidated Shares held as at the close of business on the Record Date

DEFINITIONS

“Overseas Shareholders”	Shareholders with registered address (as shown in the register of member of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China, for the purposes of this circular and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
“President Securities”	President Securities (Hong Kong) Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO, one of the Underwriters and one of the Joint Financial Advisers to the Company in respect of the Resumption
“Property”	land, various buildings and structures located at Nos. 20-22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC
“Prospectus”	this prospectus to be issued by the Company relating to the Open Offer to be despatched to the Qualifying Shareholders and, for information purpose only, to the Excluded Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholders”	the Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	the date and time by reference to which entitlements to the Open Offer will be determined
“Registrar”	Union Registrars Limited, the Company’s branch share registrar in Hong Kong
“Remuneration Shares”	8,333,333 new Consolidated Shares to be allotted and issued by the Company to the Joint Financial Advisers (or their respective nominees) at an issue price equivalent to the fundraising of the Company under the Resumption Proposal, i.e. HK\$0.12 per Consolidated Share, pursuant to the terms of the engagement letter dated 6 August 2010

DEFINITIONS

“Remuneration Warrants”	4,166,666 warrants to be issued by the Company to the Joint Financial Advisers (or their respective nominees) to subscribe for the same number of new Shares at the exercise price equivalent to the issue price of any fundraising of the Company under the Resumption Proposal, i.e. HK\$0.12 per Consolidated Share (subject to adjustments), at any time between the date of issue of the Remuneration Warrants and 36 months thereafter
“Resumption”	the resumption of trading in the Consolidated Shares on the Stock Exchange
“Resumption Proposal”	the proposal compiled by the Joint Financial Advisers on behalf of the Company dated 8 September 2011 for the purpose of seeking approval of the Stock Exchange on the Resumption and the subsequent related submissions to the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the consolidation of every four issued and unissued Shares into one Consolidated Share with effective from 13 January 2012
“Share(s)”	ordinary share(s) of HK\$0.001 each of the existing share capital of the Company before the Share Consolidation become effective
“Shareholder(s)”	holder(s) of the Share(s)/ Consolidated Share(s) (as the case may be)
“Special Deal”	the underwriting arrangement of President Securities under the Underwriting Agreement, which constitutes a special deal for the Company under Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber under the Subscription Agreement, i.e. Junyi Investments Limited which is a company incorporated in the BVI and wholly owned by Mr. Han

DEFINITIONS

“Subscription”	the subscription of the Subscription Shares in the amount of HK\$133.5 million by the Subscriber
“Subscription Agreement”	the agreement dated 15 November 2011 entered into between the Company and the Subscriber in respect of the Subscription
“Suspension”	the suspension of trading in the Shares since 30 December 2003
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	廣東暢流投資有限公司 (Guangdong Changliu Investment Company Limited*), a company incorporated with limited liability in the PRC and details of which have been set out in the Circular
“Tritime”	Tritime Holdings Limited, a wholly owned subsidiary of Gold Champ (Hong Kong) Limited which is owned as to 50% by Mr. Iwamoto Toshio and as to 50% by Ms Chui Kit Yee. Tritime and its ultimate beneficial owners are Independent Third Parties
“Tritime Convertible Bonds”	collectively the 2005 Convertible Bond and the 2008 Convertible Bond
“Underwriters”	the Subscriber and President Securities
“Underwriting Agreement”	the underwriting agreement dated 15 November 2011 entered into between the Company and the Underwriters in relation to the Open Offer
“Underwritten Offer Shares”	all the Offer Shares, being 520,869,500 Offer Shares (assuming no issue of Shares from the date of the Underwriting Agreement to the Record Date)
“US\$”	dollar(s), the lawful currency of the United States of America
“Veda Capital”	Veda Capital Limited, a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO, one of the Joint Financial Advisers to the Company in respect of the Resumption
“Warrant Shares”	4,166,666 Consolidated Shares upon exercise in full of the Remuneration Warrants

DEFINITIONS

“Whitewash Waiver”	a waiver of the obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer for all the Consolidated Shares not already owned or agreed to be acquired by them as a result of the Subscription pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code by the Executive
“Working Capital Loan”	the term loan facility up to an aggregate principal amount not exceeding HK\$30,000,000 which Mr. Han has agreed to make available to the Company solely as its working capital
“%”	per cent

* *English translation is for identification purpose only*

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

2012

Record Date for the Open Offer	Thursday, 19 January
Despatch of the Prospectus Documents	Friday, 20 January
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Wednesday, 8 February
Latest time for termination of the Underwriting Agreement	5:00 p.m. on Monday, 13 February
Announcement of results of the Open Offer	Thursday, 16 February
Despatch of certificates for Offer Shares	Tuesday, 21 February
If the Open Offer is terminated, refund cheques to be dispatched on or before	Tuesday, 21 February
Resumption of trading in the Consolidated Shares, including, inter alia, the Offer Shares	Thursday, 23 February

Note: All references to time in this Prospectus are references to Hong Kong time.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

If there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date, the latest time for acceptance of and payment for the Offer Shares will not take place at 4:00 p.m. on the Last Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date, the latest time for acceptance of and payment for the Offer Shares will not take place on the Last Acceptance Date, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

EXPECTED TIMETABLE

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Last Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

President Securities (after obtaining the agreement of the Subscriber) may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to the latest time for termination if there occurs:–

- i. in the reasonable opinion of President Securities (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of President Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of President Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- ii. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of President Securities (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- iii. there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of President Securities (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- iv. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- v. any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- vi. any matter which, had it arisen or been discovered immediately before the date of this Prospectus and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of President Securities (on behalf of the Underwriters), a material omission in the context of the Open Offer.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

LETTER FROM THE BOARD

NEW CITY (CHINA) DEVELOPMENT LIMITED

新城市(中國)建設有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

Executive Directors

Mr. Han Junran (*Chairman*)

Mr. Fu Yiu Kwong

Non-executive Director

Mr. Luo Min

Independent non-executive Directors

Mr. Chan Yiu Tung, Anthony

Mr. Seto Man Fai

Mr. Zheng Qing

Registered Office

Scotia Centre, 4th Floor

P.O. Box 2804

George Town

Grand Cayman

Cayman Islands

Principal place of business

11/F, Effectual Building

16 Hennessy Road

Wanchai

Hong Kong

20 January 2012

To the Qualifying Shareholders

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF TWENTY THREE OFFER SHARES FOR EVERY THREE CONSOLIDATED SHARES HELD ON THE RECORD DATE

INTRODUCTION

As set out in the Announcement, the Company proposes to raise, before expenses, approximately HK\$62.5 million by way of the Open Offer of 520,869,500 Offer Shares at the Offer Price of HK\$0.12 per Offer Share on the basis of twenty three (23) Offer Shares for every three (3) Consolidated Shares held by the Qualifying Shareholders on the Record Date and payable in full on application.

On 23 December 2011, the Circular was despatched to the Shareholders. All the resolutions including amongst others, the Share Consolidation, the Authorised Capital Increase, the Open Offer, the Special Deal and other transactions contemplating thereunder were approved by way of poll at the EGM on 12 January 2012.

The Share Consolidation and the Authorised Capital Increase have become effective on Friday, 13 January 2012. As at the Latest Practicable Date and Record Date, there are 67,939,500 Consolidated Shares in issue.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further information on, among other things, the Open Offer including information on the application for and payment of the Offer Shares and certain financial and other information in respect of the Company.

OPEN OFFER

Issue statistics of the Open Offer

Basis of the Open Offer:	23 Offer Shares for every 3 Consolidated Shares held on the Record Date
Offer Price:	HK\$0.12 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	67,939,500 Consolidated Shares
Number of Offer Shares:	520,869,500 Offer Shares
Underwriters:	President Securities and the Subscriber

Save for the Tritime Convertible Bonds and the 2009 Convertible Bond, the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into Consolidated Shares as at the Latest Practicable Date.

Save for the CB Undertakings, the Company has not procured any other undertaking and has not received any undertaking provided by any other Shareholders to subscribe for his entitlement under the Open Offer or any arrangement that may have an effect on the Open Offer.

Pursuant to the CB Undertakings, Tritime will not convert the Tritime Convertible Bonds and Mr. Han will not convert the 2009 Convertible Bond before the Resumption so that the number of the Offer Shares can be ascertained as at the date of the Underwriting Agreement.

Offer Price

The Offer Price of HK\$0.12 per Offer Share represents a discount of approximately 88.68% to the closing price of HK\$1.06 per Consolidated Share (equivalent to HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day before the Share Consolidation have become effective).

Trading of the Shares had been suspended for over eight years since 30 December 2003 and with the tight financial position and net liability position that the Company is facing, the Company has, upon arm's length negotiation, agreed with the Underwriters that the Offer Price should represent a substantial discount to the closing price before Suspension so as to incentivize the Qualifying Shareholders to take up their entitlements under the Open

LETTER FROM THE BOARD

Offer. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company as at the Record Date. The Directors consider the terms of the Open Offer, including the Offer Price, is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Status of the Offer Shares

When allotted, issued and fully paid, the Offer Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made and paid after the date of allotment and issue of the Offer Shares.

For the avoidance of doubt, the Offer Shares are not entitled to the Bonus Shares under the Bonus Issue since the Offer Shares will be issued after the Record Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) if and to the extent legally and practically permissible, the Prospectus (without the Application Form), for information purposes only, to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date:

- (i) be registered as a member of the Company on the register of members of the Company; and
- (ii) not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 17 January 2012.

Registration and distribution of the Prospectus Documents

The Prospectus Documents will not be registered under any securities regulations of any jurisdictions other than Hong Kong.

As the Directors are of the view that the offer of the Offer Shares to the Excluded Shareholders would or might, in the absence of compliance with registration or other special formalities in jurisdictions other than Hong Kong, be unlawful or impracticable, if at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer.

LETTER FROM THE BOARD

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction.

Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder who is in any doubt as of his/her/its position should consult an appropriate professional adviser without delay.

It is the responsibility of any person (including but not limited to agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Offer Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their professional advisers if in doubt.

Receipt of this Prospectus and/or the Application Form does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed. Persons including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the Application Form should not, in connection with the Open Offer, distribute or send the same in, into or from any such territory. If an application form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the application form or transfer the application form unless the Company determines that such actions would not violate any applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or the Application Form in, into or from any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Rights of the Excluded Shareholders

Having reviewed the register of members as at the Latest Practicable Date, the Company noted that there were two Overseas Shareholders whose addresses on the register of members were in the PRC and the United States of America. Pursuant to Rule 13.36(2) of the Listing Rules, the Directors have made enquiry regarding the legal restrictions with respect to the offering of the Offer Shares to the Overseas Shareholders.

Having made enquiry regarding the legal restrictions with respect to the offering of the Offer Shares to the Overseas Shareholders, the Directors have formed the view that (i) it is inexpedient for the Offer Shares to be offered to the Overseas Shareholder in the United States of America, due to the time and costs involved in the registration or filing of the Prospectus Documents or the application for approval from the relevant regulatory authorities in and/or the additional steps the Company and the Overseas Shareholder need to

LETTER FROM THE BOARD

take in order to comply with relevant local legal or regulatory requirements in that territory or legal or regulatory restrictions imposed in that territory; and (ii) that it is expedient for the Offer Shares to be offered to the Overseas Shareholders in the PRC as no local legal or regulatory compliance is required to be made in these jurisdictions.

Accordingly, for the purposes of the Open Offer and as at the Latest Practicable Date, the Excluded Shareholders are any Overseas Shareholder:

- (a) whose name appeared in the register of members of the Company at the Record Date and whose address as shown in such register is in the United States of America; and
- (b) who, at that time, are otherwise known by the Company to be resident in the territory specified in paragraph (a) above.

Notwithstanding any other provisions in the Prospectus Documents, the Company reserves the right to permit any Overseas Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Closure of register of members

The Company's register of members was closed from Wednesday, 18 January 2012 to Thursday, 19 January 2012 both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Consolidated Shares will be registered during this period.

No application for excess Offer Shares

The Qualifying Shareholders will not be entitled to subscribe for any Offer Share in excess of their respective assured entitlements. Considering that each Qualifying Shareholder will be given an equal opportunity to participate in the Company's future development by subscribing for his/her/its entitlements under the Open Offer, the Directors consider that the Company will not be justified in making additional effort and incurring additional costs to administer the excess application procedures. All Offer Shares not taken up by the Qualifying Shareholders are underwritten by the Underwriters.

Fractions of Offer Shares

Fractional entitlements to the Offer Shares will not be issued but will be aggregated and taken up by the Underwriters. The Company will not allot any fractions of Offer Shares. No odd lot matching services will be provided by the Company in respect of the Open Offer.

LETTER FROM THE BOARD

Certificates and refund cheques for the Offer Shares

Subject to the Open Offer becoming unconditional, certificates for all fully-paid Offer Shares shall be despatched on or before Tuesday, 21 February 2012 by ordinary post to those Qualifying Shareholders who have accepted and paid for their Offer Shares, at their own risk. Refund cheques in respect of the Offer Shares if the Open Offer is terminated shall be despatched on or before Tuesday, 21 February 2012 by ordinary post to the applicants at their own risk.

Application for listing

The Company has applied to the Listing Committee for the listing of, and permission to deal in, amongst other, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong (where applicable).

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROCEDURES FOR APPLICATION AND PAYMENT

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to apply for the number of Offer Shares allocated to them based on their shareholding on the Record Date. If you are a Qualifying Shareholder and you wish to apply for any number of Offer Shares based on your assured allotment of the Offer Shares, you must complete, sign and lodge with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by not later than 4:00 p.m. on Wednesday, 8 February 2012, the Application Form in accordance with the instructions printed thereon, together with the remittance for the aggregate subscription price in respect of such number of Offer Shares you have accepted. All remittance(s) must be made in Hong Kong dollars by cheques drawn on an account with, or by a bank cashier order issued by, a licensed bank in Hong Kong and made payable to "New City (China) Development Limited – Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by 4:00 p.m. Wednesday, 8 February 2012, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and the relevant Offer Shares will be taken up by the Underwriters.

LETTER FROM THE BOARD

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the latest time for termination of the Underwriting Agreement i.e. 5:00 p.m. on Monday, 13 February 2012, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Salient terms of the Underwriting Agreement are set out in the following table:

Date:	15 November 2011
Parties:	the Company, Mr. Han and the Underwriters
Underwriters:	the Subscriber and President Securities
Number of Underwritten Offer Shares:	520,869,500 Offer Shares
Commitment of the Subscriber under the Underwriting Agreement:	88,300,000 Offer Shares

LETTER FROM THE BOARD

Commitment of President Securities under the Underwriting Agreement:	432,569,500 Offer Shares
Priority of underwriting obligations:	The obligations of the Subscriber under the Underwriting Agreement shall take precedence over that of President Securities so that President Securities shall only be required to perform its obligations under the Underwriting Agreement after the Subscriber has subscribed or procured subscribers to subscribe for any of the Underwritten Offer Shares which has not been taken up and the entitlements to Excluded Shareholders up to the amount allowed for the Subscriber's underwriting commitment, i.e. 88,300,000 Underwritten Offer Shares
Underwriting commission:	As to the Subscriber, nil As to President Securities, 2.5%
CB Undertakings:	(i) Tritime has undertaken not to convert any of the Tritime Convertible Bonds before the Resumption (ii) Mr. Han has, pursuant to the provisions in the Underwriting Agreement, undertaken not to convert any of the 2009 Convertible Bond before the Resumption

As at the Latest Practicable Date, none of the Underwriters is interested in any Shares.

Should the Open Offer be undersubscribed, President Securities, as one of the Underwriters, may be required to take up certain Offer Shares. However, President Securities has undertaken to the Company to place down any Offer Shares under the Open Offer to Independent Third Parties after the latest time for termination of the Underwriting Agreement at 5:00 p.m. on Monday, 13 February 2012 and before the date of Resumption so that (i) none of the places to whom President Securities will place down any Offer Shares will hold 10% or more shareholding in the Company; and (ii) President Securities will not be interested in any Offer Shares immediately before the Resumption, i.e. at the time of Resumption, President Securities will only be interested in 1,666,667 Remuneration Shares and 833,333 Remuneration Warrants.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

President Securities (after obtaining the agreement of the Subscriber) may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to the latest time for termination if there occurs:-

- i. in the reasonable opinion of President Securities (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of President Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of President Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- ii. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of President Securities (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- iii. there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of President Securities (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- iv. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

LETTER FROM THE BOARD

- v. any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- vi. any matter which, had it arisen or been discovered immediately before the date of this Prospectus and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of President Securities (on behalf of the Underwriters), a material omission in the context of the Open Offer.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the posting date of the Prospectus Documents;
- (ii) the passing by the Independent Shareholders by way of poll at the EGM to approve the Open Offer (including the absence of excess application arrangement) and the Special Deal;
- (iii) the posting of the Prospectus Documents to the Qualified Shareholders and the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the posting date of the Prospectus Documents;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listings of and permission to deal in all the Offer Shares;
- (v) the Stock Exchange has granted its approval-in-principle (subject to any conditions as may be imposed by the Stock Exchange) for the Resumption;
- (vi) the consent from the Executive of the Special Deal has been obtained;

LETTER FROM THE BOARD

- (vii) the obligations of the Underwriters becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (viii) compliance by the Company with all of its obligations under the Underwriting Agreement;
- (ix) the Share Consolidation having become effective; and
- (x) the Authorised Capital Increase having become effective.

All the above conditions are not waivable. In the event that the above conditions of the Open Offer have not been satisfied on or before the Long Stop Date as the Underwriters and the Company may agree in writing):-

- (i) the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement; and
- (ii) the Company shall reimburse each of the Underwriters for all reasonable costs and expenses as have been properly incurred by it in connection with the Open Offer.

As at the Latest Practicable Date, conditions (ii), (v), (vi), (ix) and (x) have been fulfilled.

As at the Latest Practicable Date, the Board had not received any information from any substantial Shareholders of their intention to take up their entitlements under the Open Offer.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer” above. In particular, it is subject to the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the Company's shareholding changes upon completion of the transactions under the Resumption Proposal:

Scenario A: Assuming all existing Shareholders take up the entitlements under the Open Offer in FULL

Sequence of the transactions (Note 1):	As at the Latest Practicable Date	After (i) issue of Remuneration Shares	After (i) + (ii) completion of Subscription	After (i) + (ii) + (iii) completion of Open Offer	After (i) + (ii) + (iii) + (iv) completion of Bonus Issue	After (i) + (ii) + (iii) + (iv) + (v) completion of Acquisition	After (i) + (ii) + (iii) + (iv) + (v) + (vi) exercise in full of all Remuneration Warrants
	Consolidated Shares %	Consolidated Shares %	Consolidated Shares %	Consolidated Shares %	Consolidated Shares %	Consolidated Shares %	Consolidated Shares %
The Subscriber							
Vendor A		1,112,500,000	93.58%	1,112,500,000	60.28%	1,112,500,000	43.79%
Vendor B						198,600,000	7.82%
Veda Capital		6,666,666	8.74%	6,666,666	0.36%	6,666,666	0.26%
President Securities		1,666,667	2.19%	1,666,667	0.14%	1,666,667	0.07%
Independent Shareholders:							
– Weiping (Note 2)	11,758,000	11,758,000	15.42%	101,902,667	0.99%	125,418,667	4.94%
– Xie Yonguo (Note 2)	16,984,875	16,984,875	22.27%	147,202,250	1.43%	181,172,000	7.13%
– other existing Shareholders	39,196,625	39,196,625	51.39%	339,704,083	3.30%	418,097,333	16.46%
	(Note 3)	(Note 4)					
Subtotal for Independent Shareholders	67,939,500	67,939,500	100.00%	588,809,000	5.72%	724,688,000	28.52%
Total	67,939,500	76,272,833	100.00%	1,709,642,333	100.00%	2,540,621,333	100.00%
	67,939,500	1,188,772,833	100.00%	1,845,521,333	100.00%	2,544,787,999	100.00%

Notes:

- The sequence of completion of the transactions set out in the above tables is (1) the issue of the Remuneration Shares; (2) the Subscription; (3) the Open Offer; (4) the Bonus Issue; (5) the Acquisition; and (6) the exercise in full of all the Remuneration Warrants (the Joint Financial Advisers do not intend to exercise the Remuneration Warrants before Resumption).

For the avoidance of doubt:

- the Offer Shares are not entitled to the Bonus Shares under the Bonus Issue;

LETTER FROM THE BOARD

- (b) the Subscription Shares (i) do not have the entitlements to subscribe for the Offer Shares under the Open Offer; and (ii) are not entitled to the Bonus Shares under the Bonus Issue;
 - (c) the Bonus Shares do not have the entitlements to subscribe for the Offer Shares under the Open Offer;
 - (d) the Consideration Shares (i) do not have the entitlements to subscribe for the Offer Shares under the Open Offer; and (ii) are not entitled to the Bonus Shares under the Bonus Issue;
 - (e) the Remuneration Shares (i) do not have the entitlements to subscribe for the Offer Shares under the Open Offer; and (ii) are not entitled to the Bonus Shares under the Bonus Issue; and
 - (f) the Warrant Shares (i) do not have the entitlements to subscribe for the Offer Shares under the Open Offer; and (ii) are not entitled to the Bonus Shares under the Bonus Issue,
- since the Offer Shares, the Subscription Shares, the Bonus Shares, the Consideration Shares and the Warrant Shares will be issued after the Record Date.
2. Weiping and Xie Youguo are substantial Shareholders with no representation in the Board. Save as being substantial Shareholders, Weiping and Xie Youguo are Independent Third Parties.
 3. As at the Latest Practicable Date, 39,196,625 Consolidated Shares (representing approximately 57.69% of the total issued share capital of the Company) were held by public Shareholders.
 4. After the issue of Remuneration Shares, 39,196,625 Consolidated Shares (representing approximately 51.39% of the total issued share capital of the Company) will be held by public Shareholders.

LETTER FROM THE BOARD

Scenario B: Assuming NO existing Shareholders take up the entitlements under the Open Offer and immediately before placing down of the Offer Shares by President Securities (Note 5)

Sequence of the transactions (Note 1):	As at the Latest Practicable Date		After (i) issue of Remuneration Shares		After (i) + (ii) completion of Subscription		After (i) + (ii) + (iii) completion of Open Offer		After (i) + (ii) + (iii) + (iv) completion of Bonus Issue		After (i) + (ii) + (iii) + (iv) + (v) completion of Acquisition	
	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%
The Subscriber					1,112,500,000	93.58%	1,200,800,000	70.24%	1,200,800,000	65.07%	1,200,800,000	47.26%
Vendor A											198,600,000	7.82%
Vendor B											496,500,000	19.54%
Veda Capital			6,666,666	8.74%	6,666,666	0.56%	6,666,666	0.39%	6,666,666	0.36%	6,666,666	0.26%
President Securities (Note 5)			1,666,667	2.19%	1,666,667	0.14%	434,236,167	25.40%	434,236,167	23.53%	434,236,167	17.09%
Independent Shareholders:												
- Weiping (Note 2)	11,758,000	17.31%	11,758,000	15.42%	11,758,000	0.99%	11,758,000	0.69%	35,274,000	1.91%	35,274,000	1.39%
- Xie Youguo (Note 2)	16,984,875	25.00%	16,984,875	22.27%	16,984,875	1.43%	16,984,875	0.99%	50,954,625	2.76%	50,954,625	2.01%
- other existing Shareholders	39,196,625	57.69%	39,196,625	51.39%	39,196,625	3.30%	39,196,625	2.29%	117,589,875	6.37%	117,589,875	4.63%
	(Note 3)				(Note 4)							
Subtotal for Independent Shareholders	67,939,500	100.00%	67,939,500	89.07%	67,939,500	5.72%	67,939,500	3.97%	203,818,500	11.04%	203,818,500	8.03%
Total	67,939,500	100.00%	76,272,833	100.00%	1,188,772,833	100.00%	1,709,642,333	100.00%	1,845,521,333	100.00%	2,540,621,333	100.00%

Notes:

- Assuming no existing Shareholders take up the entitlements under the Open Offer, pursuant to the Underwriting Agreement, the obligation of the Subscriber under the Underwriting Agreement shall take precedence over that of President Securities for the first 88,300,000 Offer Shares. Thereafter, President Securities, as one of the Underwriters, is required to take up the balance of 432,569,500 Offer Shares after the latest time for termination of the Underwriting Agreement at 5:00 p.m. on Monday, 13 February 2012 and immediately before placing down of such 432,569,500 Offer Shares.

LETTER FROM THE BOARD

Scenario C: Assuming NO existing Shareholders take up the entitlements under the Open Offer and after placing down of the Offer Shares by President Securities (Note 6)

Sequence of the transactions (Note 1):	As at the Latest Practicable Date	After (i) issue of Remuneration Shares	After (i) + (ii) completion of Subscription	After (i) + (ii) + (iii) completion of Open Offer	After (i) + (ii) + (iii) + (iv) completion of Bonus Issue	After (i) + (ii) + (iii) + (iv) + (v) completion of Acquisition	After (i) + (ii) + (iii) + (iv) + (v) + (vi) exercise in full of all Remuneration Warrants
	Consolidated Shares	Consolidated Shares	Consolidated Shares	Consolidated Shares	Consolidated Shares	Consolidated Shares	Consolidated Shares
	%	%	%	%	%	%	%
The Subscriber			1,112,500,000	1,200,800,000	1,200,800,000	1,200,800,000	1,200,800,000
Vendor A							
Vendor B							
Veda Capital		8.74%	6,666,666	6,666,666	6,666,666	6,666,666	6,666,666
President Securities (Note 5)		2.19%	1,666,667	1,666,667	1,666,667	1,666,667	1,666,667
Independent Shareholders:							
- Weiping (Note 2)	11,758,000	17.31%	11,758,000	11,758,000	11,758,000	11,758,000	11,758,000
- Xie Youguo (Note 2)	16,984,875	25.00%	16,984,875	16,984,875	16,984,875	16,984,875	16,984,875
- other existing Shareholders	39,196,625	57.69%	39,196,625	39,196,625	39,196,625	39,196,625	39,196,625
	(Note 3)		(Note 4)				
- Placees from Open Offer (Note 6)				432,569,500	432,569,500	432,569,500	432,569,500
Subtotal for Independent Shareholders	67,939,500	100.00%	67,939,500	500,509,000	636,388,000	636,388,000	636,388,000
				29.28%	34.48%	25.05%	25.01%
Total	67,939,500	100.00%	1,188,772,833	1,709,642,333	1,845,521,333	2,540,621,333	2,544,787,999
			100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

- President Securities has undertaken to the Company to place down any Offer Shares under the Open Offer to the Independent Shareholders after the latest time for termination of the Underwriting Agreement at 5:00 p.m. on Monday, 13 February 2012 and before the date of Resumption so that (i) none of the placees to whom President Securities will place down any Offer Shares will hold 10% or more shareholding in the Company; and (ii) President Securities will not be interested in any Offer Shares immediately before the Resumption, i.e. at the time of Resumption, President Securities will only be interested in 1,666,667 Remuneration Shares and 833,333 Remuneration Warrants.

LETTER FROM THE BOARD

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS FROM THE OPEN OFFER AND THE SUBSCRIPTION

Reasons for the Open Offer

The principal activity of the Company is investment holding. The Group is principally engaged in the business of property development and investment in the PRC.

The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Enlarged Group should they wish to do so.

Based on the closing price of HK\$1.06 per Consolidated Share (equivalent to HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day before the Share Consolidation have become effective), the theoretical ex-entitlement price per Consolidated Share after the Open Offer is approximately HK\$0.2285, representing a discount of approximately 78.45% to the adjusted closing price of HK\$1.06 per Consolidated Share.

Use of net proceeds of the Subscription and the Open Offer

As disclosed in the Circular, fundraising by way of Subscription and Open Offer is one of the activities under the Resumption Proposal.

The gross proceeds from the Subscription will be approximately HK\$35 million (details of which have been set out in the Circular) and the gross proceeds from the Open Offer will be approximately HK\$62.5 million.

The aggregate gross proceeds from the Subscription and the Open Offer will be approximately HK\$97.5 million and the net proceeds (after deducting the unpaid incurred expenses for implementing the Resumption Proposal) will be approximately HK\$92.6 million, of which as to (i) approximately HK\$36.6 million for payment of the cash portion of the Acquisition; (ii) approximately HK\$16.9 million for the repayment of the Tritime Convertible Bonds (of which, the principal amounts to approximately HK\$14.2 million and the interest is expected to amount to approximately HK\$2.7 million as at completion of the Subscription); and (iii) approximately HK\$39.1 million for general working capital and/or future property development project(s) of the Enlarged Group i.e. the development projects mentioned in the sub-section headed “(iv) Reasons for the Acquisition and future development of the Enlarged Group” of the Circular.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company did not carry out any right issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

TAKEOVERS CODE AND LISTING RULES IMPLICATIONS

Special Deal

Upon issue of the Remuneration Shares, President Securities will become a Shareholder. Subsequently upon the completion of the Open Offer and pursuant to the underwriting arrangement of President Securities under the Underwriting Agreement, President Securities will receive an underwriting fee of 2.5% on 432,569,500 Offer Shares. The underwriting arrangement of President Securities under the Underwriting Agreement is not extended to all Shareholders and thus constitutes a special deal under the Takeovers Code and requires the consent of the Executive. The relevant resolution in respect of the Special Deal has been duly approved by the Independent Shareholders at the EGM and the Special Deal has been granted by the Executive.

Pursuant to the requirements of the Listing Rules, since the Open Offer would increase the issued share capital of the Company by more than 50% within the 12 months period immediately preceding the date of the Announcement and there is no application for excess offer Shares, the Open Offer (including the absence of excess application arrangement) is conditional on the approval by Independent Shareholders at the EGM by a resolution on which the controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer. As at the date of the EGM, the Company has no controlling Shareholder and no Directors and their respective associates are interested in the Shares.

The Subscriber, being an associate of Mr. Han who is the chairman of the Company and a Director, is a connected person of the Company. The underwriting arrangement of the Subscriber under the Underwriting Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the requirements of reporting, announcement and Independent Shareholders' approval.

As at the date of the EGM, none of (i) Mr. Han the Subscriber, its associates and parties acting in concert with any of them; (ii) President Securities, its associates and parties acting in concert with it; and (iii) those who are interested in, or involved in the Open Offer, the Subscription, the Whitewash Waiver and/or the Special Deal (including Veda Capital, its associates and parties acting in concert with it), is interested in the Shares. Accordingly, no Shareholder was required to abstain from voting for the resolution in respect of the Open Offer at the EGM. At the EGM, the resolution in respect of the Open Offer has been approved by the Independent Shareholders.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

Yours sincerely,
For and on behalf of
New City (China) Development Limited
Han Junran
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 were disclosed in the annual reports of the Company for the years ended 31 December 2008, 2009 and 2010 and the interim report of the Company for the six months ended 30 June 2011 respectively. These annual reports and interim report were published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.newcitychina.com).

2. FINANCIAL AND TRADING PROSPECT

The principal activity of the Company is investment holding. The Group is principally engaged in the business of property development and investment in the PRC. On 30 November 2011, the Company entered into the Management Agreement (as supplemented on 23 March 2011) in relation to the provision of property management services. Upon completion of the Acquisition, the Group will continue to provide property management services pursuant to the Management Agreement and engage in rental and property development business in the PRC through the Target Company.

Upon completion of the Acquisition, the Enlarged Group will generate revenue due to the rental income of the Target Company. The overall financial position of the Acquisition is favourable to the Company. In view of the future development of Guangzhou City and the location of the Property, the Company will obtain compensation for demolition of the west side of the Property from Guangzhou Government and the Company can either redevelop the east side of the Property by demolishing the existing blocks and will build commercial buildings or continue rent out the east side of the Property to receive rental income.

Due to the fact that property leasing is one of the core sources of revenue of the Enlarged Group, therefore the Group considers that the fluctuation on the real estate industry, as well as the macroeconomic policy of the PRC Government could be potential risks which influence the future operations of the Enlarged Group. In addition, the competition of the property market in the PRC is fierce. As the Enlarged Group will be involved in property development, it is expected that the Enlarged Group will face competition from enterprises in the same sector, e.g. acquiring construction materials or labors, which might reduce the anticipated trading profits of the Enlarged Group. Looking ahead, with the continued economic growth and the progress of urbanisation, there will be a rigid demand for offices and there is a driving force for the sustainable growth of the property market in the PRC, the Group holds optimistic view about the prospects of the Enlarged Group.

3. INDEBTEDNESS

Borrowings

As at 30 November 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following outstanding borrowings:

	Non-current portion <i>HK\$'000</i>	Current portion <i>HK\$'000</i>	Total <i>HK\$'000</i>
Obligations under finance leases	24	–	24
Liability component of convertible bonds A (<i>Note 1</i>)	–	16,146	16,146
Liability component of convertible bonds B (<i>Note 2</i>)	–	65,114	65,114
	<u>24</u>	<u>81,260</u>	<u>81,284</u>

Notes:

- (1) 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 bears interest at Prime Rate plus 2% per annum, maturity on 28 February 2012 and is 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.
- (2) 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 is 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 has issued a new convertible bond (the “Convertible Bond B”) therefrom. The Convertible Bond B bears interest at Prime Rate, maturity on 17 March 2012 and is 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.

Contingent liabilities and litigations

The Group did not, at the close of business on 30 November 2011, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans and other similar indebtedness, commitments, guarantees or material contingent liabilities and litigations.

Pledged assets

The Group did not have any pledged assets as at 30 November 2011.

Save as aforesaid, as at 30 November 2011, the Group had no debt securities issued and outstanding, and authorised or otherwise created but issued, term loans, distinguishing between guaranteed by the Group, guaranteed by independent third parties, unguaranteed, secured and unsecured bank borrowings including, bank loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available financial resources, the banking and other facilities presently available, and subject to the completion of the transactions contemplated under the Resumption Proposal, including (i) the Acquisition; (ii) the provision of the Working Capital Loan; (iii) the Subscription; (iv) the Open Offer; (v) the Bonus Issue; and (vi) the issue of the Remuneration Shares and the Remuneration Warrants, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of this Prospectus.

5. MATERIAL CHANGE

Up to and including the Latest Practicable Date, save as the Management Agreement, the Directors confirm that there is no material change in the financial or trading position or outlook of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up. Details of the Management Agreement has been set out in the Circular.

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**



20 January, 2012

The Directors
New City (China) Development Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma NAV”) of New City (China) Development Limited (the “Company”) and its subsidiaries (collectively the “Group”), which has been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the transactions contemplated under the resumption proposal (the “Resumption Proposal”) (including (i) the acquisition; (ii) the provision of the working capital loan; (iii) the subscription; (iv) the open offer (the “Open Offer”); (v) the bonus issue; and (vi) the issue of the remuneration shares), might have affected the unaudited consolidated net tangible assets of the enlarged group (the “Enlarged Group”) under 2 scenarios, (i) after the completion of the Resumption Proposal, but before the Open Offer; and (ii) after the completion of the Resumption Proposal (including the Open Offer), as if it had taken place and completed on 30 June 2011, for the inclusion as Appendix II to the prospectus of Company dated 20 January 2012 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma NAV is set out on page 35 to the Prospectus.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING
ACCOUNTANTS**

It is the responsibility of the Directors to prepare the Unaudited Pro Forma NAV in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma NAV and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma NAV beyond that owed to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma NAV with the Directors. This engagement did not involve independent examination of any of the

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**

underlying financial information. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma NAV has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma NAV as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma NAV is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance of indication that any event will take place in the future and may not be indicative of the consolidated net tangible assets per share of the Group as at 30 June 2011 or at any future date.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma NAV has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma NAV as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
ASCENDA CACHET CPA LIMITED
Certified Public Accountants
Hong Kong
Chan Chi Yuen
Practising Certificate Number P02671

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**

**Unaudited pro forma statement of adjusted consolidated net tangible assets of the
Enlarged Group under 2 scenarios, (i) after the completion of the Resumption Proposal,
but before the Open Offer; and (ii) after the completion of the Resumption Proposal
(including the Open Offer)**

1. Introduction

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group which has been prepared on the basis of the notes set out below for illustrating the effect of the Resumption Proposal under 2 scenarios, (i) after the completion of the Resumption Proposal, but before the Open Offer; and (ii) after the completion of the Resumption Proposal (including the Open Offer), on the consolidated net tangible assets of the Enlarged Group as if it had taken place on 30 June 2011. This pro forma financial information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2011 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2011 as set out in the financial information of the Group in Appendix I of the Circular and is adjusted for the effect of the completion of the Resumption Proposal under 2 scenarios, (i) after the completion of the Resumption Proposal, but before the Open Offer; and (ii) after the completion of the Resumption Proposal (including the Open Offer).

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**

2. Unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group under 2 scenarios, (i) after the completion of the Resumption Proposal, but before the Open Offer; and (ii) after the completion of the Resumption Proposal (including the Open Offer)

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Enlarged Group following the Resumption Proposal under 2 scenarios.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2011 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the transactions contemplated under the resumption proposal, but before the Open Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the owners of the Company upon the completion of the transactions contemplated under the resumption proposal, but before the Open Offer as at 30 June 2011 <i>HK\$'000</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the owners of the Company upon the completion of the transactions contemplated under the resumption proposal (including the Open Offer) as at 30 June 2011 <i>HK\$'000</i>
(105,555)	193,279	87,724	60,941	148,665

Unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2011
(Note 4)

(HK\$1.55)

Unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company upon completion of the Open Offer as at 30 June 2011
(Note 5)

(HK\$0.07)

Scenario 1

Unaudited pro-forma adjusted consolidated net tangible assets of the Enlarged Group per Share attributable to the owners of the Company after the transactions contemplated under the resumption proposal, but before the Open Offer as at 30 June 2011
(Note 6)

(HK\$0.04)

Scenario 2

Unaudited pro-forma adjusted consolidated net tangible assets of the Enlarged Group per Share attributable to the owners of the Company after the transactions contemplated under the resumption proposal (including the Open Offer) as at 30 June 2011
(Note 7)

(HK\$0.06)

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**

Notes:

1. The unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2011 of approximately HK\$105,555,000 are extracted from published unaudited interim report of the Company for the period ended 30 June 2011 (page 3), which are published on the website of the Stock Exchange (www.hkex.com.hk).

2. The adjustment to the unaudited consolidated net tangible assets of the Enlarged Group attributable to the owner of the Company as at 30 June 2011 represents the estimated net proceeds from the transactions contemplated under the resumption proposal, but before the Open Offer of approximately HK\$193,279,000 as follows:

Net proceeds from the subscription	124,888
Net amount utilized for redemption of convertible bond held by Trimtime	(1,825)
Estimated professional fee and other direct expenses for the resumption of trading	(5,300)
Settlement of part of the professional fee by means of issuing warrant and consolidated shares	1,500
Net assets from the acquisition of (i) French Land Limited; (ii) Fudi International Holding Co., Limited; and (iii) Guangdong Changliu Investment Co., Limited (“Changliu”) (collectively the “Target Group Companies”)	
– Net assets value of the Target Group Companies	347,724
– Assets of Changliu to be assigned to the vendors for partial settlement of the consideration of the acquisition	(237,960)
– Cash consideration paid to the vendors	<u>(35,748)</u>
	<u><u>193,279</u></u>

3. The adjustment to the unaudited consolidated net tangible assets of the Enlarged Group attributable to the owner of the Company as at 30 June 2011 represents the estimated net proceeds from the Open Offer of approximately HK\$60,941,000 after deduction of a direct cost of HK\$1,563,000 (which are calculated based on the 520,869,500 Offer Shares to be issued to the Qualifying Shareholders at the subscription price of HK\$0.12 per Offer Share).

4. The unaudited consolidated net tangible liabilities attributable to owners of the Company per Share before completion of the Open Offer are based on 67,939,500 Shares (after taking into the effect of the Share Consolidation) in issue as at 30 June 2011.

5. The unaudited consolidated adjusted net tangible liabilities attributable to owners of the Company per Share upon completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Open Offer and on the basis of 588,809,000 Shares issued and issuable, comprising 67,939,500 Shares (after taking into the effect of the Share Consolidation) in issue as at 30 June 2011 and 520,869,500 Offer Shares to be issued.

6. Scenario 1
The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the owners of the Company per Share after the transactions contemplated under the resumption proposal, but before the Open Offer are based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the transactions contemplated under the resumption proposal, but before the Open Offer and on the basis of 2,023,918,499 Shares issued and issuable, comprising 67,939,500 Shares (after taking into the effect of the Share Consolidation) in issue as at 30 June 2011 and 1,955,978,999 Shares to be issued under the resumption proposal, but before the Open Offer.

7. Scenario 2
The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the owners of the Company per Share after the transactions contemplated under the resumption

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE ENLARGED GROUP**

proposal (including the Open Offer) is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the transactions contemplated under the resumption proposal (including the Open Offer) and on the basis of 2,544,787,999 Shares issued and issuable, comprising 67,939,500 Shares (after taking into the effect of the Share Consolidation) in issue as at 30 June 2011 and 2,476,848,499 Shares to be issued under the resumption proposal (including the Open Offer).

8. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2011.

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

<i>Authorised capital:</i>	<i>HK\$</i>
<u>10,000,000,000</u>	<u>40,000,000</u>

Issued and fully paid or credited as fully paid:

67,939,500	ordinary Consolidated Shares of HK\$0.004 each	271,758
520,869,500	Offer Shares to be issued	2,083,478
1,112,500,000	Subscription Shares to be issued	4,450,000
135,879,000	Bonus Shares to be issued	543,516
695,100,000	Consideration Shares to be issued	2,780,400
8,333,333	Remuneration Shares to be issued	33,333
4,166,666	Warrant Shares to be issued (assuming full conversion of the Remuneration Warrants)	16,667
<u>2,544,787,999</u>	Consolidated Shares	<u>10,179,152</u>

As at the Latest Practicable Date, save for the Tritime Convertible Bonds and 2009 Convertible Bonds, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Consolidated Shares.

All existing issued Consolidated Shares rank pari passu in all respect as to return of capital, dividends and voting. No Shares have been issued since 31 December 2010, being the date on which the latest audited financial statements of the Company were made up.

The Consolidated Shares will rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Consolidated Shares being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) were as follows:

Long positions in the Consolidated Shares and underlying Consolidated Shares

Name of Director	Capacity	Nature of interests	Number of Consolidated Shares and underlying Consolidated Shares held	Approximate % of shareholding
Mr. Han	Beneficial owner	Personal interest	527,071,633 ^(Note 1)	775.78 ^(Note 2)
	Interests in controlled corporation	–	1,200,800,000 ^(Note 2)	1,767.45
Junyi Investments Limited ^(Note 2) (the “Subscriber”)	Beneficial owner	–	1,200,800,000 ^(Note 2)	1,767.45

Note:

- (1) These are the Consolidated Shares which may be issued upon full exercise of the conversion rights attaching to the 2009 Convertible Bonds with adjusted conversion price of HK\$0.12 per Share and conversion period from 10 August 2009 to 10 August 2012.
- (2) Upon completion of the Subscription and the Open Offer (assuming that the Subscriber takes up all the Offer Shares pursuant to its obligation under the Underwriting Agreement) the Subscriber will be interested in 1,200,800,000 Consolidated Shares. The Subscriber is wholly owned by Mr. Han so by virtue of the SFO, Mr. Han was deemed to be interested in the same Consolidated Shares held by the Subscriber.
- (3) The Share Consolidation has become effective on 13 January 2012.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Consolidated Shares

Name	Capacity	Number of Consolidated Shares held	Approximate % of shareholding
Hong Kong Huamao International Investment Group Co., Ltd	Beneficial owner	16,984,875 ^(Note 1)	25.00
Xie You Guo	Interest of controlled corporations	16,984,875 ^(Note 1)	25.00
Beijing Chengda Shunyi Shangmao Company Limited ^(Note 2)	Beneficial owner	198,600,000 ^(Note 2)	292.32
Xu Tao ^(Note 2)	Interest of controlled corporation	198,600,000 ^(Note 2)	292.32
Zhong Hui Yin ^(Note 2)	Interest of controlled corporation	198,600,000 ^(Note 2)	292.32
Kayuan Enterprise Investment Co., Ltd. ^(Note 3)	Beneficial owner	496,500,000 ^(Note 3)	730.72
Zheng Bao Hua ^(Note 3)	Interest of controlled corporations	496,500,000 ^(Note 3)	730.72
Zhou Xi Quan ^(Note 3)	Interest of controlled corporations	496,500,000 ^(Note 3)	730.72

Name	Capacity	Number of Consolidated Shares held	Approximate % of shareholding
Veda Capital Limited ^(Note 4)	Beneficial owner	9,999,999 ^(Note 4)	14.72
Wong Hin Shek ^(Note 4)	Interest of controlled corporations	9,999,999 ^(Note 4)	14.72
President Securities (Hong Kong) Limited ^(Note 5)	Beneficial owner	435,069,500 ^(Note 5)	640.38

Note:

- (1) The two references to 16,984,875 Consolidated Shares relate to the same block of Shares directly held by Hong Kong Huamao International Investment Group Co., Ltd. Xie You Guo held 100% of the issued share capital of Hong Kong Huamao International Investment Group Co., Ltd. By virtue of the SFO, Xie You Guo was deemed to be interested in the same 16,984,875 Consolidated Shares held by Hong Kong Huamao International Investment Group Co., Ltd.
- (2) Upon completion of the Acquisition, Beijing Chengda Shunyi Shangmao Company Limited will be interested in 198,600,000 Consolidated Shares. Beijing Chengda Shunyi Shangmao Company Limited is owned as to 70% by Xu Tao and 30% by Zhong Hui Yin respectively. By virtue of the SFO, Xu Tao and Zhong Hui Yin were deemed to be interested in the same Consolidated Shares held by Beijing Chengda Shunyi Shangmao Company Limited.
- (3) Upon completion of the Acquisition, Kayuan Enterprise Investment Co., Ltd. will be interested in 496,500,000 Consolidated Shares. Kayuan Enterprise Investment Co., Ltd. is owned evenly by Zheng Bao Hua and Zhou Xi Quan. By virtue of the SFO, Zheng Bao Hua and Zhou Xi Quan. were deemed to be interested in the same Consolidated Shares held by Kayuan Enterprise Investment Co., Ltd.
- (4) 9,999,999 Consolidated Shares are the aggregate amount of the Remuneration Shares and the Consolidated Shares upon full conversion of the Remuneration Warrants for Veda Capital Limited. Veda Capital Limited is wholly-owned by Wong Hin Shek. By virtue of the SFO, Wong Hin Shek was deemed to be interested in the same Consolidated Shares held by Veda Capital Limited.
- (5) 435,069,500 Consolidated Shares are the aggregate amount of the Remuneration Shares and the Consolidated Shares upon full conversion of the Remuneration Warrants for President Securities (Hong Kong) Limited and the Offer Shares under the Underwriting Agreement.
- (6) the Share Consolidated has become effective on 13 January 2012.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

4. DIRECTORS' SERVICE CONTRACTS

Mr. Han, the chairman of the Company and executive Director, has entered into a service agreement with the Company commencing 16 December 2002 for a period of three years and continuing thereafter until his directorship terminated. In accordance with the abovementioned service agreement, Mr. Han is entitled to a monthly salary of HK\$150,000,

an end of year bonus in a sum equal to the then monthly salary to be payable in December of each year and a management bonus of a sum to be determined by the Board with reference to the operating results of the Group and the performance of the Director.

Mr. Fu Yiu Kwong, an executive Director, has entered into a service agreement with the Company for a period of two years commencing 13 March 2003 (as renewed on 1 April 2004) and continuing thereafter on a yearly basis until terminated by either party giving to the other not less than six months' notice. In accordance with the abovementioned service agreement, Mr. Fu Yiu Kwong is entitled to a monthly salary of HK\$80,000, an end of year bonus in a sum equal to the then monthly salary to be payable in December of each year and a management bonus of a sum to be determined by the Board with reference to the operating results of the Group and the performance of the Director.

Saved as disclosed, none of the Directors had any existing service contract with the Company or any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation as at the Latest Practicable Date.

Saved as disclosed, none of the Directors has a service contract with the Company or any of its subsidiaries or associated companies, which: (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

5. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors, was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

None of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts have been entered into by the Enlarged Group (not being contracts entered into in the ordinary course of business carried out or intended to be carried out by the Enlarged Group) within the two years immediately preceding the date of this Prospectus, which are or may be material:

- (i) the sale and purchase agreement dated 24 January 2011 (as supplemented on 23 August 2011 and 15 November 2011 respectively) entered into between 北京誠達順逸商貿有限公司 (Beijing Chengda Shunyi Shangmao Company Limited*) and

Kayuan Enterprise Investment Co., Ltd. collectively and Polywell Finance Corporation, a wholly-owned subsidiary of the Company, in relation to the Acquisition;

- (ii) the Underwriting Agreement;
- (iii) the Subscription Agreement;
- (iv) the agreement dated 12 January 2011 entered into between the Company and Mr. Han in relation to the provision of the Working Capital Loan by Mr. Han to the Company;
- (v) the Management Agreement;
- (vi) a loan facility agreement entered into between Industrial and Commercial Bank of China Limited (the “Bank”) and the Target Company on 15 June 2011 in respect of a loan facility of RMB140 million with a term of 10 years granted pursuant by the Bank to the Target Company;
- (vii) a loan facility agreement entered into between 四川信托有限公司 (Sichuan Trust Company Limited*) (“Sichuan Trust”) and the Target Company on 2 August 2011 in respect of a loan facility of RMB102.3 million with a term of 10 years granted by Sichuan Trust to the Target Company on 2 August 2011;
- (viii) the loan agreement in respect of a loan facility of RMB20 million with a term of 3 years granted by 北京誠達順逸商貿有限公司 (Beijing Chengda Shunyi Shangmao Company Limited*) to the Target Company;
- (ix) the engagement letter dated 6 August 2010 entered into between the Company and the Joint Financial Advisers; and
- (x) the CB Undertakings.

7. LITIGATION

Definitions of the capitalized terms used in this section have been set out in the Circular.

Beijing Zhongzheng (a subsidiary of Tong Sun) was a defendant in a litigation in respect of a dishonour cheque (the “Cheque”) in the amount of RMB19,000,000 payable to a contractor, 北京城建四有限公司 (“Beijing Cheng Jian Si”), of the CS Plaza, a property developed by Beijing Zhongzheng, which was further endorsed by Beijing Cheng Jian Si to a third party during the year ended 31 December 2008. The Cheque was issued by Beijing Zhongzheng as a proof of its ability to settle the construction cost of the CS Plaza which has to be agreed between the Group and Beijing Cheng Jian Si upon the finalisation of the project cost calculation which has yet to be completed as at the date of the Company’s auditors’ report for the year ended 31 December 2010 and disclaimer of opinion had been given by the auditors of the Company in this regard. Please refer to page I-9 for details.

On 29 December 2010, the Company transferred its 51% shareholding in Tong Sun to Starry Joy. As a result, both Tong Sun and Beijing Zhongzheng ceased to be subsidiaries of the Company.

Save as disclosed above, the Company has no further information about the aforesaid litigation involving Beijing Zhongzheng.

Pursuant to a loan facility letter dated 23 June 2003 (amended on 25 October 2005), Starry Joy has granted to the Company an interest bearing loan (6% per annum from 23 June 2003 onwards and 10% per annum from 1 July 2005 onwards) in the principal amount of HK\$45,000,000 repayable on or before 31 December 2005. The New Rank Share Charge and the New City Share Charge were regarded as the security for, inter alia, the due repayment and payment of the HK\$45 million Loan. On 15 May 2008, Starry Joy initiated proceedings (the "Proceedings") against the Company to claim (the "Starry Joy Claim") for an amount of HK\$57,940,624.30 being the aggregated balance of the HK\$45 million loan and the accrued interest thereon advanced by Starry Joy to the Company.

On 26 November 2009, a settlement agreement was made among others, between the Company, Tong Sun and Starry Joy that the Company and Tong Sun shall be liable on a joint and several basis to repay RMB305,000,000 (the "Settlement Amount") to Poly (HK), the holding company of Starry Joy, or its nominee on or before 31 December 2009 for settlement of all loans and payables (including the Starry Joy Claim) indebted by the Group to Starry Joy. The Settlement Amount has been sufficiently provided for in aggregate by the Company and Tong Sun in other borrowings, accrued interests and preferred dividend payable in the previous year.

On 29 December 2010, following the enforcement of the security constituted by the New City China Share Charge and the New Rank Share Charge, Starry Joy agreed to withdraw and discontinue permanently of the Proceedings against the Company. (The relationship among the Company, Tong Sun and Starry Joy is set out in the subsection headed "(I) Property management business of the Group" on pages 57 to 59 of the Circular.)

The Consent Summaries had been filed in the High Court of The Hong Kong Special Administrative Region Court of First Instance on 10 June 2011. The Directors of the Company are of the opinion that the Group did not have any litigations as at the Latest Practicable Date.

As at the Latest Practicable Date, there is not any litigation or claims of material importance pending or threatened against any members of the Enlarged Group.

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who has given opinion or advice which is contained in this Prospectus:

Name	Qualifications
Ascenda Cachet CPA Limited ("Cachet")	Certified Public Accountants

As at the Latest Practicable Date, Cachet did not have direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group, respectively, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

Cachet has given and has not withdrawn their written consents to the issue of this Prospectus with the inclusion therein of their respective reports or opinions and references to their names in the form and context in which they appear.

9. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and Consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance.

10. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable.

11. EXPENSES

The estimated expenses in connection with the Open Offer (including but not limited to the underwriting commission, printing, registration, financial advisory, legal, professional and accounting charges) are approximately HK\$1.48 million and payable by the Company.

12. CORPORATE INFORMATION**REGISTERED OFFICE**

Scotia Centre, 4th Floor
P.O. Box 2804, George Town
Grand Cayman, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Effectual Building
16 Hennessy Road
Wan Chai, Hong Kong

13. PARTICULARS OF DIRECTORS**NAME, ADDRESS AND INFORMATION OF THE DIRECTORS****EXECUTIVE DIRECTORS**

Mr. Han Junran (*Chairman*) Room 131, Building 56, No 20 Fuxing Road,
Haidian District, Beijing, PRC

Mr. Han Junran, aged 54, holder of a bachelor law degree and a master degree in banking. He has worked for Beijing City Development Company since the mid 80's as an assistant general manager and in the late 80's, he also worked for the Beijing Municipal Government. Mr. Han joined the Group in December 1999 as the Group's General Manager. Mr. Han is currently the Chairman of the Company and is responsible for the Group's project development and management.

Mr. Fu Yiu Kwong Ground Floor, Block H, Sunny Villa, 306 Ha Tsuen,
San Wai, Yuen Long, New Territories, Hong Kong

Mr. Fu Yiu Kwong, Phd, MBA, aged 53, has over 25 years of experience in the accounting profession. Mr. Fu has worked for various local listed companies. He has extensive experience in auditing, merger and acquisition, business re-engineering and company re-structuring. Mr. Fu joined the Group in March 2003 as the Group's Finance Director and is responsible for all financial matters relating to the Group.

NON-EXECUTIVE DIRECTOR

Mr. Luo Min 205 Tai Cang Lu, Lu Wan District, Shanghai Shi,
Shanghai, PRC

Mr. Luo Min, aged 42, is an engineer and has extensive experience in property development, investments and management. Mr. Luo was appointed as non-executive director of the Company in May 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yiu Tung, Anthony Flat 3C, Village Garden, 30 Fa Bo Street, Yau Yat
Chuen, Kowloon, Hong Kong

Mr. Chan Yiu Tung, Anthony, aged 52, graduated from University of Toronto in 1982. Mr. Chan has over 20 years experience in the construction and property investment field and is currently the managing director of two construction companies in Hong Kong. Mr. Chan is currently the Supervisor of KYT Excel Foundation Primary School and Manager of Building Contractor's Association School and member of various organizations including Lions Club of Hong Kong West (President during the years 1996/97 and 2001/02), The Hong Kong Construction Association Ltd (Hon. Secretary), H.K. General Building Contractors Association Ltd (Vice President), Kwong Yuet Tong Hong Kong (Vice Chairman), Association of Hong Kong Nanjing Fellows Ltd (Director), The Chinese General Chamber of Commerce (Shamshuipo) (Council Member), Levy Committee of Construction Industry Training Authority (Council Member), Land Sub-committee of Land and Building Advisory Committee (Council Member), Provisional Construction Industry Co-ordination Board (Environment) (Council Member), Commercial & Industrial Committee of DAB (Council Member), Guangzhou Overseas Friendship-Liaison Association (Council Member), Yan Oi Tong (Directors for the years 2005/06, 2006/07, 2007/08 and 2008/09), The Hong Kong Chan Clan General Association (Life Hon. Chairman and Vice Chairman). Mr. Chan was appointed as Independent Non-Executive Director of the Company in August 2002.

Mr. Seto Man Fai Flat D6, 15/F, Block D, Fanling Centre,
San Wan Road, Fanling, New Territories, Hong Kong

Mr. Seto Man Fai, aged 43, graduated from the Chinese University of Hong Kong with a bachelor's degree in accounting. He is a member of American Institute of Certified Public Accountants, a practicing accountant in New York State of the United States of America, a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also an associate of the Institute of Chartered Accountants in England and Wales. Mr. Seto has extensive experiences in accounting, auditing and corporate finance. Mr. Seto is currently the partner of an accounting firm in New York in the USA and an accounting firm in Hong Kong. Mr. Seto was appointed as a director of China Packaging Group Company Limited from September 2009 to October 2009.

Mr. Zheng Qing No. 8, 2 Men, 319 Block, No. 16 Yu Quan Lu,
Hai Tian Qu, Beijing, PRC

Mr. Zheng Qing, aged 45, has extensive experience in property development and management. Mr. Zheng is a director of various companies in the fields of property development management and securities investment in PRC.

14. PARTIES INVOLVED**Parties Involved***Subscriber*

Registered office	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Principal place of business	11/F, Effectual Building 16 Hennessy Road Wanchai, Hong Kong
Financial adviser to the Company	Veda Capital Limited Suite 3214, 32/F COSCO Tower 183 Queen's Road Central Hong Kong
Financial adviser to the Company	President Securities (Hong Kong) Limited Units 2603-06, 26/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong
Reporting Accountant	Ascenda Cachet CPA Limited 13/F, Neich Tower 128 Gloucester Road, Wanchai Hong Kong
Legal adviser as to Hong Kong laws	Keith Lam Lau & Chan 5th to 7th Floors, The Chinese Club Building Nos. 21-22, Connaught Road Central Central, Hong Kong
Legal adviser as to Cayman Islands laws	Conyers, Dill & Pearman Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands

