China New City Commercial Development Limited
中國新城市商業發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1321)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2017	2016	Change
Revenue *(RMB'000)*	**295,986**	858,371	-66%
Gross profit *(RMB'000)*	**135,369**	324,991	-58%
Profit attributable to equity holders of the Company *(RMB'000)*	**488,505**	147,042	+232%
Earnings per share attributable to equity holders of the Company – Basic and diluted *(RMB Cents)*	**27**	8	+238%
Net increase/(decrease) in cash and cash equivalents *(RMB'000)*	**35,966**	(656,401)	N/A

	As at 31 December		
	2017	2016	Change
Total assets *(RMB'000)*	**13,254,174**	11,288,945	+17%
Net assets *(RMB'000)*	**6,008,356**	5,342,059	+12%
NAV per share *(RMB)* *(Note)*	**3.16**	2.98	+6%

Note:

NAV per share represents the equity attributable to owners of the parent per ordinary share

CHAIRPERSON'S STATEMENT

Dear shareholders,

On behalf of China New City Commercial Development Limited (the"Company") and its subsidiaries (collectively referred as the "Group"), I am pleased to present the results of the Group for the year ended 31 December 2017 ("the year under review").

REVIEW OF RESULTS

For the year under review, the contracted sales revenue of the Group was RMB3,296,300,000, representing an increase of approximately 178% from the year of 2016. The revenue of the Group was approximately RMB295,986,000, gross profit was approximately RMB135,369,000, and proceeds from disposal of investment properties was approximately RMB920,671,000. Profit attributable to equity holders of the Company was approximately RMB488,505,000, representing an increase of 232% when compared with the year of 2016, while basic earnings per share amounted to approximately RMB0.27, increased by 238% over the year of 2016 and recorded net cash inflow. The board of directors does not recommend the payment of final dividend for the year under review (2016: nil).

MARKET AND BUSINESS REVIEW

In 2017, China's economy is booming and residents' spending power is continuously improving. The commercial property of the Company has improved significantly. Driven by the G20 Hanzhou Summit, Hangzhou quickly became the focus of the world with its city influence and brand competitiveness increasingly strengthened. The city cluster on Hangzhou Bay is on the rise and the economic development of the Yangtze River Delta with a strong economy has developed rapidly with industrial structure continuously optimized.

The Group is a commercial property developer and operator committed to developing integrated commercial complexes in the Yangtze River Delta region and other major economy regions. The Group follows the integrated business model of selling and leasing property, strategically decentralizing its income source and return period.

During the year under review, the Group pooled the wisdom and efforts of everyone to overcome difficulties and recorded the best performance in terms of contracted sales and profit since its listing despite the complex market environment. 2017 marked a milestone for the Group's development amidst the stable growth of commerce and real estate as well as a breakthrough development in the culture, tourism, healthcare and other segments.

1. Property Sales

Jia Run Mansion, the serviced apartments of the International Office Center ("IOC") (Plot A3) created successive satisfactory sales results and Xixi New City, the serviced apartments of Xixi parcel was open for sale at the end of the year and quickly achieved remarkable selling, which continued to be the major driver to significantly drive up the property sales income of the Group.

The Jia Run Mansion project is adjacent to the venue of 2016 Group of Twenty (G20) Summit and the stadium of Hangzhou Olympic and International Expo Center, in which the latter will host the 2022 Asian Games, with Qianjiang New Town, the political and cultural center of Hangzhou, just across the river. Thus, it is warmly welcomed by the market due to its favorable geographical location. The Company has developed Plot A2 this year to assure the steady growth of property sales income.

Xixi New City Project is located in the north of Xixi Wetland Park, the tourist attraction of Hangzhou and forms one integrated mass with the park as they are adjacent to each other. The project is in proximity to Hangzhou Future Sci-Tech City（杭州未來科技城）. It is extremely recognized by the market due to its favorable geographical location and perfect surrounding facilities. The Company will continue to develop this project in this year with an aim to achieving the stable increase of the revenue from sales of properties.

For the year under review, the Group strategically disposed of certain investment properties, mainly IOC and Highlong Plaza projects, which not only recorded revenue but also generated considerable net cash inflow for the Group.

2. Property Leasing

Currently, the principal property leasing income of the Group is derived from Highlong Plaza and IOC, Xiaoshan District, Hangzhou. In order to consolidate its local influence, the shopping mall portion of the project commenced its assets optimisation programs and commercial portfolio restructuring since April 2016. The occupancy rate of Highlong Plaza reached over 97% after its renovation. With the theme "Happy Moments", the plaza increased commercial elements catered for children, food and beverages, living and services and experience. The Group has successfully launched business invitation for the Zhong An Yin Tai Cheng project located in Yuyao, Ningbo, during the year and commenced operation at the end of 2017, which is expected to rapidly increase the revenue of property leasing segment of the Group in the future.

3. Hotel Operations

As for hotel operations, the hotel Holiday Inn Hangzhou Xiaoshan operated well. Qiandao Lake Bright Resort Hotel, the brand hotel of the Group has officially opened in the first half of 2017 and achieved satisfactory performance during the first half of the year. Huaibei Bright Hotel has been partially completed and commenced operation in the second half of 2017. With the above two brand hotels successively opening, new driver will be injected to the hotel segment of the Group. Benefiting from the obvious growth in terms of leasable guest rooms, it is expected that the hotel segment of the Group will record continual growth of operation revenue.

PRUDENTLY PURCHASE LAND AND REPLENISH LAND RESERVE

The Group implements prudent land purchase strategy and purchases lands with high quality and low cost according to market requirement as and when appropriate while maintaining a sound financial condition, aiming to optimize the local reserve structure.

The total GFA of land reserves of the Group was approximately 2,500,000 square meter ("sq.m.") distributed among six cities and regions of the Yangtze River Delta region.

PROSPECTS AND OUTLOOK AND DEVELOPMENT STRATEGIES

Looking ahead into 2018, with the political stability and the continuous improvement of China's economy and the acceleration of urbanization, per capita income and consumer spending has continually increased, thus the commercial real estate market has great potential. The property market regulation and control policy will adhere to the main principle of "the housing properties are for accommodation but not for speculative trading" with shifting from targeted regulation and control featured with one policy for one city to diversified policies for several cities or for one city, and the regulatory mechanism also changing from the short-term mechanism represented by "purchase limitation" to the long-term mechanism so as to achieve the stable and healthy development of the real estate market.

As 2017, a growth period when we witnessed a series of property projects completion, ends and 2018 comes, the Group has entered into a period for stable development. The completion and launch of Yuyao Zhong An Times Square in Hangzhou and Yin Tai Cheng project, as well as the successive opening of Qiandao Lake Bright Resort Hotel and Huaibei Bright Hotel, significantly increase our leasable area and the number of leasable guest rooms of the entire property portfolio, providing stable cash flow support to the Group in the long run. In such context, the Group will uphold the synchronous development of traditional and emerging sectors as its development direction. That means the Group will continue to pursue scale development and achieve new industry cultivation and incubation on the basis of strengthening real estate development, small town developments and other traditional sectors, so as to promote the synergetic development of real estate segment and investment segment.

The International Office Center ("IOC") project is still the major development project of the Group. In 2016, G20 Summit was successfully held in Hangzhou, which made Hangzhou becoming a new international focus. Qianjiang Century City (錢江世紀城), where IOC is located, and Qianjiang New Town (錢江新城) across the river are the new main city centers in Hangzhou. Benefiting from favorable policies, Qianjiang Century City where the project located is under fast construction and development. Hangzhou Olympic Sports Stadium, adjacent to the IOC project, will host international major sports events such as the 2022 Asian Games in future. Benefiting from its strategic layout and cheap cost of land that the Group had acquired in early years, the IOC project enjoys absolute geographical advantage and development potential in this segment. The Group intends to develop Plot A2 of IOC in 2018, which will create sustainable impetus to property sales. The Group plans to explore more lands with low price but high potential in 2018 through mergers and acquisitions.

For new businesses, the Group further adjusts its business model and optimizes its operating structure, achieving an operation model with an aim to satisfy people's demand. The Group will also proactively explore other business opportunities in the field of emerging industries such as recreation and tourism, healthcare, education and culture, movie entertainment and modern agriculture. Meanwhile, the Group has also launched its new child-oriented business model "Happy Moments", on the basis of the traditional business model. The Group will focus on serving children in cities and integrating child health, child education, child entertainment and child sports to build a diversified and intelligentized body of comprehensive functions, with the help of excellent partners around the world and to inject new impetus to the development of the child-related industry.

ACKNOWLEDGEMENT

Last but not the least, on behalf of the Board, I would like to express my sincere gratitude to the continuing support and trust of the shareholders of the Company and business partners as well as the dedicated efforts of all the staff of the Group.

Shi Kancheng
Chairperson

Hong Kong, 21 March 2018

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2017 together with the comparative amounts for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	4	**295,986**	858,371
Cost of sales		**(160,617)**	(533,380)
Gross profit		**135,369**	324,991
Other income and gains	4	**77,844**	16,832
Selling and distribution expenses		**(152,252)**	(80,142)
Administrative expenses		**(114,451)**	(107,503)
Other expenses		**(6,939)**	(11,232)
Fair value gain upon transfer to investment properties		**523**	–
Finance costs	5	**(13,161)**	(2,218)
Changes in fair value of investment properties		**825,157**	124,994
Share of profit and loss of:			
Joint venture		**–**	(15)
Profit before tax	6	**752,090**	265,707
Income tax expense	7	**(285,732)**	(128,642)
Profit for the year		**466,358**	137,065
Attributable to:			
Owners of the parent		**488,505**	147,042
Non-controlling interests		**(22,147)**	(9,977)
		466,358	137,065
Earnings per share attributable to ordinary equity holders of the parent	8		
Basic		**RMB27 cents**	RMB8 cents
Diluted		**RMB27 cents**	RMB8 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 *RMB'000*	2016 *RMB'000*
Profit for the year	**466,358**	137,065
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**9,678**	(8,185)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**9,678**	(8,185)
Total comprehensive income for the year	**476,036**	128,880
Attributable to:		
Owners of the parent	**498,183**	138,857
Non-controlling interests	**(22,147)**	(9,977)
	476,036	128,880

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	**31 December 2017** *RMB'000*	31 December 2016 *RMB'000*
Non-current assets			
Property and equipment		**1,996,168**	1,340,238
Investment properties		**5,472,345**	5,129,937
Properties under development		**640,170**	1,332,915
Available-for-sale investments		**359,300**	28,300
Long term prepayments		**188,707**	311,265
Investment in a joint venture		**–**	759
Deferred tax assets		**11,057**	11,089
Restricted cash		**139,927**	118,231
Total non-current assets		**8,807,674**	8,272,734
Current assets			
Completed properties held for sale		**1,282,967**	1,232,200
Properties under development		**2,211,244**	990,130
Inventories		**11,425**	9,439
Trade and bills receivables	*10*	**19,275**	19,642
Prepayments, deposits and other receivables		**143,306**	102,354
Amounts due from related companies		**39,288**	80,067
Equity investment at fair value through profit or loss		**71,504**	–
Restricted cash		**149,224**	46,258
Cash and cash equivalents		**323,312**	298,308
Investment properties classified as held for sale		**194,955**	237,813
Total current assets		**4,446,500**	3,016,211
Current liabilities			
Trade payables	*11*	**750,374**	726,999
Other payables and accruals		**179,123**	115,816
Advances from customers		**1,088,863**	308,120
Amounts due to related companies		**696,221**	268,200
Interest-bearing bank and other borrowings		**1,180,739**	1,104,000
Tax payable		**336,177**	242,548
Total current liabilities		**4,231,497**	2,765,683
Net current assets		**215,003**	250,528
Total assets less current liabilities		**9,022,677**	8,523,262

	31 December 2017 *RMB'000*	31 December 2016 *RMB'000*
Non-current liabilities		
Interest-bearing bank and other borrowings	**1,927,000**	2,196,609
Deferred tax liabilities	**1,087,321**	984,594
Total non-current liabilities	**3,014,321**	3,181,203
Net assets	**6,008,356**	5,342,059
Equity		
Equity attributable to owners of the parent		
Share capital	**147,503**	138,034
Reserves	**5,689,619**	5,033,619
	5,837,122	5,171,653
Non-controlling interests	**171,234**	170,406
Total equity	**6,008,356**	5,342,059

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

China New City Commercial Development Limited (the "Company") is a limited liability company incorporated as an exempted company in the Cayman Islands on 2 July 2013 under the Companies Law (revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") were members of Zhong An Real Estate Limited ("Zhong An") and its subsidiaries ("Zhong An Group"). Zhong An, the shares of which have been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") since November 2007, is the holding company of Zhong An Group.

The Group is principally engaged in commercial property development, leasing and hotel operations.

In the opinion of the Company's directors (the "Directors"), the ultimate holding company of the Company is Whole Good Management Limited, a company incorporated in the British Virgin Islands on 3 May 2007.

The Company has been separately listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") with stock code "1321" on 10 July 2014 and raised capital amounting to HK$608 million from the market.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as explained in the accounting policies set out below. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Significant accounting policies

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

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of interests in Other Entities*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements.

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

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income tax Treatment*[2]
Amendments to IFRS 1 included in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of International Financial Reporting Standards*[1]
Amendments to IAS 28 included in *Annual Improvements 2014-2016 Cycle*	*Investments in Associates and Joint Ventures*[1]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *No mandatory effective date yet determined but available for adoption*

3. Operating segment information

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

(a) the commercial property development segment develops and sells commercial properties in Mainland China;

(b) the property rental segment leases investment properties in Mainland China;

(c) the hotel operations segment owns and operates a hotel; and

(d) the others segment comprises, principally, the Group's property management services business, which provides management and security services to commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, dividend income, fair value gain/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from the measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2017	Commercial property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	**148,234**	**63,610**	**66,815**	**17,327**	**295,986**
Intersegment sales	**–**	**9,424**	**–**	**2,909**	**12,333**
Reconciliation:					
Elimination of intersegment sales					**(12,333)**
Revenue from operations					**295,986**
Segment results	**76,996**	**743,659**	**(29,520)**	**(28,253)**	**762,882**
Reconciliation:					
Interest income					**2,369**
Finance costs					**(13,161)**
Profit before tax					**752,090**
Segment assets	**4,740,198**	**5,722,824**	**2,135,646**	**351,521**	**12,950,189**
Reconciliation:					
Elimination of intersegment receivables					**(346,290)**
Corporate and other unallocated assets					**650,275**
Total assets					**13,254,174**
Segment liabilities	**1,865,859**	**70,620**	**394,408**	**729,983**	**3,060,870**
Reconciliation:					
Elimination of intersegment payables					**(346,289)**
Corporate and other unallocated liabilities					**4,531,237**
Total liabilities					**7,245,818**
Other segment information:					
Depreciation	**966**	**704**	**11,066**	**4,455**	**17,191**
Capital expenditure	**63,482**	**8,146**	**147,485**	**33,721**	**252,834**

Year ended 31 December 2016	Commercial property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	742,988	61,978	47,679	5,726	858,371
Intersegment sales	–	24,033	–	3,929	27,962
	742,988	86,011	47,679	9,655	886,333
Reconciliation:					
Elimination of intersegment sales					(27,962)
Revenue from operations					858,371
Segment results	165,829	138,547	(18,379)	(19,041)	266,956
Reconciliation:					
Interest income					969
Finance costs					(2,218)
Profit before tax					265,707
Segment assets	3,099,595	5,982,621	1,362,261	488,609	10,933,086
Reconciliation:					
Elimination of intersegment receivables					(134,793)
Corporate and other unallocated assets					490,652
Total assets					11,288,945
Segment liabilities	1,094,374	17,232	76,804	365,519	1,553,929
Reconciliation:					
Elimination of intersegment payables					(134,793)
Corporate and other unallocated liabilities					4,527,750
Total liabilities					5,946,886
Other segment information:					
Share of profit and loss of：					
Joint venture	–	15	–	–	15
Depreciation	893	816	9,375	2,006	13,090
Investments in joint ventures	–	759	–	–	759
Capital expenditure	28	19	117,013	268	117,328

Geographical information

All of the Group's revenue is derived from customers based in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2017 and 2016.

4. Revenue, other income and gains

Revenue represents income from the sale of properties, property leasing income, property management fee income and hotel operating income during the year, net of business tax and other sales related taxes and discounts allowed.

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

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**152,246**	769,893
Property leasing income	**76,997**	58,087
Property management fee income	**26,232**	14,402
Hotel operating income	**67,391**	46,749
Less: Business tax and surcharges*	**(26,880)**	(30,760)
	295,986	858,371

* *Pursuant to the VAT reform in the PRC effective from 1 May 2016, all pre-sales of properties incurred after 1 May 2016 are subject to VAT. Accordingly, once the related revenue from these sales of properties is recognised, more revenue represents the net invoiced value of properties sold with VAT exclusive. Revenue in connection with the pre-sales incurred prior to 1 May 2016 are still subject to business tax, and the revenue represents the net invoiced value of properties sold with business tax exclusive.*

	2017	2016
	RMB'000	*RMB'000*
Other income		
Subsidy income	**798**	–
Bank interest income	**2,368**	969
Others	**11,090**	14,519
	14,256	15,488
Gains		
Gain on disposal of investment properties	**63,221**	–
Foreign exchange gains	**367**	1,344
	63,588	1,344
	77,844	16,832

5. Finance costs

An analysis of the Group's finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**218,090**	253,749
Less: Interest capitalised in properties under development	**(204,929)**	(251,531)
	13,161	2,218

6. Profit before tax

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

	2017	2016
	RMB'000	*RMB'000*
Cost of properties sold	**79,425**	492,880
Depreciation	**17,191**	13,090
Minimum lease payments under operating leases:		
– Office premises	**7,413**	2,206
Auditors' remuneration	**1,200**	1,200
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	**77,153**	57,948
– Pension scheme contributions	**10,671**	6,494
Foreign exchange differences, net	**(367)**	(1,344)
Direct operating expenses (including repairs and maintenance arising on investment properties)	**7,312**	2,815
(Gain)/loss on disposal of investment properties	**(63,221)**	7,221
Fair value gains, net:		
Fair value gain upon transfer to investment properties	**(523)**	–
Changes in fair value of investment properties	**(825,157)**	(124,994)

7. Income tax

The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the year (2016: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2016: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2017	2016
	RMB'000	*RMB'000*
Current – PRC corporate income tax for the year	**101,062**	44,512
Current – PRC LAT for the year	**81,912**	44,785
Deferred	**102,758**	39,345
Total tax charge for the year	**285,732**	128,642

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB488,505,000 (2016: RMB147,042,000) and the weighted average number of ordinary shares of 1,783,872,000 (2016: 1,736,790,000) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2017 (2016: Nil).

9. Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: Nil).

10. Trade receivables

The Group's trading terms with its customers are mainly lease receivables on credit. The credit period is generally one month, extending up to three months for major customers. All balances of the trade receivables as at the end of the year were neither past due nor impaired and aged within one to three months.

Trade receivables are non-interest-bearing and unsecured.

11. Trade payables

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within six months	**590,329**	526,838
Over six months but within one year	**117,687**	188,219
Over one year	**42,358**	11,942
	750,374	726,999

The trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

12. Commitments

The Group had the following commitments for property development expenditure at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**520,421**	478,185

13. Contingent liabilities

	2017	2016
	RMB'000	*RMB'000*
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**232,541**	314,227

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2017, the property sector in China experienced stringent and frequent policy regulation. Both the number and strength of policies and regulations issued by the local governments were unprecedented. In the adverse market environment, the Group still strived to overcome difficulties and realized a good contract sales revenue growth of 178%. This fully embodied the Company's leading strategic vision, accurate investment layout as well as prudent and flexible operation strategy.

Looking ahead into 2018, China's real estate sales could decline to a certain extent under the supervision on both property and finance markets. However, in light of China's overall economic resilience, it is believed that the regulating policies concerning the property market are unlikely to ease materially in the first half of the year. In the long run, the reform of housing system will be deepened, a long-term mechanism is expected to establish, and the health of China's property market will be gradually improved.

DEVELOPMENT OF MAJOR PROJECTS

Hangzhou, Zhejiang Province

Highlong Plaza

It is a large-scale integrated commercial complex located in Shanyin Road, Xiaoshan District, Hangzhou, comprising hotels, shopping malls and offices, and is the flagship project of the Company. The total site area of the project is 30,933 sq.m. and total GFA is 171,071 sq.m. The project was completed in January 2009.

International Office Center ("IOC")

IOC is a large-scale integrated commercial complex located in Qianjiang Century City（錢江世紀城）, Xiaoshan District, Hangzhou, comprising serviced apartments, shopping malls and offices. The total site area of Plot A is 92,610 sq.m. and planned total GFA is 798,795 sq.m.. The project is in three phases, consists of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground car parking spaces with a total GFA of approximately 327,996 sq.m.. It is expected that Plot A2 will commence in 2018.

Xixi New City

It is located in Jiangcun Unit, Xihu District, Hangzhou and is in proximity to Xixi Wetland. The total site area of the project is 39,703 sq.m. and total GFA is 59,555 sq.m. The project has commenced construction in 2017, which will become an integrated commercial complex comprising offices, serviced apartments and shops.

Xixi Manhattan

It is a commercial real estate project located in Yuhang District, Hangzhou, with GFA of 109,998.35 sq.m. The project was open for sale in late August 2017 and is expected to be delivered in the first half of 2019.

Chaoyang Ginza

It is the commercial portion of the Chaoyang community parcel, Xiaoshan District, Hangzhou with a total site area of 10,541 sq.m. and total GFA of 53,033 sq.m. The project mainly includes serviced apartments and shops, and pre-sale was commenced in 2016. It is expected to complete by the end of 2018.

Hangzhou Qiandao Lake Bright Resort Hotel

It is a hotel project located in the southwest of Qiandaohu Town（千島湖鎮）, Chunan County, Hangzhou, with total GFA of 46,691 sq.m. The hotel is built adjacent to Thousand-Islet Lake Passengers Port which enjoys a beautiful lake view and natural habitat. This project was completed and commenced business in the first half of 2017.

Yuyao, Zhejiang province

Zhong An Times Square

It is a large-scale integrated commercial project located in Yuyao, Zhejiang province with estimated total GFA of 628,408 sq.m.. The development of project is completed by two phases, comprising a hotel, shops, residences, serviced apartments, shopping malls and offices. The construction of phase II of this project was completed in 2016, and phase I remains under development. All net economic benefits arising from the sale or pre-sale of the residential apartments in Phase II ("Times Square Residential Portion") shall belong to a connected person (as defined under the Listing Rules) of the Group according to the Cooperation Agreement entered into between such connected person and the Group (through its indirect non-wholly owned subsidiary) on 16 March 2014. Details of the Cooperation Agreement were disclosed in the prospectus ("Prospectus") of the Company dated 17 June 2014 under the section headed "Continuing Connected Transaction".

Huaibei, Anhui Province

Huaibei Bright Hotel

It is a hotel project in Huaibei, Anhui province, with a site area of 60,768 sq.m. and total GFA of 67,061 sq.m.. This project is partially completed and has commenced business in second half of 2017.

Sales Review

For the year under review, the recognized sales of properties (sold and delivered) was approximately RMB152,246,000 (2016: approximately RMB769,893,000). The recognized sales area of properties was approximately 3,036 sq.m. and the recognized average sales price was approximately RMB30,434 per sq.m.. In addition, the sales of investment properties of approximately RMB920,671,000 was not included in the sales of properties in accordance with international accounting standards. Only net gains on disposal of investment properties of approximately RMB63,221,000 was recorded in other income and gains during the year under review.

	Sales of properties *(RMB million)*	**Proceeds from disposal of investment properties** *(RMB million)*
International Office Centre	79.0	570.4
Yuyao Zhong An Times Square	41.8	–
Others	31.4	5.2
Highlong Plaza	–	345.1
	152.2	920.7

2017 Contracted sales

For the year under review, the contracted sales area of the Group was approximately 243,268 sq.m. (2016: approximately 87,225 sq.m.), contracted sales revenue was approximately RMB3,296,300,000 (2016: approximately RMB1,187,000,000), details of the contracted sales of the major projects are as below:

	Contracted sales area *(sq.m.)*	**Contracted sales revenue** *(RMB million)*
Hidden Dragon Bay	6,288	68.5
Jia Run Mansion	30,925	745.3
Yuyao Zhong An Times Square	22,366	223.2
Chaoyang Yinzuo	24,549	340.6
Highlong Plaza	24,258	335.8
Shenglong Landscape Garden	1,372	14.5
Xixi New City	9,007	302.4
Xixi Manhattan	18,520	321.0
Xinnongdu	105,983	945.0
Total	243,268	3,296.3

It is expected that the GFA available of major projects for sale or lease in 2018 is approximately to be 648,000 sq.m., with details as below:

		GFA available for sale/lease *(sq.m.)*	Usage
Hangzhou, Zhejiang province	International Office Center Plot A3	112,449	For sale/leasing
	Hidden Dragon Bay	121,169	For sale/leasing
	Highlong Plaza	72,929	For sale/leasing
	Chaoyang Yinzuo	36,452	For sale
Yuyao, Zhejiang province	Yuyao Zhong An Times Square	305,473	For sale
	Total	648,472	

Hotel Operation

There are three hotels of the Group that are currently under operation, being Holiday Inn Hangzhou Xiaoshan, Hangzhou Qiandao Lake Bright Resort Hotel and Huaibei Bright Hotel. The hotel operation of the Group recorded a revenue of approximately RMB67,391,000 (2016: approximately RMB46,749,000), represented an increase of approximately 44%, during the year under review and the hotel occupancy rate was approximately 52% (2016: 58%).

Leasing Business

The current leasing income of the Group mainly comes from Highlong Plaza and IOC, including office and shopping malls. The total revenue from leasing business for the year under review was approximately RMB76,997,000, representing an increase of approximately 33% from approximately RMB58,087,000 recorded in the year of 2016. The average occupancy rate of leasing properties was approximately 91% (2016: 79%).

Land Reserve

As at 31 December 2017, the total GFA of land reserves of the Group was approximately 2,500,000 sq.m..

Placing of new Shares

Reference is made to the announcements of the Company dated 5 July, 7 July and 26 July 2017. On 26 July 2017, the Company has placed 110,012,000 Shares to not less than six placees at the placing price of HK$1.82 each. The Shares were allotted and issued under the general mandate granted to the Directors by a resolution passed by the then shareholders of the Company at the annual general meeting of the Company held on 8 June 2017. The gross proceeds raised from the placing shares are approximately HK$200.2 million and the net proceeds derived from the placing shares (after deduction of the relevant expenses) are approximately HK$197 million, which are used by the Company for investment in commercial property development or general working capital as intended during the year under review.

Acquisition of Zhejiang Xinnongdu

Reference is made to the joint announcements of the Company and Zhong An Real Estate Limited ("Zhong An") dated 11 January 2017, 21 August and 29 August 2017. On 11 January 2017, Zhejiang Zhong An Shenglong Commercial Co., Ltd. ("Zhongan Shenglong"), an indirect non-wholly owned subsidiary of the Company, entered into a memorandum of understanding with Hangzhou Oriental Culture Tourism Group Co., Ltd（杭州東方文化園旅業集團有限公司）("Hangzhou Oriental") in relation to the proposed acquisition by Zhong An Shenglong of 42.5% of the entire equity interests in Zhejiang Xinnongdu Industrial Co., Ltd（浙江新農都實業有限公司）("Zhejiang Xinnongdu") from Hangzhou Oriental. On 21 August 2017, Zhong An Shenglong entered into an equity transfer agreement with Hangzhou Oriental, pursuant to which Zhong An Shenglong has conditionally agreed to acquire 19.85% of the entire equity interests in Zhejiang Xinnongdu from Hangzhou Oriental at a cash consideration of RMB327 million. The completion of the equity transfer agreement took place on 29 August 2017.

Acquisition of Huaiji Yueshan Hot Springs

Reference is made to the announcement of the Company dated 14 December 2017. On 14 December 2017, Zhongan Jiankang Chanye Development Co., Ltd, an indirect non-wholly owned subsidiary of the Company, entered into the cooperation agreement with the Ms. Li Qiu Lian, Ms. Li Qiu Jiao, Zhaoqing Shi Weixin Shiye Co., Ltd.（肇慶市威信實業有限公司）("Weixin Shiye") and Feng Hua (HK) Limited in relation to among others, i) the acquisition of the entire equity interest of Huaiji Yueshan Hot Springs Resort District Co., Ltd from Ms. Li Qiu Lian and Ms. Li Qiu Jiao; ii) the establishment of a PRC company (the "New PRC Company") with Weixin Shiye; and iii) the acquisition of the 5% of the entire equity interests in the New PRC Company from Weixin Shiye at a consideration of RMB50.05 million, which comprise of cash consideration of RMB10.05 million and consideration RMB40,000,000 will be settled by the allotment and issuance of the 26,890,773 new shares of the Company at the issue price of HK$1.75 per share of the Company. As at the date of this announcement, the acquisition has not completed.

Cooperation with Maggie & Rose

Reference is made to the announcement of the Company dated 24 November 2017. On 24 November 2017, Complete Victory Enterprise Limited, direct wholly-owned subsidiary of the Company, entered into a joint venture agreement with Maggie & Rose (CN) Limited, Highest Joy Limited and the Maggie & Rose (Greater China) Group Limited ("MRGC") for the establishment of the holding company to invest in the high quality family lifestyle business including amongst other things, high quality Flagship Clubs, Family Clubs, children development and education institutions, nurseries, books, food and beverage and events using the System or websites or internet or other medium under the "Maggie & Rose" brand in the PRC, Macau and Taiwan. Upon signing of the joint venture agreement, Maggie & Rose (CN) Limited, Maggie & Rose Limited and MRGC also entered into an exclusive licence agreement, pursuant to which Maggie & Rose (CN) Limited, as licensor, agrees to license and make available all of its intellectual property assets, existing from time to time, to MRGC, as licensee, for the business operation of MRGC in the PRC, Macau and Taiwan. Pursuant to the joint venture agreement, Complete Victory Enterprise Limited has agreed to contribute a total amount of RMB150,000,000 or in HK$ equivalent, which will be in the form of cash, Maggie & Rose (CN) Limited has agreed to contribute a total amount of HK$143,712,550 which will be in the form of entering into the exclusive licence agreement with MRGC. Highest Joy Limited has agreed to contribute a total amount of HK$35,568,826 which will be in the form of entering into a service agreement with MRGC.

FINANCIAL ANALYSIS

Revenue

Consolidated revenue of the Group was approximately RMB295,986,000 for the year under review, representing an decrease of 66% as compared to the revenue of approximately RMB858,371,000 for the year of 2016. This was mainly due to the decrease in the revenue from sales of properties.

For the year under review, the revenue from sales of properties amounted to approximately RMB152,246,000, representing decrease of 80% from approximately RMB769,893,000 for the year of 2016. The decrease was primarily due to the sales of investment property of approximately RMB920,671,000 and gain on disposal of investment properties approximately RMB63,221,000 were not included in the Group's revenue and gross profit in accordance with international accounting standards, and hence the revenue and gross profit decease during the year under review.

The revenue from property leasing recorded a increase of 33% to approximately RMB76,997,000 during the year under review (2016: approximately RMB58,087,000). The revenue from hotel operation was approximately RMB67,391,000 during the year under review, representing a increase of approximately 44% as compared to previous year of approximately RMB46,749,000.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the year under review amounted to approximately RMB135,369,000, representing a decrease of approximately 58% when compared to approximately RMB324,991,000 for the year of 2016. This was mainly due to the decrease in sales of properties can be recorded as revenue.

Gross profit margin for the year under review was approximately 46% (2016: 38%). The increase was mainly due to the proportion of hotel operating income increase which has a higher gross profit margin.

Other Income and Gains

During the year under review, other income and gains amounted to approximately RMB77,844,000 (2016: RMB16,832,000), higher as compared with last year. This was mainly due to the gain recorded from the disposal of investment properties of approximately RBM63,221,000.

Selling and Distribution Costs

For the year under review, selling and distribution expenses amounted to approximately RMB152,252,000 (2016: RMB80,142,000), representing an increase of 90% as compared to that from last year. Such increase was principally due to an increase in sales commission advertising and promotional expenses of the investment property sold during the year under review.

Administrative Expenses

For the year under review, administrative expenses amounted to approximately RMB114,451,000 (2016: RMB107,503,000), representing an increase of approximately 6% from last year.

Finance Costs

For the year under review, finance costs was approximately RMB13,161,000 (2016: RMB2,218,000), representing an increase of approximately 493% from last year, which arising from the interest on bank loans and other borrowings for completed properties held for sale which could no longer be capitalized.

Earnings

For the year under review, the profit attributable to equity holders of the Company amounted to approximately RMB488,505,000 (2016: RMB147,042,000), representing an increase of approximately 232% compared to last year. The increase in profit attributable to equity holders of the Company for the year under review was primarily attributable to the material gain in fair value of investment properties recorded in the year under review.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Details are disclosed under sections headed "Acquisition of Zhejiang Xinnongdu", "Acquisition of Huaiji Yueshan Hot Springs" and "Cooperation with Maggie & Rose".

Save as disclosed above, during the year under review, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position and Fund Available

As at 31 December 2017, the total cash and bank balances of the Group were approximately RMB612,463,000 (2016: RMB462,797,000), comprising cash and cash equivalents of approximately RMB323,312,000 (2016: RMB298,308,000) and restricted cash of approximately RMB289,151,000 (2016: RMB164,489,000).

As at 31 December 2017, the Group's total available financial resources amounted to approximately RMB11.6 billion being the undrawn borrowing facilities were approximately RMB8.5 billion and the borrowings were approximately RMB3.1 billion.

Borrowings

As at 31 December 2017, the Group's bank and other borrowings amounted to approximately RMB3,107,739,000 (2016: RMB3,300,609,000), comprising bank loans of approximately RMB2,297,739,000 (2016: RMB3,000,609,000) and other loans of approximately RMB810,000,000 (2016: RMB300,000,000).

The maturity profile of borrowings were as follows:

	As at 31 December 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Within 1 year or on demand	**1,180,739**	1,104,000
Over 1 year but within 2 years	**1,270,000**	989,609
Over 2 years but within 5 years	**487,000**	757,000
Over 5 years	**170,000**	450,000
	3,107,739	3,300,609

For bank and other borrowings, except for certain short term bank and other borrowings amounting to RMB1,201,000,000 (2016: RMB770,000,000) that bear interest at fixed rates, all bank loans bear interest at floating rates . The Group's bank and other borrowings bear effective interest at rates ranging from 0.9% to 8.2% per annum as at 31 December 2017 (2016: 2.1% to 12.0% per annum). The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

Pledge of Assets

As at 31 December 2017, the Group's bank borrowings of approximately RMB3,057,739 (2016: RMB3,250,609,000) were secured by the Group's pledge of assets as follows:

	As at 31 December 2017 ***RMB'000***	As at 31 December 2016 *RMB'000*
Investment properties	**1,732,798**	2,355,739
Properties under development	**786,511**	1,673,772
Completed properties held for sale	**1,086,533**	893,109
Property and equipment	**90,704**	128,816
Restricted cash	**181,463**	117,231
	3,878,009	5,168,667

Net Current Assets and Current Ratio

As at 31 December 2017, the Group's net current assets amounted to approximately RMB215,003,000 (2016: approximately RMB250,528,000). As at 31 December 2017, the Group's current ratio, calculated as current assets divided by current liabilities, was approximately 1.05 (2016: 1.09).

Gearing Ratio

As at 31 December 2017, the Group's gearing ratio (as measured by net debt to total equity) was 42% (2016: 53%). Net debt is calculated as total borrowings less cash, cash equivalents and restricted cash.

Cost of borrowings

For the year under review, the total cost of borrowings of the Group was approximately RMB218,090,000 (2016: RMB253,749,000), representing a decrease of approximately 14% when compared with the year of 2016. In addition, for the year under review, interests with an amount of approximately RMB204,929,000 (2016: RMB251,531,000) were capitalized. The decrease was mainly attributable to lower average balance of borrowings.

TREASURY POLICIES

The Group principally operates in PRC and the revenue, operating cost and borrowings were mainly denominated in RMB. As a result, the Group has minimal exposure to exchange rate fluctuation. The interest rates for the Group's borrowings were floating and fixed. Upward fluctuations in interest rates will increase the cost of borrowings.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in RMB. The Group does not use any financial instruments for hedging purpose for the year under review.

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2017, the Group's contingent liabilities was approximately RMB232,541,000 (2016: RMB314,227,000), which were mainly the guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to purchasers of the Group's properties.

COMMITMENTS

As at 31 December 2017, the Group's commitments for property development expenditures amounted to approximately RMB520,421,000 (2016: RMB478,185,000). It is expected that the Group will finance such commitments from its own funds and loans.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed 1,272 staff (2016: 793). For the year under review, the staff costs of the Group was approximately RMB87,824,000 (2016: RMB64,442,000), representing increase of 36%, mainly due to the increased average headcounts and average salary during the year under review.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain and enhance their competitiveness.

STRATEGIES

The management has developed sound strategies to overcome the abovementioned challenges and address the uncertainties facing the Group, including formulating effective marketing strategy plan and improving our products and services quality to consolidate our brand. The Group will put effort in formulating new policies, guidelines, systems and processes to facilitate effectively cost management, risk management, internal control and sustainable environmental management to enhance company management standards and corporate governance standards. For growth strategy, the Group will focus on identifying possible acquisitions with future development prospects and profitability to improve the returns on assets. The Group will further emphasize on investor relations management, and continue to convey clearly the operation vision, business updates and future development strategies of the Group and other information to various stakeholders through press conferences, roadshows, media delegation visits and one-on-one analyst or investor interview and otherwise to strive for the recognition and support from various stakeholders and obtain more resources for business development purpose and maximize shareholders' value.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees, customers and suppliers are the key stakeholders who affected the sustainability of our business. Engaging with those stakeholders will not only help us understand the possible risks and opportunities to our business, but also help us to mitigate risk and seize the opportunities in the real market situation.

The Group believes that our people are critical factors to the Group's success and competitiveness in the market. As such, we had adopted a share option scheme in 20 May 2015 for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations.

Customer satisfaction with our services and products has profound effects on our profitability. Our dedicated team of sales people constantly communicate with our customers and potential customers to uncover and create customer needs and help customers make informed decisions. To grasp the market trend is critical for the Group to timely adjust our operating strategies to fit the market requirement.

Collaborative and mutual beneficial business relationship with our strategic suppliers and contractors is of importance to achieve higher levels of efficiency and competitive advantage. The Group evaluates the capabilities of our suppliers and contractors to determine if they are able to meet the requirements and needs of the Group from time to time.

Developing and maintaining good relationship with various commercial banks and financial institutions is always our main task because our capital-intensive projects require on-going funding to maintain continuous growth.

ENVIRONMENT POLICIES AND PERFORMANCE

As a responsible corporation, the Group is committed to protecting the environment in the areas where we operate and ensuring that environmental standards set by the government are consistently met.

We have closely monitored our projects at different stages to ensure that construction process is in compliance with environment protection and safety laws and regulations. The Group endeavors to manage its project operations by working with suppliers and contractors to ensure that they understand the importance of environmental protection, pollution prevention and waste reduction. We also encourage all our employees to be more environmentally conscious.

EVENTS AFTER THE YEAR UNDER REVIEW

No significant events affecting the Group took place subsequent to 31 December 2017 and up to date of this announcement.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on Tuesday, 5 June 2018. Notice of AGM will be published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk), and will be despatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Company has set up an audit committee ("Audit Committee") and adopted the terms of reference which complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules ("CG Code"). The Audit Committee was set up for the purposes of reviewing and supervising the financial reporting process and internal control procedures of the Group and regulating the financial reporting procedures, internal controls and risk management system of the Group. It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditor; reviewing and monitoring the external auditor's independence and objectivity, as well as reviewing and monitoring the effectiveness of the audit process to make sure that the same is in full compliance with applicable standards.

The Chairperson of the Audit Committee is Mr. Ng Sze Yuen, Terry. The other members are Mr. Xu Chengfa and Mr. Yim Chun Leung. The Audit Committee is comprised of all of the three independent non-executive Directors.

The Audit Committee had reviewed the consolidated financial statements of the Group for the year under review, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed under section "Management Discussion and Analysis" in the paragraph header "Business Review – Placing of New Shares", neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017 (2016: repurchase 1,880,000 shares).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code for the year under review and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the code provisions of the CG Code. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code for the year under review and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 containing the relevant information required under the Listing Rules will be dispatched to the Company's shareholders and will be published on the above websites in due course.

CLOSURE OF REGISTER OF MEMBERS

For determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Thursday, 31 May 2018 to Tuesday, 5 June 2018 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2018.

By order of the Board of
China New City Commercial Development Limited
中國新城市商業發展有限公司
Shi Kancheng
Chairperson

Hong Kong, 21 March 2018

As at the date of this announcement, the Board comprises Mr. Dong Shuixiao, Ms. Jin Ni and Ms. Tang Yiyan as executive Directors; Mr. Shi Kancheng as non-executive Director; and Mr. Ng Sze Yuen Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung as independent non-executive Directors.