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## 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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Change
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
Revenue	257,104	547,108	-53.0%
Gross profit	48,865	118,829	-58.9%
Loss for the period	(238,516)	(67,741)	-252.1%
Loss attributable to owners of the parent	(223,724)	(72,239)	-209.7%
Loss per share attributable to ordinary equity holders of the parent – Basic and diluted	RMB(11.13) cents	RMB(3.59) cents	
	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)	Change
Total assets	15,407,927	15,504,840	-0.63%
Net assets	5,485,093	5,733,595	-4.3%
Net assets value per share	RMB2.73	RMB2.85	-4.2%

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>	4	257,104	547,108
Cost of sales		<u>(208,239)</u>	<u>(428,279)</u>
<b>Gross profit</b>		<b>48,865</b>	118,829
Other income and gains	4	51,405	235,962
Selling and distribution costs		(66,884)	(68,146)
Administrative expenses		(94,480)	(110,305)
Other expenses		(6,311)	(65,946)
Finance costs		(87,679)	(111,246)
Share of profits and losses of a joint venture		(485)	–
Changes in fair value of investment properties		<u>(95,590)</u>	<u>(13,786)</u>
<b>Loss before tax</b>	5	<b>(251,159)</b>	(14,638)
Income tax expense	6	<u>12,643</u>	<u>(53,103)</u>
<b>Loss for the period</b>		<b><u>(238,516)</u></b>	<b><u>(67,741)</u></b>
<b>Attributable to:</b>			
Owners of the parent		(223,724)	(72,239)
Non-controlling interests		<u>(14,792)</u>	<u>4,498</u>
		<b><u>(238,516)</u></b>	<b><u>(67,741)</u></b>
<b>Loss per share attributable to equity holders of the parent</b>			
Basic and diluted	7	<b><u>RMB(11.13) cents</u></b>	<b><u>RMB(3.59) cents</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
<b>Loss for the period</b>	<b><u>(238,516)</u></b>	<b><u>(67,741)</u></b>
<b>Other comprehensive loss</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>3,658</u>	<u>(9,066)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>3,658</u>	<u>(9,066)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(20,063)	(26,064)
Income tax effect	<u>5,016</u>	<u>6,516</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(15,047)</u>	<u>(19,548)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<b><u>(11,389)</u></b>	<b><u>(28,614)</u></b>
<b>Total comprehensive loss for the period</b>	<b><u>(249,905)</u></b>	<b><u>(96,355)</u></b>
<b>Attributable to:</b>		
Owners of the parent	(235,113)	(100,853)
Non-controlling interests	<u>(14,792)</u>	<u>4,498</u>
	<b><u>(249,905)</u></b>	<b><u>(96,355)</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment		2,415,939	2,402,079
Investment properties		5,352,666	5,245,954
Properties under development		983,967	1,065,488
Right-of-use assets		135,700	140,850
Other intangible assets		29,919	30,787
Equity investments designated at fair value through other comprehensive income		314,987	335,050
Long term prepayments		280,016	283,138
Investment in a joint venture		31,956	32,441
Deferred tax assets		44,400	23,826
Restricted cash		12,000	12,000
		<hr/>	<hr/>
Total non-current assets		9,601,550	9,571,613
<b>CURRENT ASSETS</b>			
Completed properties held for sale		1,052,704	1,087,065
Properties under development		2,762,804	1,821,537
Inventories		34,630	35,333
Trade receivables	9	26,762	41,246
Prepayments, other receivables and other assets		541,646	382,358
Amounts due from related companies		–	585,040
Financial assets at fair value through profit or loss		59	68
Restricted cash		205,065	332,965
Cash and cash equivalents		1,104,273	1,603,069
Investment properties classified as held for sale		78,434	44,546
		<hr/>	<hr/>
Total current assets		5,806,377	5,933,227
<b>CURRENT LIABILITIES</b>			
Trade payables	10	581,303	480,901
Other payables and accruals		285,503	309,808
Contract liabilities		2,442,252	2,063,292
Amounts due to related companies		563,874	818,234
Interest-bearing bank and other borrowings		2,237,628	1,527,310
Lease liabilities		37,343	29,100
Tax payable		468,890	430,804
		<hr/>	<hr/>
Total current liabilities		6,616,793	5,659,449
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(810,416)</b>	<b>273,778</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,791,134</b>	<b>9,845,391</b>
		<hr/>	<hr/>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>2,330,425</b>	3,107,940
Deferred tax liabilities	<b>842,855</b>	865,211
Lease liabilities	<b>132,761</b>	138,645
	<hr/>	<hr/>
Total non-current liabilities	<b>3,306,041</b>	4,111,796
	<hr/>	<hr/>
<b>Net assets</b>	<b>5,485,093</b>	5,733,595
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<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>160,220</b>	160,220
Reserves	<b>5,106,212</b>	5,339,922
	<hr/>	<hr/>
	<b>5,266,432</b>	5,500,142
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>218,661</b>	233,453
	<hr/>	<hr/>
<b>Total equity</b>	<b>5,485,093</b>	5,733,595
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# NOTES TO INTERIM CONDENSED 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 Group 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.

## 2. Basis of preparation and accounting policies

### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

As at 30 June 2022, the Group had net current liabilities of approximately RMB810,416,000. As at 30 June 2022, the Group had available unutilized credit and banking facilities of RMB4,646,000,000, which will be expired after 30 June 2023. In addition, Zhong An Group has provided continuous financial support to the Group to meet the Group’s liabilities as and when they fall due for at least the next 12 months from the end of this reporting period. The Directors believe that the Group has sufficient cash flows in the foreseeable future from the operations.. Therefore, the financial statements have been prepared on a going concern basis.

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual financial information for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS41</i>

The revised standards have had no significant financial effect on these financial statements.

### 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 and Japan;
- (b) the property rental segment leases investment properties in Mainland China;
- (c) the hotel operations segment owns and operates hotels; and
- (d) the “others” segment comprises, the Group’s project management business and other business that the Group involve in. On 3 February 2021, the Group entered into an equity transfer agreement with Zhong An Group to dispose the entire equity interest in Zhejiang Runzhou Property Services Co., Ltd., Yuyao Zhongli Property Management Co., Ltd. and Hangzhou Zhonghong Property Service Co., Ltd., all of which are engaged in commercial property management business (“**Transfers**”). The Transfers was fully completed on 13 April 2021. Upon the completion of the Transfers, the Group is no longer engaged in commercial property management business.

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/loss before tax from continuing operations except that interest income and finance costs 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.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively.

<b>Six months ended 30 June 2022</b> <b>(unaudited)</b>	<b>Commercial property development</b> <i>RMB'000</i>	<b>Property rental</b> <i>RMB'000</i>	<b>Hotel operations</b> <i>RMB'000</i>	<b>Other services</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Segment revenue</b>					
Sales to external customers	72,312	30,292	99,847	54,653	257,104
Intersegment sales	–	12,186	–	–	12,186
	<u>72,312</u>	<u>42,478</u>	<u>99,847</u>	<u>54,653</u>	<u>269,290</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(12,186)</u>
Revenue from operations					<u><u>257,104</u></u>
<b>Segment results</b>	<b>(101,960)</b>	<b>(58,440)</b>	<b>(18,918)</b>	<b>(11,934)</b>	<b>(191,252)</b>
<i>Reconciliation:</i>					
Interest income					27,772
Finance costs					<u>(87,679)</u>
Loss before tax					<u><u>(251,159)</u></u>
<b>Other segment information</b>					
Share of losses of a joint venture	–	–	–	485	485
Depreciation and amortisation	2,316	965	29,514	34,948	67,743
Capital expenditure	<u>27,746</u>	<u>42</u>	<u>2,333</u>	<u>34,814</u>	<u>64,935</u>



The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively. (Continued)

<b>Six months ended 30 June 2021 (unaudited)</b>	Commercial property development <i>RMB'000</i>	Property rental <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>					
Sales to external customers	311,024	59,471	97,606	79,007	547,108
Intersegment sales	<u>–</u>	<u>11,445</u>	<u>–</u>	<u>5,180</u>	<u>16,625</u>
	311,024	70,916	97,606	84,187	563,733
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(16,625)</u>
Revenue from operations					<u><u>547,108</u></u>
<b>Segment results</b>	80,882	48,786	(24,252)	(79,864)	25,552
<i>Reconciliation:</i>					
Interest income					71,056
Finance costs					<u>(111,246)</u>
Loss before tax					<u><u>(14,638)</u></u>
<b>Other segment information</b>					
Impairment loss recognised in the statement of profit or loss	–	–	–	61,393	61,393
Depreciation and amortisation	3,120	569	25,746	41,474	70,909
Capital expenditure	<u>6,688</u>	<u>36</u>	<u>8,404</u>	<u>24,887</u>	<u>40,015</u>

The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

<b>As at 30 June 2022 (unaudited)</b>	<b>Commercial property development RMB'000</b>	<b>Property Rental RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Other services RMB'000</b>	<b>Total RMB'000</b>
<b>Segment assets</b>	7,292,153	5,199,393	2,177,553	725,894	15,394,993
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(1,445,739)
Corporate and other unallocated assets					<u>1,458,673</u>
Total assets					<u><u>15,407,927</u></u>
<b>Segment liabilities</b>	3,106,217	110,662	1,349,598	936,238	5,502,715
<i>Reconciliation:</i>					
Elimination of intersegment payables					(1,445,739)
Corporate and other unallocated liabilities					<u>5,865,858</u>
Total liabilities					<u><u>9,922,834</u></u>
<b>As at 31 December 2021 (audited)</b>	<b>Commercial property development RMB'000</b>	<b>Property rental RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Other services RMB'000</b>	<b>Total RMB'000</b>
<b>Segment assets</b>	6,498,012	5,305,729	2,006,166	818,383	14,628,290
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(1,168,314)
Corporate and other unallocated assets					<u>2,044,864</u>
Total assets					<u><u>15,504,840</u></u>
<b>Segment liabilities</b>	2,765,220	106,448	1,134,504	1,374,375	5,380,547
<i>Reconciliation:</i>					
Elimination of intersegment payables					(1,168,313)
Corporate and other unallocated liabilities					<u>5,559,011</u>
Total liabilities					<u><u>9,771,245</u></u>

## **Geographical Information**

### *(a) Revenue from external customers*

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Mainland China	<b>238,918</b>	530,640
Others	<b>18,186</b>	16,468
	<b>257,104</b>	<b>547,108</b>

The revenue information above is based on the locations of the customers.

### *(b) Non-current assets*

	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Mainland China	<b>9,109,279</b>	9,048,833
Japan	<b>77,277</b>	86,249
Others	<b>55,607</b>	77,655
	<b>9,242,163</b>	<b>9,212,737</b>

The non-current assets information above are based on the locations of the assets and exclude equity investments designated at fair value through other comprehensive income and deferred tax assets.

### **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 six months ended 30 June 2022 and 2021.

#### 4. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers	226,812	487,637
Revenue from other sources		
Gross rental income from investment property operating leases	<u>30,292</u>	<u>59,471</u>
	<u><b>257,104</b></u>	<u><b>547,108</b></u>

#### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	Commercial property development RMB'000 (Unaudited)	Other services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	72,312	–	–	72,312
Hotel operating income	–	–	99,847	99,847
Other services	–	54,653	–	54,653
Total revenue from contracts with customers	<u><b>72,312</b></u>	<u><b>54,653</b></u>	<u><b>99,847</b></u>	<u><b>226,812</b></u>
<b>Timing of revenue recognition</b>				
At a point in time	72,312	–	99,847	172,159
Over time	–	54,653	–	54,653
Total revenue from contracts with customers	<u><b>72,312</b></u>	<u><b>54,653</b></u>	<u><b>99,847</b></u>	<u><b>226,812</b></u>

**For the six months ended 30 June 2021**

<b>Segments</b>	Commercial property development <i>RMB'000</i> (Unaudited)	Other services <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	311,024	–	–	311,024
Hotel operating income	–	–	97,606	97,606
Other services	–	79,007	–	79,007
	<u>311,024</u>	<u>79,007</u>	<u>97,606</u>	<u>487,637</u>
Total revenue from contracts with customers	<u>311,024</u>	<u>79,007</u>	<u>97,606</u>	<u>487,637</u>
<b>Timing of revenue recognition</b>				
At a point in time	311,024	–	97,606	408,630
Over time	–	79,007	–	79,007
	<u>311,024</u>	<u>79,007</u>	<u>97,606</u>	<u>487,637</u>
Total revenue from contracts with customers	<u>311,024</u>	<u>79,007</u>	<u>97,606</u>	<u>487,637</u>

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Subsidy income*	1,778	14,964
Interest income	27,772	71,056
Others	17,059	69,542
	<u>46,609</u>	<u>155,562</u>
<b>Gains</b>		
Gain on disposal of subsidiaries	–	80,369
Gain on disposal of items of property and equipment	4,385	–
Foreign exchange gains	411	31
	<u>4,796</u>	<u>80,400</u>
	<u>51,405</u>	<u>235,962</u>

\* There are no unfulfilled conditions or contingencies relating to these grants.

## 5. Loss before tax

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of properties sold	<b>82,078</b>	254,268
Depreciation of property and equipment	<b>50,764</b>	38,647
Amortisation of other intangible assets	<b>868</b>	868
Depreciation of right-of-use assets	<b>16,111</b>	31,394
Lease payments not included in the measurement of lease liabilities	<b>3,854</b>	12,143
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	<b>76,231</b>	79,097
– Pension scheme contributions*	<b>5,504</b>	5,211
Foreign exchange differences, net	<b>(411)</b>	(31)
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	<b>2,940</b>	2,067
Equity-settled share option expense	<b>1,403</b>	5,748
Loss on disposal of investment properties	<b>–</b>	1,523
Fair value losses, net:		
Changes in fair value of investment properties	<b>95,590</b>	13,786
Changes in fair value of financial assets at fair value through profit or loss	<b>9</b>	17
Gain on disposal of subsidiaries	<b>–</b>	(80,369)
Impairment of property and equipment**	<b>–</b>	61,393
Gain on disposal of items of property and equipment***	<b>(4,385)</b>	–
Gain on disposal of right of use assets***	<b>–</b>	(25,823)
	<b>=====</b>	<b>=====</b>

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\* Included in "Other expenses" in the condensed consolidated statement of profit or loss.

\*\*\* Included in "Other income and gains" in the condensed consolidated statement of profit or loss.

## 6. Income tax expense

The Group's subsidiaries incorporated in Hong Kong and United Kingdom were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong and United Kingdom during the period (six months ended 30 June 2021: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2021: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("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.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
PRC income tax for the period	14,581	46,331
PRC LAT for the period	10,690	27,406
Deferred tax	(37,914)	(20,634)
<b>Total tax charge for the period</b>	<b>(12,643)</b>	<b>53,103</b>

## 7. Loss per share attributable to ordinary equity holders of the parent

The calculation of the basic loss per share is based on the loss for the period attributable to ordinary equity holders of the parent of RMB223,724,000 (six months ended 30 June 2021: RMB72,239,000) and the weighted average number of ordinary shares of 2,010,768,000 (30 June 2021: 2,010,768,000) in issue of shares during the period, as adjusted to reflect the rights issued during the period.

The calculation of the basic earnings per share is based on:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent	(223,724)	(72,239)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period	2,010,768,000	2,010,768,000

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 8. Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (2021: Nil).

## 9. Trade receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within six month	26,506	40,902
Over six month but within one year	<u>256</u>	<u>344</u>
	<b><u>26,762</u></b>	<b><u>41,246</u></b>

## 10. Trade payables

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within six months	518,830	435,333
Over six months but within one year	47,988	31,977
Over one year	<u>14,485</u>	<u>13,591</u>
	<b><u>581,303</u></b>	<b><u>480,901</u></b>

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

## 11. Commitments

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for: Properties under development	<b><u>999,102</u></b>	<b><u>1,330,123</u></b>



## 12. Contingent liabilities

### (a) *Mortgage facilities granted by banks*

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.

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	<b><u>370,040</u></b>	<b><u>316,410</u></b>

### (b) *Claim arising from the litigation*

On 7 January 2019, the Company allotted and issued 178,280,000 shares to Hangzhou Oriental Culture Tourism Group Co., Ltd. ("the **Seller**") for the purpose of acquiring 22.65% of equity interests in Zhejiang Xinnongdu Industrial Co., Ltd. ("**XND**") under the equity transfer agreement announced on 20 July 2018 ("**the Transaction**"). However, the Seller had filed a lawsuit against the Company to cancel the Transaction and claim penalties from the Company. The Company had lost the lawsuit in the first trial verdict, and had appealed to higher court. Currently, the lawsuit is still in process. The directors, based on the advice from the Group's legal counsel, believe that they have a valid merit on the Company's appeal to higher court, and have not provided for the claim arising from the litigation, other than the related legal and other costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market and Business Review

With the improvement of industry outlook, accelerated development of metropolitan areas, and the “Three Red Lines” policy, an era of permeable regulation in the real estate industry will begin and the core factor affecting the real estate market in 2022 will be the national policy.

Looking forward to the second half of 2022, the Central People’s Government of the People’s Republic of China (“**PRC**”) will adopt the approach of “housing, not speculating” and achieve the goal of “three stabilities”. Credit conditions are expected to improve markedly as a result of deepened adjustment of the housing market and the overall trend is likely to continue in the second half of 2022.

It is expected that “maintaining healthy development of the real estate market and safeguarding the legal rights and interests of consumers” will be implemented this year, the local insurance policy may be further improved and there is a higher possibility of revising the pre-sale funds’ supervision in order to maintain a new balance between ensuring completion delivery and improving the efficiency of corporate funds’ utilisation.

Therefore, with continuous upgrading and improvement of the policy environment, the development momentum of the real estate market has been supported and the fundamentals of the industry have not collapsed. If the policies effectively restore the confidence of real estate corporations and speed up land supply again, the growth rate of real estate investment may stabilise and recover, which will promote the integration of the real estate industry development into the process of high-quality development of national economy.

Furthermore, the real estate market is a typical cyclical market and will demonstrate the characteristics of mean returns. According to many industry experts, the market will definitely revert to the mean. As long as we face it positively, we will eventually end the dangerous cycle.

## **DEVELOPMENT OF MAJOR PROJECTS**

### **Hangzhou, Zhejiang Province**

#### ***Fashion Color City***

It is located in Xinjie Village, Xiaoshan District, Hangzhou. It consists of hardcover loft apartments, large apartments and shops, with a total floor area of approximately 26,087 sq.m. and a total gross floor area (“GFA”) of approximately 78,261 sq.m., and is for commercial use. The project commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. It is expected to be completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

#### ***International Office Centre (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 constructed in three phases, consists of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground parking spaces with a total GFA of approximately 327,996 sq.m. The construction of Plot A2 has commenced in 2019 with a total GFA of approximately 263,555 sq.m. The project started the pre-sales in the third quarter of 2020, and is expected to be completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

#### ***Beigan Project***

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou, and consists of large flats and shops, with a total floor area of approximately 12,819 sq.m., and a total GFA of approximately 44,867 sq.m., and is for commercial use. The project commenced construction in the fourth quarter of 2021 and is expected to start the pre-sale in the second quarter of 2022 and be completed in 2024.

#### ***Cixi New City***

This is a residential property project in Cixi, Zhejiang Province. Commercial Phase 1, with a total GFA of about 28,158 sq.m., commenced construction in July 2019, started the pre-sale in the third quarter of 2020, and completed in 2021. Commercial Phase II, with a total GFA of about 72,000 sq.m., commenced construction in the second quarter of 2021, and is expected to be completed in 2023.

## Sales Review

For the six months ended 30 June 2022 (the “**Period**”), the recognized sales of properties sold and delivered were approximately RMB72,312,000 (six months ended 30 June 2021: approximately RMB311,024,000). A total of the recognized GFA of properties delivered was approximately 6,512 sq.m..

<b>Projects</b>	<b>City</b>	<b>Recognised amount <i>RMB million</i></b>	<b>Recognised GFA sold <i>sq.m.</i></b>
	<b>Zhejiang</b>		
Cixi New City	Ningbo	6.2	886
Hidden Dragon Bay	Hangzhou	59.7	5,299
International Office Centre (IOC)A3	Hangzhou	6.4	327
		<u>72.3</u>	<u>6,512</u>

## 2022 Contracted Sales

The contracted sales area of the Group was approximately 37,749 sq.m. for the Period (six months ended 30 June 2021: approximately 39,538 sq.m.) and contracted sales revenue was approximately RMB616,100,000 for the Period (six months ended 30 June 2021: approximately RMB1,158,900,000). Details of the contracted sales of the major projects are as below:

<b>Projects</b>	<b>City</b>	<b>Contracted amount <i>RMB million</i></b>	<b>Contracted GFA sold <i>sq.m.</i></b>
	<b>Zhejiang</b>		
Cixi New City	Ningbo	17.3	2,204
Fashion Color City	Hangzhou	65.0	3,368
International Office Centre (IOC)A2	Hangzhou	218.4	5,580
Xinnongdu	Hangzhou	223.6	19,775
Xixi New City	Hangzhou	13.3	444
Zhong An Times Square Phase II	Ningbo	0.3	–
Others (Commercial)	Hangzhou	78.2	6,378
		<u>616.1</u>	<u>37,749</u>

## **Hotel Operation**

There are four hotels of the Group namely Holiday Inn Hangzhou Xiaoshan, Qiandao Lake Bright Resort Hotel, Ningbo Bright Hotel and Huaibei Bright Hotel. The hotel operation of the Group recorded a revenue of approximately RMB99,847,000 (six months ended 30 June 2021: approximately RMB97,606,000), representing an increase of approximately RMB2,241,000 during the Period and the hotel occupancy rate was approximately 45% (six months ended 30 June 2021: approximately 53%).

## **Leasing Business**

The leasing income of the Group mainly comes from Highlong Plaza, International Office Centre and Zhong An Times Square, including offices and shopping malls. The total revenue from leasing business for the Period was approximately RMB30,292,000, representing a decrease of approximately RMB29,179,000 (six months ended 30 June 2021: approximately RMB59,471,000). The average occupancy rate of leasing properties (calculated by dividing total lease area by total area available for lease) was approximately 75% (six months ended 30 June 2021: approximately 85%).

## **Land Reserve**

As of 30 June 2022, the total GFA of land reserves held for development and/or sale of the Group was approximately 4,030,188 sq.m. (six months ended 30 June 2021: approximately 4,083,657 sq.m.).

## **REVENUE**

The consolidated revenue of the Group amounted to approximately RMB257,104,000 for the Period, representing a decline of approximately RMB290,004,000 or 53.0% when compared with the same period in 2021. The new development projects of industrial real estate were still in the process of development and construction, meanwhile, the new business is still at the stage of cultivation and preliminary exploration, resulting in a decline in the consolidated revenue.

The revenue from the sales of properties dropped to approximately RMB72,312,000 during the Period, representing a decline of approximately RMB238,712,000 or 76.8% when compared with the same period in 2021. The significant decrease was mainly due to a delay of the new projects of the commercial segment as a result of the epidemic.

The revenue from property rental and other services amounted to approximately RMB84,945,000 during the Period, representing a decrease of approximately RMB53,533,000 or 38.7% when compared with the same period in 2021. The decline was mainly due to the unstable epidemic during the Period, as well as the upgrades, renovation and alteration of the Highlong Plaza involving rental reductions, clearances, relocations and stores closure etc., which led to a lower average occupancy rate of leasing properties in the Period.

The revenue from hotel operations amounted to approximately RMB99,847,000 during the Period, representing an increase of approximately RMB2,241,000 or 2.3% when compared with the same period in 2021. The business of the hotel remained relatively stable during the first half of the Period and the slight increase was from the food & beverage business.

## **GROSS PROFIT**

The gross profit of the Group for the Period amounted to approximately RMB48,865,000, representing a decline of approximately RMB69,964,000 or 58.9% when compared with the same period in 2021. Gross profit margin was 19.0%, decreased by 2.7 percentage points when compared with the same period in 2021. The decline in gross profit was mainly due to the outbreak of the epidemic in Zhejiang Province which had an all-round impact on the Company. Although the Company had taken timely countermeasures, the operating efficiency and gross profit were still lower than the same period in 2021.

## **OTHER INCOME AND GAINS**

The other income and gains amounted to approximately RMB51,405,000 during the Period, representing a decrease of approximately RMB184,557,000 or 78.2% when compared with the same period in 2021. The decrease was mainly due to the fact that the Group recorded a gain on disposal of subsidiaries in the amount of approximately RMB80,369,000 for the same period in 2021 which was not available in the 2022 Period.

## **SELLING AND DISTRIBUTION EXPENSES**

The selling and distribution expenses amounted to approximately RMB66,884,000 during the Period, representing a decrease of approximately RMB1,262,000 or 1.9% when compared with the same period in 2021. Such mild decrease was due to the cost control measures adopted by the Group as an enhancing management to minimize the impact of the epidemic.

## **ADMINISTRATIVE EXPENSES**

The administrative expenses amounted to approximately RMB94,480,000 during the Period, representing a decrease of approximately RMB15,825,000 or 14.3% when compared with the same period in 2021. Such decline was due to the decrease in headcounts for new projects deployed.

## **OTHER EXPENSES**

The other expenses amounted to approximately RMB6,311,000 during the Period, representing a significant decrease of approximately RMB59,635,000 or 90.4% when compared with the same period in 2021. The significant decrease was mainly due to the fact that the Group recorded an impairment of property and equipment of approximately RMB61,393,000 for the same period in 2021 which was not available in the 2022 Period.

## **FINANCE COSTS**

The finance costs of the Group amounted to approximately RMB87,679,000 for the Period, representing a decrease of approximately RMB23,567,000 or 21.2% when compared with the same period in 2021. Such decrease was mainly due to the reducing bank loan balances and other commercial borrowings for the city complex commercial project.

## **LOSS FOR THE PERIOD**

The loss attributable to the Group was approximately RMB238.5 million for the Period. Such loss for the Period was mainly due to the fact that the Group has recorded a decrease in fair value of investment properties of approximately RMB95.6 million for the 2022 Period.

## **CAPITAL EXPENDITURE**

The Group's capital expenditure requirements mainly relate to additions of its property and equipment. The Group spent approximately RMB64,935,000 on property and equipment during the Period (six months ended 30 June 2021: RMB401,015,000).

## **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments during the Period.

## **CAPITAL STRUCTURE**

As at 30 June 2022, the Group had aggregate cash and cash equivalents and restricted cash of approximately RMB1,321,338,000 (as at 31 December 2021: approximately RMB1,948,034,000). The current ratio (as measured by current assets to current liabilities) as at 30 June 2022 was 0.88 (as at 31 December 2021: 1.05).

As at 30 June 2022, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB2,237,628,000 and approximately RMB2,330,425,000 respectively (as at 31 December 2021: approximately RMB1,527,310,000 and approximately RMB3,107,940,000 respectively). Except for certain short-term bank and other borrowings amounting to approximately RMB774,000,000 (as at 31 December 2021: approximately RMB2,384,950,000) that bear interest at fixed rates, all bank loans bear interest at floating rates.

As at 30 June 2022, the Group's gearing ratio was 46% (as at 31 December 2021: 42%), which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, other payables and accruals, and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

## PLEDGE OF ASSETS

As at 30 June 2022, the Group's bank borrowings and other borrowings of approximately RMB4,568,053,000 (as at 31 December 2021: approximately RMB4,635,250,000) were secured by the Group's pledge of assets as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Property and equipment	1,181,564	1,185,489
Investment properties	2,860,480	2,681,570
Properties under development	748,823	485,411
Completed properties held for sale	656,862	678,740
Restricted cash	89,357	64,109
	<u>5,537,086</u>	<u>5,095,319</u>

## 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 both 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 Period.

## GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group's contingent liabilities was approximately RMB370,040,000 (as at 31 December 2021: approximately RMB316,410,000), 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.

## CAPITAL COMMITMENTS

As at 30 June 2022, the Group's capital commitments for property development expenditures amounted to approximately RMB999,102,000 (as at 31 December 2021: approximately RMB1,330,123,000). It is expected that the Group will finance such capital commitments from its own funds and bank loans.



## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 June 2022, the Group had 1,435 employees (as at 31 December 2021: 1,630). 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 above mentioned challenges and address the uncertainties faced by the Group, including formulating effective marketing strategies and plans, and improving the quality of our products and services to consolidate our brand. The Group will put more effort in formulating new policies, guidelines, systems and processes to facilitate effective cost management, risk management, internal control and sustainable environmental management to enhance management standards and corporate governance standards. For growth strategies, 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 strive for the recognition and support from various stakeholders and obtain more resources for business development and maximizing shareholders' value.

## **RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

Employees, customers and suppliers are the key stakeholders who affect 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 mitigate risk and seize the opportunities in the real market.

The Group believes that our people are crucial for the Group's success and competitiveness in the market. As such, we had adopted a share option scheme on 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 sales team constantly communicates with our customers and potential customers to uncover and fulfill their needs and help customers make informed decisions. Grasping the market trend is the key for the Group to timely adjust our operating strategies to meet the market demands.

## **EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

## **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 the construction process is in compliance with laws and regulations related to environment protection and safety. 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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2021: Nil).

## **AUDIT COMMITTEE**

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the unaudited consolidated interim results of the Group for the Period, and reviewed and discussed with the management of the Group regarding the accounting standards and practices adopted by the Group, and the internal controls and financial reporting matters.

Ernst & Young, the external auditor of the Company, had reviewed the unaudited consolidated interim results of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Period, the Company and its subsidiaries did not purchase, sell or redeem any of the Company’s shares on the Stock Exchange (six months ended 30 June 2021: Nil).

## **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 (“**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 Period under review and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board has adopted the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (“**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 Period and up to the date of this announcement.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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](http://www.chinanewcity.com.cn)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the Period containing the relevant information required under the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

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 Zhongan**  
*Chairperson*

The PRC, 25 August 2022

*As at the date of this announcement, the Board comprises Mr Shi Nanlu, Mr Liu Bo, and Ms Tang Yiyuan as executive directors of the Company; Mr Shi Zhongan and Mr Tang Min as non-executive directors of the Company; and Mr Ng Sze Yuen, Terry, Mr Xu Chengfa, and Mr Yim Chun Leung as independent non-executive directors of the Company.*