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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

	Unaudited For the six-month period ended 30 June		Percentage of increase/ (decrease)
	2014	2013	
Revenue (RMB'000)	**115,476**	553,631	(79.1)
Profit attributable to owners of the parent (RMB'000)	**361,306**	298,576	21.0

The board (the "**Board**") of directors (the "**Directors**") of China New City Commercial Development Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six-month period ended 30 June 2014 (the "**period under review**") together with the comparative figures for the corresponding period in 2013.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six-month period ended 30 June** **2014** **(Unaudited)** ***RMB'000***	2013 (Unaudited) *RMB'000*
Revenue	*4*	**115,476**	553,631
Cost of sales		**(47,497)**	(315,971)
Gross profit		**67,979**	237,660
Other income and gains	*4*	**3,240**	9,063
Selling and distribution costs		**(16,888)**	(12,413)
Administrative expenses		**(59,652)**	(34,345)
Other expenses		**(113)**	(1,145)
Finance costs		**(1,798)**	-
Fair value gain upon transfer to investment properties		**513,507**	257,041
Changes in fair value of investment properties		**9,300**	44,900
Share of profits or losses of:			
Joint ventures		**(553)**	(384)
An associate		**141**	1,993
		(412)	1,609
Profit before tax	*5*	**515,163**	502,370
Income tax expense	*6*	**(148,548)**	(176,267)
Profit for the period		**366,615**	326,103
Attributable to:			
Owners of the parent		**361,306**	298,576
Non-controlling interests		**5,309**	27,527
		366,615	326,103
Earnings per share attributable to equity holders of the parent			
Basic and diluted	*7*	**N/A**	N/A

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**366,615**	326,103
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**(10,651)**	44,379
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(10,651)**	44,379
Other comprehensive income for the period, net of tax	**(10,651)**	44,379
Total comprehensive income for the period	**355,964**	370,482
Attributable to:		
Owners of the parent	**350,655**	342,955
Non-controlling interests	**5,309**	27,527
	355,964	370,482

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2014 (Unaudited) *RMB'000*	As at 31 December 2013 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**172,732**	178,739
Investment properties		**3,298,300**	2,501,000
Properties under development		**2,796,166**	2,835,191
Available-for-sale investments		**3,300**	3,300
Investments in joint ventures		**436,896**	412,448
Investments in an associate		**–**	45,086
Long term prepayments		**122,622**	12,232
Restricted cash		**–**	95,750
Deferred tax assets		**36,610**	21,511
Total non-current assets		**6,866,626**	6,105,257
CURRENT ASSETS			
Completed properties held for sale		**862,761**	893,108
Properties under development		**626,067**	–
Inventories		**3,312**	3,970
Trade and bills receivables	*8*	**12,799**	9,270
Prepayments, deposits and other receivables		**171,872**	61,010
Amounts due from related companies		**160,366**	1,700,442
Restricted cash		**95,750**	3,415
Cash and cash equivalents		**426,863**	223,993
Total current assets		**2,359,790**	2,895,208
CURRENT LIABILITIES			
Trade payables	*9*	**636,478**	466,224
Other payables and accruals		**103,063**	84,976
Advances from customers		**7,785**	6,877
Amounts due to related companies		**–**	2,737,313
Interest-bearing bank and other borrowings		**1,639,418**	100,000
Tax payable		**174,889**	211,877
Total current liabilities		**2,561,633**	3,607,267
NET CURRENT LIABILITIES		**(201,843)**	(712,059)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,664,783**	5,393,198

	As at 30 June 2014 (Unaudited) *RMB'000*	As at 31 December 2013 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,090,498**	2,334,568
Deferred tax liabilities	**659,715**	517,348
Total non-current liabilities	**2,750,213**	2,851,916
Net assets	**3,914,570**	2,541,282
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**240**	–
Reserves	**3,725,471**	2,326,407
	3,725,711	2,326,407
Non-controlling interests	**188,859**	214,875
Total equity	**3,914,570**	2,541,282

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Other reserve	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	–	146,615	5,815	81,716	237,059	1,855,202	2,326,407	214,875	2,541,282
Profit for the period	–	–	–	–	–	361,306	361,306	5,309	366,615
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	(10,651)	–	(10,651)	–	(10,651)
Total comprehensive income for the period	–	–	–	–	(10,651)	361,306	350,655	5,309	355,964
Issue of shares	240	–	–	–	–	–	240	–	240
Settlement of debts to equity	–	963,559	–	–	–	–	963,559	–	963,559
Contribution by the Controlling Shareholder *	–	293,941	–	–	–	(209,250)	84,691	–	84,691
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(31,325)	(31,325)
Equity-settled share option arrangements	–	–	159	–	–	–	159	–	159
At 30 June 2014 (Unaudited)	240	1,404,115	5,974	81,716	226,408	2,007,258	3,725,711	188,859	3,914,570
At 1 January 2013	–	146,615	4,630	56,436	195,369	1,515,859	1,918,909	183,714	2,102,623
Profit for the period	–	–	–	–	–	298,576	298,576	27,527	326,103
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	44,379	–	44,379	–	44,379
Total comprehensive income for the period		–	–	–	44,379	298,576	342,955	27,527	370,482
Equity-settled share option arrangements	–	–	487	–	–	–	487	–	487
At 30 June 2013(Unaudited)	–	146,615	5,117	56,436	239,748	1,814,435	2,262,351	211,241	2,473,592

* Contribution by the Controlling Shareholder represented certain residual interests of residential business remained in certain subsidiaries and was contributed by the Controlling Shareholder to the Group.

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, PO 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 operation (the "Commercial Listing Business").

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. Whole Good Management Limited is wholly owned by Mr. Shi Kancheng (alias Mr. Shi Zhongan), the non-executive director and chairman of the Company. The ultimate shareholder of the Company is Mr. Shi (the "Controlling Shareholder").

Prior to the incorporation of the Company, the Commercial Listing Business was carried out by certain subsidiaries of the Zhong An Group. In order to rationalise the current structure of the Group, the Company underwent a reorganisation (the "Reorganisation") of the business comprising the Group, which was completed on 20 March 2014.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month ended 30 June 2014 have 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 statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group were under the common control of the Zhong An before and after the Reorganisation. Accordingly, for the purpose of this report, the interim condensed consolidated financial statements has been prepared on a consolidated basis.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new and revised standards effective as of 1 January 2014, noted below:

IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*

The adoption of these new and revised IFRSs had no significant financial effect on these financial statements.

2.3 Impact of issued but not yet effective IFRSs

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

IFRS 9	*Financial Instruments*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[4]
IFRS 11 Amendments	Amendments to IFRS 11 – *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[2]
IFRS 15	*Revenue from Contracts with Customers*[3]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[1]
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible assets Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
IAS 16 and IAS 41 Amendments	Amendments to IAS 16 and IAS 41 – *Agriculture: Bearer Plants*[2]
IAS 27 Amendments	Amendments to IAS 27 *Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs issued in December 2013[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs issued in December 2013[1]

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

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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 property development segment which develops and sells commercial properties in Mainland China;

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

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

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

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

Segment assets exclude deferred tax assets, tax recoverable, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets 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 presented revenue and profit information regarding the Group's operating segments for the six-month periods ended 30 June 2014 and 2013, respectively.

Six-month period ended 30 June 2014 (unaudited)	**Property development**	**Property rental**	**Hotel operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:					
Sales to external customers	**48,409**	**43,213**	**23,444**	**410**	**115,476**
Intersegment sales	**–**	**12,800**	**–**	**–**	**12,800**
	48,409	**56,013**	**23,444**	**410**	**128,276**
Reconciliation:					
Elimination of intersegment sales					**(12,800)**
Revenue					**115,476**
Segment results	**13,174**	**528,917**	**711**	**(26,671)**	**516,131**
Reconciliation:					
Interest income					**989**
Finance costs					**(1,798)**
Equity-settled share option expenses					**(159)**
Profit before tax					**515,163**

Six-month period ended 30 June 2013(unaudited)	**Property development**	**Property rental**	**Hotel operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:					
Sales to external customers	488,555	37,183	25,690	2,203	553,631
Intersegment sales	–	12,250	–	–	12,250
	488,555	49,433	25,690	2,203	565,881
Reconciliation:					
Elimination of intersegment sales					(12,250)
Revenue					553,631
Segment results	147,251	355,646	(955)	318	502,260
Reconciliation:					
Interest income					597
Equity-settled share option expenses					(487)
Profit before tax					502,370

The following table presents segment assets of the Group's operating segments as at 30 June 2014 and 31 December 2013, respectively:

As at 30 June 2014 (unaudited)	**Property development**	**Property rental**	**Hotel operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**4,886,802**	**3,324,272**	**444,676**	**601,913**	**9,257,663**
Reconciliation:					
Elimination of intersegment Receivables					**(607,215)**
Corporate and other unallocated assets					**575,968**
Total assets					**9,226,416**

As at 31 December 2013 (audited)	**Property development**	**Property rental**	**Hotel operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	5,367,282	2,557,152	426,710	1,676,566	10,027,710
Reconciliation:					
Elimination of intersegment receivables					(1,388,782)
Corporate and other unallocated assets					361,537
Total assets					9,000,465

Geographical Information

All 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 a major customer

No revenue amounted to 10% or more of the Group's revenue was derived from sales to a single customer or a group of customers under the common control for the six-month periods ended 30 June 2014 and 2013.

4. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents income from the sale of properties, property leasing income, property management fee income and hotel operating income during the period, net of business tax and other sales related taxes and discounts allowed.

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

	For the six-month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(a) Revenue		
Sale of properties	**51,493**	518,426
Property leasing income	**46,244**	38,937
Property management fee income	**410**	2,333
Hotel operating income	**24,836**	27,214
Less: Business tax and surcharges	**(7,507)**	(33,279)
	115,476	553,631
(b) Other income		
Interest income	**989**	597
Others	**208**	111
	1,197	708
(c) Gains		
Foreign exchange gains	**2,043**	8,355
Total	**3,240**	9,063

5. Profit before tax

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

	For the six-month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**32,920**	300,046
Depreciation	**6,658**	7,019
Minimum lease payments under operating leases:		
– Office premises	**138**	150
Auditors' remuneration	**250**	400
Staff costs	**28,126**	19,939
Foreign exchange differences, net	**(2,043)**	(8,355)
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**2,081**	1,656
Fair value gain net:		
Fair value gain upon transfer to investment properties	**(513,507)**	(257,041)
Changes in fair value of investment properties	**(9,300)**	(44,900)

6. Income tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

The provision for PRC income tax has been provided at the applicable income tax rate of 25% (six-month period ended 30 June 2013: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	For the six-month period ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
PRC income tax for the period	**18,096**	38,350
PRC LAT for the period	**3,184**	44,408
Deferred tax	**127,268**	93,509
Total tax charge for the period	**148,548**	176,267

7. Earnings per share

As the Company was listed on the Main Board of the Stock Exchange on 10 July 2014, no earnings per share information is presented as its inclusion is not considered meaningful for the purpose of this report.

8. Trade and bills 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 reporting period are neither past due nor impaired.

Trade and bills receivables are non-interest-bearing and unsecured.

9. Trade payables

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

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within six months	**599,220**	429,927
Over six months but within one year	**17,583**	14,846
Over one year	**19,675**	21,451
	636,478	466,224

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

10. Commitments

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

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**744,597**	888,605

11. Contingent liabilities

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	RMB'000	*RMB'000*
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**152,290**	222,930
Guarantees given to banks for:		
Mortgage facilities granted related companies	**–**	160,000
	152,290	382,930

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 to repay 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 financial periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors of the Company 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.

12. Dividends

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2014 (2013: Nil).

13. Events after the reporting period

On 10 July 2014, the Company completed its global offering of shares by issuing a total of 468,000,000 new shares of HK$0.10 each at an issue price of HK$1.30 per share. The Company's shares were then listed on the Stock Exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the first half of 2014, there was no sign of easing of regulatory controls such as restrictions on property purchase and mortgage in the People's Republic of China (the "PRC"). Despite the challenges and difficulties encountered by the domestic real estate market, new development opportunities arose for the commercial property sector that was not subject to the restrictions. In addition, at the national and local sessions of the National People's Congress of the PRC and Chinese People's Political Consultative Conference held in the first quarter of 2014, the full promotion and deepening of reform was on the top agenda. As for the property development in the PRC, the biggest spotlight is on new urbanization. The urbanization rate currently reaches 53.4% in the PRC, which if improves to a level of around 70% as achieved by developed countries such as the U.S. and Europe, will imply an increase in the urbanization rate of the PRC by over 20% in the future. In view of this, the implementation of new policies for urbanization and promotion of new urbanization is expected to give rise to huge opportunities for commercial property development.

The Group is dedicated to the development and operation of integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta region as well as participating in the development strategies of new urbanization in the PRC. Leveraging on our development experience over the years, an experienced and cohesive management team, solid financial position, excellent brand image, high quality and low-cost land bank, the Group has continued to develop different projects catering to market demand, and achieved sound performance in general.

As at 30 June 2014, the property development projects owned by the Group included eight completed projects and units in two completed buildings, five projects under development, five projects held for future development and three projects contracted to be acquired. The gross floor area ("GFA") of land reserves of the Group about 3.6 million square meter ("sq. m.") which is expected to be sufficient for its development at least in the next five years. In the coming three years, we expect to develop and operate several additional high-end hotels. The Group will also continue to steadily develop commercial and investment properties while actively participating in new urbanization to build a diversified portfolio which in turn will generate stable income and enhance our competitive edges.

For property development, the Group achieved good results last year driven by the completion and sales of the Hidden Dragon Bay project, whereas the property sales slackened during the first half of 2014 due to the completion and sales schedule of other Group's projects. As at 30 June 2014, area available for sales of completed projects amounted to about 90,000 sq. m. Also, pre-sales of Zhong An Times Square (Phase II) commercial portion has already commenced. Zhong An Times Square (Phase I) and Jia Run Square will also commence pre-sales in the second half of 2014 and first half of 2015, respectively, as planned.

For investment properties, during the period under review, the Group actively optimized the tenant mix of Highlong Plaza in Xiaoshan, Hangzhou by introducing a number of well known brands with market influence into Highlong Plaza. The leasing rate for office buildings remained high. In addition, the shopping units of Hidden Dragon Bay were rented out after its completion in April 2013. The rental income in 2014 increased slightly compared to that of 2013. At present, the Group has five major investment properties under construction or planning, which include high-end shopping centers and office buildings. Zhong An Times Square (Phase I & II) in Yuyao, Ningbo is expected to commence business by the end of 2015. Upon commencement of operation, these commercial and investment projects are expected to bring continuous and steady cash flow and income to the Group.

As to the hotel operations, the Group's hotel, Holiday Inn Hangzhou Xiaoshan, was in steady operation with stable occupancy rate during the period under review. Currently, the Group has five high-end hotels under construction or in planning stage. The construction of the hotel project located in southwest of Qiandaohu Town, Chunan County, Hangzhou, commenced in December 2012, and it is expected to be put into operation in 2015.

In light of the new opportunities arising from urbanization, during the period under review, the Group has entered into town urbanization non-binding memorandums of understanding ("MOU") for the proposed cooperation in relation to the modernization of the agricultural industry in Tonglu County and Taizhou, the introduction of Japanese agricultural industry knowledge and techniques into the PRC, supply of agricultural products, the provision of elderly management services in new towns in the PRC, and the development of land in Lubu Town, Yuyao, Zhejiang Province, the PRC and provision of related assistance in the planning of the development thereof. The Group also signed a cooperation agreement with China Development Bank in relation to the investment in, and the financing of the urbanization and development of new towns in Zhejiang Province, the PRC. All these efforts are made to capture the business and development opportunities arising from the continued urbanization of towns and counties in the PRC, particularly in relation to those towns and counties the lands of which are to be developed by the Group. Further details of these projects are set out in the prospectus ("Prospectus") of the Company dated 17 June 2014.

Revenue

The unaudited consolidated revenue of the Group was about RMB115,476,000 for the period under review, representing a decrease of about 79.1% from about RMB553,631,000 for the corresponding period in 2013.

During the period under review, the revenue generated from the sales of properties amounted to about RMB51,493,000 which represented a decrease of about 90.1% from about RMB518,426,000 for the corresponding period in 2013. Such decrease was primarily due to the decrease in the recognition of sales of properties delivered during the period under review as the Group started to recognize revenue from the sale and pre-sale of properties from the Hidden Dragon Bay project in April 2013, upon its completion in the same month. The average property sales price per sq. m. achieved by the Group for the period under review was about RMB7,936 (corresponding period in 2013: RMB7,995), which was stable compared to the corresponding period in 2013.

The revenue from property leasing and property management amounted to about RMB46,654,000 (corresponding period in 2013: RMB41,270,000), representing an increase of about 13.0% as compared to the corresponding period in 2013. The increase was mainly due to the increase in rental revenue from the shopping units of Hidden Dragon Bay rented out after its completion in April 2013. The hotel operation of the Group recorded a revenue of about RMB24,836,000 (corresponding period in 2013: RMB27,214,000), representing a decrease of about 8.7% as compared to the corresponding period in 2013.

Gross profit

Gross profit of the Group for the period under review amounted to about RMB67,979,000, representing a decrease of about 71.4% when compared with the corresponding period in 2013. Gross profit margin was about 58.9%, increased by about 15.9% when compared with the corresponding period in 2013. The decrease in gross profit was mainly due to the decrease in revenue generated from the sales of properties segment of the Group during the period under review.

The increase in gross profit margin was mainly due to increase of proportion of revenue contributed from the property leasing and property management segment and hotel operation segment as the gross profit margin of these segments are generally higher than the gross profit margin of the sales of properties segment.

Selling and distribution costs

During the period under review, the selling and distribution costs of the Group increased from RMB12,413,000 for the corresponding period in 2013 to about RMB16,888,000 for the period under review, representing an increase of about 36.1%. Such increase was principally due to an increase in advertising and promotional expenses of the commercial portion of the Zhong An Times Square (Phase II) project during the period under review comparing to the corresponding period in 2013.

Administrative expenses

During the period under review, the administrative expenses of the Group increased from RMB34,345,000 for the corresponding period in 2013 to about RMB59,652,000, representing an increase of about 73.7%. It was mainly due to the increase in listing expenses relating the listing (the "Listing") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and also the increase in staff costs, travel expenses and consultancy fees during the period under review.

Earnings

The unaudited profit attributable to the owners of the parent was about RMB361,306,000 for the period under review (corresponding period in 2013: RMB298,576,000), representing an increase of about 21.0%. The increase in profit attributable to owners of the parent for the period under review was primarily due to, among other things, the increase in the fair value gain upon transfer to investment properties which offset with the decrease in revenue, increase in listing expenses and the decrease in the increase in fair value of the investment properties during the period under review. The unaudited fair value gain upon transfer to investment properties for the six-month period ended 30 June 2014 was about RMB513,507,000 (RMB385,130,000 net of relevant PRC corporate income tax), as compared to about RMB257,041,000 for the corresponding period in 2013 (RMB192,780,000 net of relevant PRC corporate income tax). The increase in fair value gain upon transfer to investment properties for the six-month period ended 30 June 2014 was mainly due to the transfer of certain completed properties to investment properties during the period under review.

Land reserve

During the period under review, the Group acquired the commercial portion of a parcel of land situated at Chaoyang Community, Shushan Street, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (the "Chaoyang Community Site") at a price of RMB220,917,000 on 3 April 2014. The Chaoyang Community Site is with a total site area of 10,541 sq. m. for commercial purposes.

During the period under review, the Group acquired a parcel of land situated southwest of Qiandaohu Town, Chunan County, Hangzhou, Zhejiang Province, the PRC (the "Qiandao Lake Land") at a price of RMB5,746,548 on 28 May 2014. The site is in proximity to the tourist attraction Hangzhou Qiandao Lake and will form part of the Hangzhou Qiandao Lake Run Zhou Resort Hotel project. The Qiandao Lake Land is designated for commercial development with a total site area of 6,805 sq. m..

During the period under review, the Group entered into a land acquisition agreement with Anhui Zhong An Real Estate Development Co., Ltd.* (安徽眾安房地產開發有限公司), a member of the remaining Zhong An Group (i.e. Zhong An Group, excluding the Group) (the "Remaining Zhong An Group"), in respect of the acquisition of the land on which the planned hotel under construction within the Vancouver City project (the "VC Hotel") is situated together with the buildings under construction at a consideration of RMB234 million on 20 March 2014, as part of the Reorganization. The site area of VC Hotel is 60,768 sq. m.. VC Hotel is located in Huaibei City, Anhui Province.

During the period under review, the Group acquired the entire equity interest of Cixi Zhong An Real Estate Co., Ltd* (慈溪眾安置業有限公司) which holds the parcels of land for commercial purpose in Longsan New Town, Cidong Binhai District of Cixi Ningbo with a site area of 49,804 sq. m. at a consideration of RMB50 million on 3 March 2014 from Zhong An Group Co., Ltd* (眾安集團有限公司), a member of the Remaining Zhong An Group, as part of the Reorganisation.

As of 30 June 2014, the Group had a total of 21 projects and units in two completed buildings located in Jiangsu province, Shanghai, Anhui Province and Zhejiang Province. The total GFA of the Group's land bank in Jiangsu province, Shanghai, Anhui Province and Zhejiang Province was about 113,126 sq. m., 307 sq. m., 67,061 sq. m. and 3,411,622 sq. m., respectively, which was in aggregate about 3,592,116 sq. m..

The following table sets forth a summary of the Group's property interests as of 30 June 2014:

Project	Location	Property type	Site area	Total project GFA/ Total planned project GFA	Total GFA attributable to the Group
			sq. m.	*sq. m.*	*sq. m.*
Completed Projects					
Guomao Building	Hangzhou, Zhejiang Province	Integrated Commercial Complex	1,455	12,225	9,902
Integrated Service Center	Hangzhou, Zhejiang Province	Integrated Commercial Complex	2,979	11,164	10,048
Highlong Plaza	Hangzhou, Zhejiang Province	Integrated Commercial Complex	30,933	171,071	153,964
Landscape Garden (Phase I)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	53,260	14,104	12,694
Landscape Garden (Phase II)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	34,073	13,008	11,707
White Horse Noble Mansion	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	73,514	169,439	168,931
New White Horse Apartments	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	62,800	222,236	200,012
Xihu Guomao Center	Hangzhou, Zhejiang Province	Commercial	246	676	608
Hidden Dragon Bay	Hangzhou, Zhejiang Province	Integrated Commercial Complex	89,173	241,695	135,635
La Vie	Shanghai	Commercial	171	341	307
Projects Under Development					
Zhong An Times Square (Phase I)	Yuyao, Zhejiang Province	Integrated Commercial Complex	65,159	305,473	274,926
Zhong An Times Square (Phase II)	Yuyao, Zhejiang Province	Integrated Commercial – Residential Complex	71,519	322,935	300,330
Hangzhou Qiandao Lake Run Zhou Resort Hotel	Hangzhou, Zhejiang Province	Hotel	112,593	37,028	37,028
International Office Center (Plot A3)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	39,060	328,367	328,367
Jia Run Square	Suzhou, Jiangsu Province	Integrated Commercial Complex	21,367	251,391	113,126
Projects held for future development					
International Office Center (Plot A1)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	25,533	341,838	341,838
International Office Center (Plot A2)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	28,017	128,590	128,590
Cixi Ningbo Land	Ningbo, Zhejiang Province	Integrated Commercial Complex	49,804	159,510	143,559
Commercial portion of the Chaoyang Community Site	Hangzhou, Zhejiang Province	Integrated Commercial Complex	10,541	54,014	48,613
Qiandao Lake Land	Hangzhou, Zhejiang Province	Hotel	6,805	6,805	6,805
Projects contracted to be acquired					
International Office Center (Plots B and C)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	207,390	1,098,065	1,098,065
VC Hotel	Huaibei, Anhui Province	Hotel	60,768	67,061	67,061

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

To rationalise the current structure of the Group for the Listing, the Company underwent a reorganisation (the "Reorganisation") of the business comprising the Group, pursuant to which the Company became the holding company of the subsidiaries of the Company now comprising the Group. Details of the Reorganisation have been set out in the Prospectus.

Save for the Reorganisation, during the period under review, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed 578 staff (corresponding period in 2013: 552 staff). For the six-month period ended 30 June 2014, the unaudited staff cost of the Group was about RMB28,126,000 (corresponding period of 2013: RMB19,939,000), representing an increase of about 41.1%. The increase was due to the increase of the headcounts and average salary during the period 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 their competitiveness.

CAPITAL STRUCTURE

As at 30 June 2014, the Group had aggregate cash and cash equivalents and restricted cash of about RMB522,613,000 (as at 31 December 2013: RMB323,158,000).

The current ratio as at 30 June 2014 was 0.9 (as at 31 December 2013: 0.8).

As at 30 June 2014, the bank loans and other borrowings of the Group repayable within one year and after one year were about RMB1,639,418,000 and RMB2,090,498,000 respectively (as at 31 December 2013: RMB100,000,000 and RMB2,334,568,000 respectively).

The unaudited consolidated interest expenses for the six-month period ended 30 June 2014 amounted to about RMB1,798,000 (corresponding period in 2013: Nil). In addition, for the six-month period ended 30 June 2014, interests with an unaudited amount of about RMB116,686,000 (corresponding period in 2013: RMB114,673,000) were capitalized.

As at 30 June 2014, the ratio of total liabilities to total assets of the Group was 0.58 (as at 31 December 2013: 0.72).

As at 30 June 2014, the ratio of interest-bearing bank and other borrowings to total equity of the Group was 0.95 (as at 31 December 2013: 0.96). The ratio of interest-bearing bank and other borrowings to total assets was 0.40 (as at 31 December 2013: 0.27). The increase was due to the increase in bank loans granted in the period under review.

CAPITAL COMMITMENTS

As at 30 June 2014, the capital commitments of the Group were about RMB744,597,000 (as at 31 December 2013: RMB888,605,000), which were mainly the capital commitments for construction costs. It is expected that the Group will finance such commitments from its own funds and/or bank loans.

GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2014, the contingent liabilities of the Group was about RMB152,290,000 (as at 31 December 2013: RMB382,930,000), which was mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to purchasers of the Group's properties.

PLEDGE OF ASSETS

As at 30 June 2014, the Group had pledged investment properties of about RMB2,073,354,000 (as at 31 December 2013: RMB1,576,589,000), properties under development of about RMB900,529,000 (as at 31 December 2013: RMB215,246,000), completed properties of about RMB713,847,000 (as at 31 December 2013: RMB382,416,000), properties under the category of property and equipment of about RMB153,682,000 (as at 31 December 2013: RMB31,472,000) and pledged deposits of about RMB95,750,000 (as at 31 December 2013: about RMB95,750,000) to secure the banking facilities of the Group.

FOREIGN EXCHANGE RISK

As the sales, purchase and bank borrowings of the Group in the first half of 2014 and the corresponding period in 2013 were denominated mainly in Renminbi, the foreign exchange risk exposed by the Group was not very material. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in the first half of 2014 and the corresponding period in 2013.

INTEREST RATE RISKS

The interest rates for the Group's bank and other borrowings were fix and floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. The Group currently does not use any interest rate swaps to hedge its interest rate risks.

EVENTS AFTER THE PERIOD UNDER REVIEW

On 10 July 2014 (the "Listing Date"), the Company's shares were listed on the Main Board of the Stock Exchange.

Save as disclosed above, no events have caused material impact on the Group from the end of the period under review to the date of this announcement.

PROSPECTS AND OUTLOOK

The prospects of the Group's property development business in the PRC is promising. Hangzhou Xiaoshan district, where the focus of development projects of the Group lies in, have been earmarked for substantial satellite city development. According to Xiaoshan's 12th 5-Year Plan, this region is targeted to reach a total gross domestic product ("GDP") of RMB200 billion in 2015, with an annual forecast growth rate of around 10% while the GDP per capita is targeted to reach RMB157,000 in 2015. The Group's International Office Center ("IOC") project is located in Qianjiang Century New City, one of the three satellite cities in Xiaoshan district, has its GDP targeted at RMB15 billion in 2015.

The total GFA under development of Plot A of IOC is about 800,000 sq. m.. Plot A of IOC is located at Qianjiang Century City, Hangzhou, which consists of phases A1, A2 and A3. Plot A3, the first construction project of IOC, includes serviced apartments with GFA of about 213,000 sq. m. and a shopping mall of about 25,000 sq. m.. The Group has entered into management agreements for the management of the serviced apartments with various internationally-renowned property management companies. The project will be fully completed by end of 2014. Jia Run Square, occupying a total GFA of about 251,000 sq.m, is situated in Suzhou Industrial Park next to Jinji Lake with easily accessible transport. It consists of offices, shopping malls, a hotel and serviced apartments, which as currently planned, will commence pre-sales in the first half of 2015. The Group will continue its strategy to generate revenue through selling certain properties for immediate return of capital to fund its business, operations and expansion plans while strategically retaining other properties for stable recurring income and long term capital appreciation.

For the business of land development and other urbanisation related businesses, in order to stand out in new city construction, enhance the income level of local households and improve their living standard, the Group, taking local features into consideration, adopted the following measures which included entering into MOU with Takasaki Corporation, a modernized agricultural enterprise, for introducing Japanese agricultural knowledge and techniques into the PRC and the proposed cooperation in relation to the modernization of the agricultural industry in Tonglu County and Taizhou. Although the Group has only entered into cooperation agreements with two local governments for the development of new towns, in Xiaoyuanshan Valley*（小源山峽谷）, Tonglu, Zhejiang Province, the PRC and Baita, Xianju, Zhejiang Province, the PRC, the Group intends to cooperate with more local governments to participate in the urbanization of new towns under the support of provincial government. In April 2014, the Group also entered into a MOU with The People's Government of Lubu Town*（余姚市陸埠鎮人民政府）, Yuyao, Zhejiang Province, the PRC in relation to the relevant land development and planning. According to the urban system planning of Zhejiang Province and the 12th 5-Year Plan for new urbanization of Zhejiang Province, 200 core towns will be the subject of key development. This implies that the Group will have more opportunities to participate in the new urbanization in different regions in the PRC in the future.

Overall, not only does the Group exploits its brand advantages and continues to maintain the product mix of sales development projects and investment projects, but it also continues to optimize its tenant mix, increase the recurring rental income and enhances property operation and hotel services which in turn further increase the attraction of properties and their values. Meanwhile, the Group will continue to establish and maintain long-term business relationships with well known brand names, improve brand management, maintain the business model of strategically retaining the long-term ownerships of selected properties for recurring income and sell commercial properties for capital appreciation. The Group will also closely cooperate with the local governments for expanding its business into other urbanization related businesses and services, so as to increase the scale of business development, realize synergy effect of resources integration, capture market opportunities, rapidly expand our market share, speed up the development of the Group's business and capture development opportunities from the continued urbanization in the PRC.

Looking forward, the Group is committed to becoming one of the most competitive commercial properties developers in the Yangtze River Delta region, as well as in the PRC. The Group will continue to push forward the development of commercial and investment properties and also actively participate in the new urbanization in the PRC in order to generate stable income and ensure the sustainable development of the Group, hence maximizing values and generating excellent return for the shareholders of the Company.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2014 (2013: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. 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 from the Listing Date and up to the date of this announcement.

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 since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company has set up an audit committee ("Audit Committee") and adopted the terms of reference which complied with the CG Code. The chairman 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 unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2014 has not been audited but has been reviewed by the Audit Committee and the Company's auditors, Ernst & Young. Furthermore, the Audit Committee has discussed with the management of the Group about the unaudited condensed consolidated interim financial information of the Company for the six-month period ended 30 June 2014, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.chinanewcity.com.cn. The interim report of the Company containing the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the aforesaid websites of the Stock Exchange and of the Company 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 Kancheng
Chairman

The PRC, 27 August 2014

* *For identification purposes only*

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