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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Change
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	
Revenue	591,783	871,066	-32.1%
Gross profit	117,373	216,497	-45.8%
Loss for the year	(461,640)	(302,815)	52.4%
Loss attributable to owners of the parent	(432,523)	(295,136)	46.6%
Loss per share attributable to ordinary equity holders of the parent			
– Basic	RMB(21.5) cents	RMB(14.7) cents	
– Diluted	RMB(21.5) cents	RMB(14.7) cents	
	As at 31 December		Change
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	
Total assets	15,179,776	15,504,840	-2.1%
Net assets	5,307,909	5,733,595	-7.4%
Net assets value per share	RMB2.64	RMB2.85	-7.4%

The board of directors (the “**Board**” or the “**Directors**”) of China New City Commercial Development Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the corresponding year ended 31 December 2021, and such annual results have been reviewed by the audit committee of the Company and agreed with the auditors of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Revenue	4	591,783	871,066
Cost of sales		<u>(474,410)</u>	<u>(654,569)</u>
Gross profit		117,373	216,497
Other income and gains, net	4	117,470	374,689
Selling and distribution expenses		(150,151)	(182,698)
Administrative expenses		(222,601)	(249,476)
Other expenses		(83,522)	(151,826)
Finance costs	5	(139,909)	(223,094)
Share of losses of:			
A joint venture		(1,014)	(805)
Changes in fair value of investment properties		<u>(115,160)</u>	<u>(60,311)</u>
Loss before tax	6	(477,514)	(277,024)
Income tax expense	7	<u>15,874</u>	<u>(25,791)</u>
Loss for the year		<u>(461,640)</u>	<u>(302,815)</u>
Attributable to:			
Owners of the parent		(432,523)	(295,136)
Non-controlling interests		<u>(29,117)</u>	<u>(7,679)</u>
		<u>(461,640)</u>	<u>(302,815)</u>
Loss per share attributable to ordinary equity holders of the parent	8		
Basic		<u>RMB (21.5 cents)</u>	<u>RMB (14.7 cents)</u>
Diluted		<u>RMB (21.5 cents)</u>	<u>RMB (14.7 cents)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year	<u>(461,640)</u>	<u>(302,815)</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>20,688</u>	<u>(1,778)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>20,688</u>	<u>(1,778)</u>
Other comprehensive income/(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	18,484	(65,480)
Income tax effect	<u>(4,621)</u>	<u>16,370</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>13,863</u>	<u>(49,110)</u>
Total comprehensive loss for the year	<u>(427,089)</u>	<u>(353,703)</u>
Attributable to:		
Owners of the parent	(397,972)	(346,024)
Non-controlling interests	<u>(29,117)</u>	<u>(7,679)</u>
	<u>(427,089)</u>	<u>(353,703)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Non-current assets			
Property and equipment		2,375,959	2,402,079
Investment properties		5,202,000	5,245,954
Properties under development		966,859	1,065,488
Right-of-use assets		120,277	140,850
Other intangible assets		14,194	30,787
Equity investments designated at fair value through other comprehensive income		353,534	335,050
Long term prepayments		278,104	283,138
Investment in a joint venture		31,427	32,441
Deferred tax assets		36,630	23,826
Restricted cash		12,000	12,000
		<hr/>	<hr/>
Total non-current assets		9,390,984	9,571,613
Current assets			
Completed properties held for sale		919,543	1,087,065
Properties under development		2,911,714	1,821,537
Inventories		36,389	35,333
Trade receivables	10	47,795	41,246
Prepayments, other receivables and other assets		610,048	382,358
Amounts due from related companies		–	585,040
Financial assets at fair value through profit or loss		20,164	68
Restricted cash		220,152	332,965
Cash and cash equivalents		948,087	1,603,069
Investment properties classified as held for sale		74,900	44,546
		<hr/>	<hr/>
Total current assets		5,788,792	5,933,227
Current liabilities			
Trade payables	11	598,758	480,901
Other payables and accruals		248,137	309,808
Contract liabilities		2,802,955	2,063,292
Amounts due to related companies		754,901	818,234
Interest-bearing bank and other borrowings		1,319,438	1,527,310
Lease liabilities		45,397	29,100
Tax payable		458,780	430,804
		<hr/>	<hr/>
Total current liabilities		6,228,366	5,659,449
Net current (liabilities)/assets		<hr/> (439,574)	<hr/> 273,778
Total assets less current liabilities		<hr/> 8,951,410	<hr/> 9,845,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2022*

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Interest-bearing bank and other borrowings	2,689,041	3,107,940
Deferred tax liabilities	816,859	865,211
Lease liabilities	137,601	138,645
	<hr/>	<hr/>
Total non-current liabilities	3,643,501	4,111,796
	<hr/>	<hr/>
Net assets	5,307,909	5,733,595
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Equity attributable to owners of the parent		
Share capital	160,220	160,220
Reserves	4,943,353	5,339,922
	<hr/>	<hr/>
	5,103,573	5,500,142
	<hr/>	<hr/>
Non-controlling interests	204,336	233,453
	<hr/>	<hr/>
Total equity	5,307,909	5,733,595
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate and Group 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 was separately listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**SEHK**”) with the stock code “1321” on 10 July 2014 and raised capital amounting to HK\$608 million from the market.

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 on 3 May 2007.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, investment properties classified as held for sale, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value as explained in the accounting policies set out below. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2022, the Group had net current liabilities of approximately RMB439,574,000. As at 31 December 2022, the Group had available unutilized credit and banking facilities of RMB5,652,000,000, which will be expired after 31 December 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. Basis of preparation and accounting policies (Continued)

2.2 Changes in accounting policies and disclosures

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

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>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

2.3 Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 10 and IAS 28 (2011)	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1,5}
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> ⁶
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{2,4}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, International Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁶ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

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 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 is involved in. On 3 February 2021, the Group had 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 at an aggregate of consideration of RMB104.65 million (equivalent to approximately HK\$125.58 million) (“**Transfers**”). The Transfers was fully completed on 13 April 2021. Ever since 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.

Year ended 31 December 2022	Commercial property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Other services RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	137,416	101,528	221,657	131,182	591,783
Intersegment sales	–	30,912	–	–	30,912
	137,416	132,440	221,657	131,182	622,695
<i>Reconciliation:</i>					
Elimination of intersegment sales					(30,912)
Revenue from operations					<u>591,783</u>
Segment results	(87,482)	(108,955)	(69,651)	(106,053)	(372,141)
<i>Reconciliation:</i>					
Interest income					34,536
Finance costs					(139,909)
Loss before tax					<u>(477,514)</u>
Segment assets	7,886,306	5,314,376	2,005,169	785,334	15,991,185
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(2,028,277)
Corporate and other unallocated assets					<u>1,216,868</u>
Total assets					<u>15,179,776</u>
Segment liabilities	4,022,847	338,359	846,809	1,421,953	6,629,968
<i>Reconciliation:</i>					
Elimination of intersegment payables					(2,028,277)
Corporate and other unallocated liabilities					<u>5,270,176</u>
Total liabilities					<u>9,871,867</u>
Other segment information:					
Share of losses of a joint venture	–	–	–	1,014	1,014
Impairment losses recognized in the statement of profit or loss	–	–	–	47,661	47,661
Depreciation and amortisation	5,102	1,481	92,403	50,528	149,514
Investment in a joint venture	–	–	–	31,427	31,427
Capital expenditure	31,827	522	41,450	44,752	118,551

Year ended 31 December 2021	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>
Segment revenue					
Sales to external customers	410,180	122,282	173,177	165,427	871,066
Intersegment sales	–	23,855	–	5,180	29,035
	410,180	146,137	173,177	170,607	900,101
<i>Reconciliation:</i>					
Elimination of intersegment sales					(29,035)
Revenue from operations					<u>871,066</u>
Segment results	141,222	3,398	(71,084)	(240,971)	(167,435)
<i>Reconciliation:</i>					
Interest income					113,505
Finance costs					(223,094)
Loss before tax					<u>(277,024)</u>
Segment assets	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>15,504,840</u>
Segment liabilities	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>9,771,245</u>
Other segment information:					
Share of losses of a joint venture	–	–	–	(805)	(805)
Impairment loss recognized in the statement of profit or loss	–	–	–	110,431	110,431
Depreciation and amortisation	3,820	1,344	69,667	87,444	162,275
Investment in a joint venture	–	–	–	32,441	32,441
Capital expenditure	45,872	112	20,985	51,972	118,941

Geographical information

(a) *Revenue from external customers*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	543,767	836,569
Others	48,016	34,497
	<u>591,783</u>	<u>871,066</u>

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

(b) *Non-current assets*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	8,898,682	9,048,833
Others	102,138	163,904
	<u>9,000,820</u>	<u>9,212,737</u>

The non-current asset information above is based on the locations of the assets and excludes 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 years ended 31 December 2022 and 2021.

4. Revenue, other income and gains, net, and other expenses

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	490,255	748,784
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	<u>101,528</u>	<u>122,282</u>
	<u>591,783</u>	<u>871,066</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2022

Segments	Commercial property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	137,416	-	-	137,416
Hotel operation services	-	221,657	-	221,657
Other services	-	-	131,182	131,182
	<u>137,416</u>	<u>221,657</u>	<u>131,182</u>	<u>490,255</u>
Total revenue from contracts with customers	<u>137,416</u>	<u>221,657</u>	<u>131,182</u>	<u>490,255</u>
Timing of revenue recognition				
At a point in time	137,416	221,657	-	359,073
Over time	-	-	131,182	131,182
	<u>137,416</u>	<u>221,657</u>	<u>131,182</u>	<u>490,255</u>
Total revenue from contracts with customers	<u>137,416</u>	<u>221,657</u>	<u>131,182</u>	<u>490,255</u>

For the year ended 31 December 2021

Segments	Commercial property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Other services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	410,180	–	–	410,180
Hotel operation services	–	173,177	–	173,177
Other services	–	–	165,427	165,427
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>410,180</u>	<u>173,177</u>	<u>165,427</u>	<u>748,784</u>
Timing of revenue recognition				
At a point in time	410,180	173,177	–	583,357
Over time	–	–	165,427	165,427
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>410,180</u>	<u>173,177</u>	<u>165,427</u>	<u>748,784</u>

Revenue from the sale of properties recognised that was included in contract liabilities at the beginning of the reporting period is amounted to RMB64,150,000 (2021: RMB205,232,000).

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income		
Subsidy income*	2,951	16,217
Interest income	34,536	113,505
Others	23,450	93,887
	<hr/>	<hr/>
	60,937	223,609
Gains		
Foreign exchange gain	244	–
Gains on disposal of subsidiaries	–	56,515
Gain on disposal of right-of-use assets	335	25,823
Gain on disposal of items of property and equipment	55,954	14,427
Dividend income from equity investments at fair value through other comprehensive income	–	54,315
	<hr/>	<hr/>
	117,470	374,689
	<hr/>	<hr/>

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

	2022	2021
	RMB'000	RMB'000
Other expenses		
Impairment of goodwill	–	(98,995)
Impairment provision for property and equipment	(12,867)	(11,436)
Impairment provision for intangible assets	(14,858)	–
Impairment provision for right-of-use assets	(19,936)	–
Loss on disposal of investment properties	(23,683)	(3,977)
Foreign exchange loss	–	(557)
Donations	(250)	(314)
Compensation	(10,937)	(30,955)
Others	(991)	(5,592)
	<u>(83,522)</u>	<u>(151,826)</u>

5. Finance costs

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

	2022	2021
	RMB'000	RMB'000
Interest on bank and other borrowings	289,985	340,718
Interest on lease liabilities	7,923	9,266
	<u>297,908</u>	<u>349,984</u>
Total interest expense on financial liabilities not at fair value through profit or loss	(157,999)	(126,890)
Less: Interest capitalised in properties under development	<u>139,909</u>	<u>223,094</u>

6. Loss before tax

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

	2022	2021
	RMB'000	RMB'000
Cost of properties sold	181,349	335,844
Depreciation of property and equipment	115,087	110,719
Depreciation of right-of-use assets	32,692	49,821
Amortisation of other intangible assets	1,735	1,735
Lease payments not included in the measurement of lease liabilities	14,074	20,585
Auditor's remuneration	2,100	2,100
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	127,153	150,822
– Pension scheme contributions*	24,201	21,839
Foreign exchange differences, net	(244)	557
Direct operating expenses (including repairs and maintenance arising on investment properties)	5,736	4,681
Equity-settled share option expense	1,403	11,388
Loss on disposal of investment properties	23,683	3,977
Gain on disposal of subsidiaries	–	(56,515)
Gain on disposal of right-of-use assets	(335)	(25,823)
Gain on disposal of items of property and equipment	(55,954)	(14,427)
Dividend income from equity investments at fair value through other comprehensive income	–	(54,315)
Fair value losses, net:		
Changes in fair value of investment properties	115,160	60,311
Changes in fair value of financial assets at fair value through profit or loss	22	42
Impairment provision for property and equipment **	12,867	11,436
Impairment provision for intangible assets**	14,858	–
Impairment provision for right-of-use assets**	19,936	–
Impairment of goodwill**	–	98,995

* 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 consolidated statement of profit or loss.

7. Income tax

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 year (2021: Nil).

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

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the 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.

	2022	2021
	RMB'000	RMB'000
Current – PRC corporate income tax for the year	19,161	52,771
Current – PRC LAT for the year	30,742	11,195
Deferred	(65,777)	(38,175)
	<hr/>	<hr/>
Total tax charge for the year	(15,874)	25,791
	<hr/> <hr/>	<hr/> <hr/>

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2022	2021
	RMB'000	RMB'000
Loss before tax	(477,514)	(277,024)
	<hr/> <hr/>	<hr/> <hr/>
Tax at the statutory tax rate of 25% (2021: 25%)	(119,378)	(69,256)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	(6,529)	128
Income not subject to tax	–	(22,042)
Expenses not deductible for tax	4,150	707
Tax losses utilised from previous periods	(23,169)	(5,701)
Tax losses and temporary differences not recognised	105,996	113,559
Provision for LAT	30,742	11,195
Tax effect on LAT	(7,686)	(2,799)
	<hr/>	<hr/>
Tax charge at the Group's effective rate	(15,874)	25,791
	<hr/> <hr/>	<hr/> <hr/>

Tax payable in the consolidated statement of financial position represents:

PRC corporate income tax	162,025	151,932
PRC LAT	296,755	278,872
	<hr/>	<hr/>
	458,780	430,804
	<hr/> <hr/>	<hr/> <hr/>

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

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the parent of RMB432,523,000 (loss for 2021: RMB295,136,000) and the weighted average number of ordinary shares of 2,010,768,000 (2021: 2,010,768,000) in issue of shares during the year, as adjusted to reflect the rights issued during the year.

The calculation of basic loss per share is based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss		
Loss attributable to ordinary equity holders of the parent	<u>(432,523)</u>	<u>(295,136)</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	<u>2,010,768,000</u>	<u>2,010,768,000</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

9. Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

10. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within six month	46,747	40,902
Over six month but within one year	<u>1,048</u>	<u>344</u>
	<u>47,795</u>	<u>41,246</u>

10. Trade receivables (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For the sales of commercial properties, rentals under operating leases and provision of hotel operation businesses and other business of the Group, management has assessed that the expected credit loss rate for trade receivables is minimal as at 31 December 2022 and 2021. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

11. 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within six months	549,069	435,333
Over six months but within one year	33,819	31,977
Over one year	15,870	13,591
	<u>598,758</u>	<u>480,901</u>

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

12. Commitments

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contracted, but not provided for:		
Properties under development	<u>1,049,590</u>	<u>1,330,123</u>

13. 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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	<u>406,830</u>	<u>316,410</u>

(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. 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 defence against the allegation in their 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

Review of 2022

Under the influence of the three-year epidemic and the inflection point of the real estate cycle, the real estate market has experienced unprecedented challenges in 2022. The industry as a whole has shown a sharp drop in market sales with the characteristics of many corporate debt defaults, real estate companies not willing to acquire land and urban investment supporting the land market.

Since the beginning of 2022, the Central government has frequently released positive signals, from supporting the demand side to supporting the supply side and the policy efforts has continued to increase. In July 2022, with the wave of loan suspension in many cities, the Central Politburo meeting clearly proposed to guarantee the delivery of buildings and stabilize people's livelihood. Special loans for guaranteed delivery of buildings have been implemented in various projects in succession, stabilizing the confidence of home buyers. Entering the fourth quarter, the Chinese Government has increased its financing support for private real estate companies, and the "Three Red Lines" of real estate credit, bonds, and equity policies have been launched simultaneously. On 29 September 2022, the Central bank and the China Banking and Insurance Regulatory Commission decided to adjust the differentiated housing credit policy in stages and the credit support for residents' reasonable demand for housing purchases was further strengthened. On 8 November 2022, the National Association of Financial Market Institutional Investors continued to promote and expand private enterprise bond financing support tools to support private enterprises, including real estate companies to issue bonds for financing. On 28 November 2022, the China Securities Regulatory Commission announced the adjustment and optimization of five measures to support equity financing for real estate companies.

Under the intensive policies, the real estate fundamentals already have the preconditions for recovery. However, it will take time for the transmission from the policy side to the sales side, and it will take time for the confidence of home buyers to recover. Therefore, the real estate market will recover slowly. Under continued sluggish market conditions, the Group adhered to a prudent operating attitude, fully coordinates its own resources and business advantages on the basis of ensuring financial stability and safety and strived to recover as soon as possible amid the epidemic.

In 2022, the Group recorded a decrease in revenue and the capital structure was slightly decreased. During the year, the Group's revenue was approximately RMB591,783,000, representing a year-on-year decrease of approximately 32.1%; gross profit was approximately RMB117,373,000, representing a year-on-year decrease of approximately 45.8%; net loss attributable to owners of the Company was approximately RMB432,523,000. As of the end of 2022, the total equity of the Group reached approximately RMB5,307,909,000, representing a decrease of approximately 7.4% from the end of 2021; the carrying amount of cash reached approximately RMB1,180,239,000.

Outlook for 2023

Looking forward to 2023, China's real estate industry support policies are expected to continue and will be inclined to release demand. At the 2023 Central Working Conference on economic work deployment held in December 2022, it was clearly proposed to ensure stable development of the real estate market, do a good job in ensuring the delivery of buildings, people's livelihood, and stability, meet reasonable financing needs of the industry, promote industrial restructuring and mergers and acquisitions, effectively prevent and resolve risks of high-quality leading real estate companies, improve the assets and liabilities. Under the guidance of the combination policies, the Group expects that the confidence in the real estate market will gradually recover and the sales side will also slowly recover. The Group will closely follow the national policy orientation, accurately study and judge the development trend of the industry and adjust the Group's development strategy in a timely manner, so as to grasp the development opportunities in the real estate market and continuously improve the Group's comprehensive competitiveness.

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 flat floor apartments and shops, with a total floor area of approximately 26,087 sq.m. and a total GFA of approximately 78,261 sq.m., and is for commercial use. The construction of project was commenced in the third quarter of 2020 and the pre-sale was started in the fourth quarter of 2020. It is expected to be completed in 2023. The pre-sales volume 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 car parking spaces with a total GFA of approximately 327,996 sq.m. So far, Plot A3 is sold out apart from some car parking lots and a few units. The construction of Plot A2 has been commenced in 2019 with a total GFA of approximately 263,555 sq.m. The pre-sales of the project started in the third quarter of 2020, and is expected to be completed in 2023. The volume of pre-sales of Plot A2 during the year under review was within expectation.

DEVELOPMENT OF MAJOR PROJECTS (Continued)

Long Ying Hui Jin Zuo (Bin He Yin)

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou, and consists of large flat floors 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 construction of the project was commenced in the fourth quarter of 2021 and the pre-sale was started in the third quarter of 2022, which is expected to be completed in 2024. The pre-sales volume of the project during the year under review was within expectation.

Ningbo, Zhejiang Province

Cixi New City

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

Sales Review

For the year ended 31 December 2022 (the “Year”), the recognized sales of properties sold and delivered was approximately RMB137,416,000 (2021: approximately RMB410,180,000). A total of the recognized GFA delivered of properties was approximately 13,440 sq.m.

	2022 <i>(RMB million)</i>	2021 <i>(RMB million)</i>
Chaoyang Yinzuo	–	0.8
Cixi New City	8.2	112.1
Hidden Dragon Bay	56.5	–
International Office Centre Phase A3	7.3	190.4
Xixi Manhattan	58.0	13.7
Xixi New City	–	23.7
Yuyao Zhong An Times Square Phase I	–	4.4
Yuyao Zhong An Times Square Phase II	7.4	61.4
Other projects	–	3.7
	137.4	410.2

2022 Contracted Sales

The contracted sales area of the Group was approximately 92,353 sq.m. for the Year (2021: approximately 105,453 sq.m.) and contracted sales revenue was approximately RMB1,517,400,000 for the Year (2021: approximately RMB2,650,800,000). Details of the contracted sales of the major projects are as below:

Projects	City	Contracted sales area (sq.m)	Contracted sales revenue (RMB million)
Cixi New City	Cixi	2,971	23.0
Fashion Color City	Hangzhou	13,072	210.7
Hidden Dragon Bay	Hangzhou	11,204	133.5
International Office Centre (IOC)A2	Hangzhou	9,083	428.4
International Office Centre (IOC)A3	Hangzhou	2,355	56.0
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	4,246	112.0
Xixi New City	Hangzhou	444	13.3
Xinnongdu	Hangzhou	33,259	389.5
Zhong An Times Square Phase II	Yuyao	1,200	11.1
Others (Commercial)	Hangzhou	14,519	139.9
		<u>92,353</u>	<u>1,517.4</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 RMB221,657,000 (2021: approximately RMB173,177,000), representing an increase of approximately 28.0% during the Year and the hotel occupancy rate was approximately 56% (2021: approximately 40%).

Leasing Business

The leasing income of the Group mainly comes from Highlong Plaza, International Office Centre and Zhong An Times Square, including office and shopping malls. The total revenue from leasing business for the Year was approximately RMB101,528,000, representing a decrease of approximately RMB20,754,000 (2021: approximately RMB122,282,000). The decline was due to the renovation of the Highlong Plaza and the average occupancy rate of leasing properties (calculated by dividing total lease area by total area available for lease) was approximately 86% (2021: approximately 87%).

Land Reserve

As of 31 December 2022, the total GFA of land reserves held for development and/or sale of the Group was approximately 3,947,292 sq.m.

REVENUE

The Group recorded the consolidated revenue of approximately RMB591,783,000 for the Year, representing a decline of approximately RMB279,283,000 or 32.1% when compared with the same 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 establishing and preliminary exploration, resulting in a decline in the consolidated revenue.

The revenue from the property sales decreased to approximately RMB137,416,000 during the Year, representing a decrease of approximately RMB272,764,000 or 66.5% when compared with the same in 2021. The significant decrease was mainly due to a delay in the development 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 RMB232,710,000 during the Year, representing a decrease of approximately RMB54,999,000 or 19.1% when compared with the same in 2021. The decline was mainly due to the unstable epidemic during the Year, 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 mild improvement in the average occupancy rate of leasing properties in the Year.

The revenue from the hotel operation amounted to approximately RMB221,657,000 during the Year, representing an increase of approximately RMB48,480,000 or 28.0% when compared with the same in 2021. The increase was mainly due to the improvement of the hotel occupancy rate.

GROSS PROFIT

The gross profit of the Group for the Year amounted to approximately RMB117,373,000 for the Year, representing a decline of approximately RMB99,124,000 or 45.8% when compared with the same in 2021. The gross profit margin was 19.8%, decreased by 5.1 percentage points when compared with the same in 2021. The decline in gross profit was mainly due to the rising of construction costs and the outbreak of the epidemic in Zhejiang Province which had an all-round impact on the Group. Although the Group had taken timely countermeasures, the operating efficiency and gross profit were still lower than the same in 2021.

OTHER INCOME AND GAINS, NET

The other income and gains amounted to approximately RMB117,470,000 during the Year, representing a decrease of approximately RMB257,219,000 or 68.6% when compared with the same 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 RMB56,515,000 and a dividend income from equity investments of approximately RMB54,315,000 in 2021 which were both not available in the 2022 Year, together with the significant decline in interest income of approximately RMB78,969,000 in the Year.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses amounted to approximately RMB150,151,000 during the Year, representing a decrease of approximately RMB32,547,000 or 17.8% when compared with the same in 2021. Such 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 RMB222,601,000 during the Year, representing a decrease of approximately RMB26,875,000 or 10.8% when compared with the same in 2021. Such decline was due to the decrease in headcounts for new projects deployed.

OTHER EXPENSES

The other expenses amounted to approximately RMB83,522,000 during the Year, mainly representing the impairment provision for property and equipment of RMB12,867,000, the impairment provision for intangible assets of RMB14,858,000 and the impairment provision of right-of-use assets of RMB19,936,000 as resulted from a business revaluation of the parent-child family club, Maggie & Rose.

FINANCE COSTS

The finance costs of the Group amounted to approximately RMB139,909,000 for the Year, representing a decrease of approximately RMB83,185,000 or 37.3% when compared with the same 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 YEAR

The loss attributable to the Group was approximately RMB461,640,000 for the Year, comparing with a net loss of approximately RMB302,815,000 in 2021, such loss for the Year was mainly due to the fact the Group has recorded a decrease in fair value of investment properties of approximately RMB115,160,000 and the significant decline in interest income of approximately RMB78,969,000 for the 2022 Year.

CAPITAL EXPENDITURE

The Group's capital expenditure requirements mainly relate to additions of its property and equipment. The Group spent approximately RMB118,551,000 on property and equipment during the Year.

SIGNIFICANT INVESTMENTS

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

CAPITAL STRUCTURE

As at 31 December 2022, the Group had aggregate cash and cash equivalents and restricted cash of approximately RMB1,180,239,000 (as at 31 December 2021: approximately RMB1,948,034,000). The current ratio (as measured by current assets to current liabilities) as at 31 December 2022 was 0.93 (as at 31 December 2021: 1.05).

As at 31 December 2022, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB1,319,438,000 and approximately RMB2,689,041,000 respectively (as at 31 December 2021: approximately RMB1,527,310,000 and approximately RMB3,107,940,000 respectively). Except for certain 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 31 December 2022, the Group's gearing ratio was 44% (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 31 December 2022, the Group's bank borrowings and other borrowings of approximately RMB4,008,479,000 (as at 31 December 2021: approximately RMB4,635,250,000) were secured by the Group's pledge of assets as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Property and equipment	1,177,639	1,185,489
Investment properties	213,321	2,681,570
Properties under development	2,435,636	485,411
Completed properties held for sale	628,696	678,740
Restricted cash	1,856	64,109
	<u>4,457,148</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.

TREASURY POLICIES (Continued)

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

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2022, the Group's contingent liabilities was approximately RMB406,830,000 (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 31 December 2022, the Group's capital commitments for property development expenditures amounted to approximately RMB1,049,590,000 (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 31 December 2022, the Group had 1,332 employees (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 abovementioned challenges and address the uncertainties faced by the Group, including formulating effective marketing strategies and plans and improving our products and services quality to consolidate our brand. The Group will put more efforts in formulating new policies, guidelines, systems and processes to facilitate effective cost management, risk management, internal control and sustainable environmental management to enhance company management standards and corporate governance standards. For growth strategy, the Group will focus on identifying possible acquisitions with future development prospects and profitability to improve the returns on assets. The Group will further emphasize on investor relations management, and continue to convey clearly the operation vision, business updates and future development strategies of the Group and other information to various stakeholders through press conferences, roadshows, media delegation visits and one-on-one analyst or investor interview and otherwise to strive for the recognition and support from various stakeholders and obtain more resources for business development 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 help us to mitigate risk and seize the opportunities in the real market situation.

The Group believes that our people are critical factors to the Group's success and competitiveness in the market. As such, we had adopted a share option scheme 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 create customer 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 YEAR

A subsidiary of Zhong An Group Limited proposes to apply for registration of the medium-term notes in an aggregate principal amount of up to RMB1,900,000,000 ("**Medium-term Notes**"), which will be a company bond with a term of no more than three years. The Medium-term Notes are proposed to be guaranteed by an independent third party guarantor of Zhong An Group Limited, with unconditional and irrevocably joint and several liability. On 27 February 2023, the Company and Zhong An Group Limited entered into an agreement, pursuant to which two subsidiaries of the Company will make available and pledge certain properties to the independent third party guarantor of the Medium-term Notes as a counter guarantee (the "**Agreement**"). The Agreement and the transactions contemplated thereunder constitute a non-exempted connected transaction for the Company under Chapter 14A of the Listing Rules, and are subject to independent shareholders' approval in its upcoming extraordinary general meeting.

ENVIRONMENT POLICIES AND PERFORMANCE

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

We have closely monitored our projects at different stages to ensure that construction process is in compliance with 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.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on 8 June 2023, Thursday. Notice of the AGM will be published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk), and will be dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2022 have been agreed with the Company’s auditor, Ernst & Young, certified public accountants (“**Ernst & Young**”), to be consistent with the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2022. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, the Company did not purchase, sale or redeem any Shares on the Stock Exchange (corresponding year in 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 year 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 Year and up to the date of this announcement.

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

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

CLOSURE OF REGISTER OF MEMBERS

For determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from 5 June 2023, Monday to 8 June 2023, Thursday (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 2 June 2023, Friday.

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, 24 March 2023

As at the date of this announcement, the Board comprises Mr Shi Nanlu and Mr Liu Bo as executive directors of the Company; Mr Shi Zhongan, Mr Tang Min and Mr Zhang Chunsheng as non-executive directors of the Company; and Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Shen Xiao as independent non-executive directors of the Company.