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 MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Unaudited For the six months ended 30 June		Percentage of increase/ (decrease)
	2016	2015	
Revenue *(RMB'000)*	**486,106**	198,405	145%
Profit attributable to equity holders of the Company *(RMB'000)*	**63,926**	96,338	(34%)
Earnings per share attributable to equity holders of the Company – Basic and diluted	**RMB4 cents**	RMB6 cents	(34%)

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 (collectively referred to as the "**Group**") for the six months ended 30 June 2016 (the "**period under review**") together with the comparative figures for the corresponding period in 2015, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**486,106**	198,405
Cost of sales		**(308,355)**	(120,073)
Gross profit		**177,751**	78,332
Other income and gains	*4*	**13,637**	112,128
Selling and distribution costs		**(39,235)**	(17,272)
Administrative expenses		**(46,459)**	(42,055)
Other expenses		**(174)**	(353)
Finance costs		**(5,707)**	(10,235)
Changes in fair value of investment properties		**17,144**	27,031
Share of losses of Joint ventures		**(3)**	(1,147)
Profit before tax	*5*	**116,954**	146,429
Income tax expense	*6*	**(57,016)**	(44,950)
Profit for the period		**59,938**	101,479
Attributable to:			
Equity holders of the Company		**63,926**	96,338
Non-controlling interests		**(3,988)**	5,141
		59,938	101,479
Earnings per share attributable to equity holders of the Company			
Basic and diluted	*7*	**RMB3.68 cents**	RMB5.54 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**59,938**	101,479
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	**(1,781)**	(59)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(1,781)**	(59)
Other comprehensive income for the period, net of tax	**(1,781)**	(59)
Total comprehensive income for the period	**58,157**	101,420
Attributable to:		
Equity holders of the Company	**62,145**	96,279
Non-controlling interests	**(3,988)**	5,141
	58,157	101,420

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
NON-CURRENT ASSETS			
Property and equipment		**154,940**	161,563
Investment properties		**5,279,000**	5,244,100
Properties under development		**3,156,954**	2,909,524
Available-for-sale investments		**28,300**	3,300
Investments in joint ventures		**771**	774
Long term prepayments		**304,839**	15,360
Restricted cash		**94,200**	90,100
Deferred tax assets		**23,293**	19,289
Total non-current assets		**9,042,297**	8,444,010
CURRENT ASSETS			
Completed properties held for sale		**1,066,844**	1,361,490
Properties under development		**381,605**	312,676
Inventories		**5,613**	4,358
Trade and bills receivables	*8*	**22,967**	15,321
Prepayments, deposits and other receivables		**104,270**	90,343
Amounts due from a related company		**57,831**	66,534
Restricted cash		**147,961**	50,794
Cash and cash equivalents		**218,600**	947,638
Total current assets		**2,005,691**	2,849,154
CURRENT LIABILITIES			
Trade payables	*9*	**618,300**	823,192
Other payables and accruals		**127,303**	158,838
Advances from customers		**229,783**	160,852
Amounts due to a related company		**1,200**	1,200
Interest-bearing bank and other borrowings		**1,446,716**	707,472
Tax payable		**254,269**	220,694
Total current liabilities		**2,677,571**	2,072,248
NET CURRENT (LIABILITIES)/ASSETS		**(671,880)**	776,906
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,370,417**	9,220,916

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,144,131**	3,051,662
Deferred tax liabilities	**954,950**	949,412
Total non-current liabilities	**3,099,081**	4,001,074
Net assets	**5,271,336**	5,219,842
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**136,692**	138,183
Reserves	**4,958,249**	4,901,276
	5,094,941	5,039,459
Non-controlling interests	**176,395**	180,383
Total equity	**5,271,336**	5,219,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity holders of the Company									
	Share capital *RMB'000*	Share premium account *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2016	**138,183**	**432,533**	**1,281,751**	**5,974**	**81,716**	**236,509**	**2,862,793**	**5,039,459**	**180,383**	**5,219,842**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**63,926**	**63,926**	**(3,988)**	**59,938**
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(1,781)**	**–**	**(1,781)**	**–**	**(1,781)**
Repurchase of shares	**(1,491)**	**(5,172)**	**–**	**–**	**–**	**–**	**–**	**(6,663)**	**–**	**(6,663)**
At 30 June 2016 (unaudited)	**136,692**	**427,361**	**1,281,751**	**5,974**	**81,716**	**234,728**	**2,926,719**	**5,094,941**	**176,395**	**5,271,336**
At 1 January 2015	138,183	432,533	1,281,751	5,974	81,716	225,261	2,122,456	4,287,874	169,550	4,457,424
Profit for the period	–	–	–	–	–	–	96,338	96,338	5,141	101,479
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(59)	–	(59)	–	(59)
Total comprehensive income for the period	–	–	–	–	–	(59)	96,338	96,279	5,141	101,420
At 30 June 2015 (unaudited)	138,183	432,533	1,281,751	5,974	81,716	225,202	2,218,794	4,384,153	174,691	4,558,844

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. Corporate information

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

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 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 2015.

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 financial statements for the year ended 31 December 2015, except for the adoption of the new standards and interpretations as of 1 January 2016, noted below:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[3] No mandatory effective date yet determined but is available for adoption

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

2.3 New and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance not yet adopted

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

IFRS 9	*Financial Instruments*[2]
IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]
Amendments to IAS 7	*Disclosure Initiative*[1]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

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 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 which 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, prepaid tax, 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 sale 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 months ended 30 June 2016 and 2015, respectively.

Six months ended 30 June 2016 (unaudited)	**Commercial property development** *RMB'000*	**Property rental** *RMB'000*	**Hotel operations** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue					
Sales to external customers	**426,215**	**35,555**	**21,668**	**2,668**	**486,106**
Intersegment sales	**–**	**14,500**	**–**	**–**	**14,500**
	426,215	**50,055**	**21,668**	**2,668**	**500,606**
Reconciliation:					
Elimination of intersegment sales					**(14,500)**
Revenue					**486,106**
Segment results	**116,075**	**26,268**	**(9,140)**	**(11,043)**	**122,160**
Reconciliation:					
Interest income					**501**
Finance costs					**(5,707)**
Profit before tax					**116,954**

Six months ended 30 June 2015 (unaudited)	Commercial property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	139,320	36,008	22,587	490	198,405
Intersegment sales	–	14,037	–	–	14,037
	139,320	50,045	22,587	490	212,442
Reconciliation:					
Elimination of intersegment sales					(14,037)
Revenue					198,405
Segment results	24,093	39,871	(6,222)	(11,139)	46,603
Reconciliation:					
Interest income					110,061
Finance costs					(10,235)
Profit before tax					146,429

The following tables present segment assets of the Group's operating segments as at 30 June 2016 and 31 December 2015, respectively:

As at 30 June 2016 (unaudited)	**Commercial property development** *RMB'000*	**Property Rental** *RMB'000*	**Hotel operations** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment assets	**9,353,136**	**628,472**	**483,677**	**471,492**	**10,936,777**
Reconciliation:					
Elimination of intersegment receivables					**(397,019)**
Corporate and other unallocated assets					**508,230**
Total assets					**11,047,988**
Segment liabilities	**1,118,219**	**15,281**	**11,900**	**228,205**	**1,373,605**
Reconciliation:					
Elimination of intersegment payables					**(397,019)**
Corporate and other unallocated liabilities					**4,800,066**
Total liabilities					**5,776,652**
As at 31 December 2015 (audited)					
Segment assets	3,797,736	5,829,105	478,832	419,735	10,525,408
Reconciliation:					
Elimination of intersegment receivables					(359,567)
Corporate and other unallocated assets					1,127,323
Total assets					11,293,164
Segment liabilities	1,183,120	14,849	12,269	293,412	1,503,650
Reconciliation:					
Elimination of intersegment payables					(359,567)
Corporate and other unallocated liabilities					4,929,239
Total liabilities					6,073,322

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 2016 and 30 June 2015.

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 months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(a) Revenue		
Sale of properties	**448,921**	147,850
Property leasing income	**37,276**	44,808
Property management fee income	**2,851**	519
Hotel operating income	**22,548**	23,970
Less: Business tax and surcharges	**(25,490)**	(18,742)
	486,106	198,405
(b) Other income		
Interest income from a joint venture	**–**	98,088
Bank interest income	**501**	11,973
Subsidy income	**10,647**	–
Others	**1,131**	658
	12,279	110,719
(c) Gains		
Foreign exchange gains	**1,358**	–
Gain on disposal of items of investment properties	**–**	1,409
	1,358	1,409
Total	**13,637**	112,128

5. Profit before tax

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**295,000**	104,310
Depreciation	**7,099**	6,122
Minimum lease payments under operating leases:		
– Office premises	**2,176**	1,111
Auditors' remuneration	**250**	250
Staff costs	**30,197**	26,071
Foreign exchange differences, net	**1,358**	186
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**1,335**	1,437
Gain on disposal of items of investment properties	**–**	1,409
Fair value gain, net:		
Changes in fair value of investment properties	**(17,144)**	(27,031)

6. Income tax expense

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 the PRC income tax has been provided at the applicable income tax rate of 25% (six-month period ended 30 June 2015: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
PRC income tax for the period	**31,037**	4,796
PRC LAT for the period	**24,445**	8,166
Deferred tax	**1,534**	31,988
Total tax charge for the period	**57,016**	44,950

7. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of RMB63,926,000 (six-month period ended 30 June 2015: RMB96,338,000) and the weighted average number of ordinary shares of 1,737,470,000 (30 June 2015: 1,738,000,000) in issue during the period, as adjusted to reflect the rights issued during the period.

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company	**63,926**	96,338

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year	**1,737,470,000**	1,738,000,000

The Group had no potential dilutive ordinary shares in issue for the period ended 30 June 2016 (2015:Nil).

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 2016	31 December 2015
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within six months	**535,143**	734,814
Over six months but within one year	**66,951**	60,137
Over one year	**16,206**	28,241
	618,300	823,192

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 2016	31 December 2015
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**723,039**	803,335

11. Contingent liabilities

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**308,123**	230,071

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 months ended 30 June 2016 (corresponding period in 2015: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Market And Business Review

During the first half of 2016, supported by a series of favorable governmental policies, the real estate market of the People's Republic of China ("**PRC**") continued to pick up with rise in volume and price, and record-breaking land prices emerges vigorously. Various indexes including investments, pricing, sales volume of real estate and land market bounced back from bottom or rose rapidly and led to a slight tightening policy in real estate and capital financing since the second quarter. The PRC economy was undergoing a transformation period as the Purchase Manager Index for China service industry hit a new high in June 2016, demonstrating that the growth in service industry and domestic consumption started to underpin the overall economy, and showing sign of success as a result of its reform.

The Group is a commercial property developer and operator committed to developing integrated commercial complexes in sub-city centers of second tier cities in the Yangtze River Delta region. It anticipates expanding its business into the land development sector in different cities in PRC in future as well as the respective new urbanization services. The Group adopts the integrated business model of selling and leasing property, strategically decentralizing its income source and return period.

As at 30 June 2016, the property development projects held by the Group included 8 completed projects, units in 2 completed buildings, 6 projects under development, 3 projects held for future development and 2 projects contracted to be acquired. The total gross floor area ("**GFA**") of land reserves of the Group was approximately 2,996,028 sq.m., and is expected to support its development at least in the next five years.

For property sales, Jia Run Mansion（嘉潤公館）, the serviced apartments of the International Office Center ("**IOC**") (Plot A3), continued to be the major driver to drive up property sales income significantly. The 2016 Group of Twenty (G20) Summit will be held in Qianjiang Century City（錢江世紀城）, Hangzhou in September where the venue is adjacent to Jia Run Mansion（嘉潤公館）. The public transportation and greenery infrastructure in that region are rapidly developing, which make the project sales buoyant. The property sell-through ratio is over 90%, and the average selling price per square meter also recorded a significant growth.

For property leasing, currently, the principal income of the Group is derived from Highlong Plaza, Xiaoshan District, Hangzhou. In order to consolidate its local inference, Highlong Plaza commenced its assets optimisation programs and commercial porfolio restructuring since April 2016, and is expected to exert a temporary impact on rental income during the year. Starting next year, the rental income from Highlong Plaza is expected to improve due to the benefits brought by its assets optimization programs and diversified commercial portfolio, and together with the near to completion and soon opening Yuyao Zhong An Times Square phase I and phase II projects which will generate additional leasable area of approximately 200,000 sq.m, the overall property rental income of the Group is expected to increase.

For hotel operations, as Holiday Inn Hangzhou Xiaoshan also carried out its refurbishment project during the period under review, the revenue from hotel operation recorded a slight drop. The construction progress of the hotel projects in Qiandao Lake, Hangzhou and Huaibei, Anhui went smooth. It is expected that two hotels will commence operation respectively by the end of the year and early next year. The homestay business progressed well. As at 30 June 2016, the Group had in total two self-operated homestay facilities under the brand name of "Another Village"(又一邨) and approximately 70,000 franchised rooms are available for travellers to book under the Zhong Jia Le Homestay Travel Web(眾家樂民宿旅遊網).

Revenue

The Group recorded an unaudited consolidated revenue of approximately RMB486,106,000 for the period under review, representing an increase of approximately 145% as compared to the revenue of approximately RMB198,405,000 for the corresponding period in 2015, mainly driven by the growth in property sales.

Revenue from the property sales jumped 204% from approximately RMB147,850,000 for the corresponding period in 2015 to approximately RMB448,921,000 as more serviced apartment units were sold and delivered during the first half year of 2016. The Group has launched the A3.5 and A3.7 serviced apartment buildings of the IOC (Plot A3) in a timely manner to the market based on our accurate prediction of market trend and effective sales channels that caused a surge in property sales income during the period under review.

The revenue from property leasing and property management amounted to approximately RMB40,127,000 (corresponding period in 2015: RMB45,327,000), representing a decrease of approximately 11% as compared to the corresponding period in 2015. The hotel operation of the Group recorded a revenue of approximately RMB22,548,000 (corresponding period in 2015: approximately RMB23,970,000), representing a decrease of approximately 6% as compared to the corresponding period in 2015. Such decrease was due to the short-term disruption to revenue as a result of asset enhancements works carried out by the Group at the Highlong Plaza shopping mall since April 2016. All the works are scheduled to be completed by the end of September 2016 and those shops temporary closed for renovation will be re-opened on the "National Day Golden Week" that begins around 1 October 2016. Even though theses enhancement initiatives have a temporary effect on revenue, they are expected in return for our long-term competitiveness and profitability.

Gross profit

Gross profit of the Group for the period under review amounted to approximately RMB177,751,000, representing an increase of approximately 127% when compared with approximately RMB78,332,000 for the corresponding period in 2015. Gross profit margin was approximately 37%, decreased by approximately 2 percentage point when compared with approximately 39% for the corresponding period in 2015. The decrease in gross profit margin was mainly due to the increased proportion in revenue from the sales of properties segment whose gross profit margins are lower than that for property leasing and hotel operation segments.

Other income and gains

During the period under review, other income and gains decreased from approximately RMB112,128,000 for the corresponding period in 2015 to approximately RMB13,637,000, mainly due to the record of the non-recurring other interest income of approximately RMB98,088,000 from the interest-bearing loans to a joint venture for the corresponding period in 2015 while no such income had aroused in the period under review.

Selling and distribution costs

The selling and distribution costs of the Group increased from approximately RMB17,272,000 for the corresponding period in 2015 to approximately RMB39,235,000 for the period under review, representing an increase of approximately 127%. Such increase was principally due to an increase in sales commission, advertising and promotional expenses of the Jia Run Mansion（嘉潤公館）during the period under review comparing to the corresponding period in 2015.

Administrative expenses

During the period under review, the administrative expenses of the Group rose from approximately RMB42,055,000 for the corresponding period in 2015 to approximately RMB46,459,000, representing an increase of approximately 10%. The increase was mainly attributable to the increase in the Group's staff headcount and remuneration during the period under review. The Group's new expanding healthcare services and homestay business were at different stages of their gestation period, that need more investment in human resources to promote a smooth development.

Earnings

The unaudited profit attributable to the equity holders of the Company was approximately RMB63,926,000 for the period under review (corresponding period in 2015: approximately RMB96,338,000), representing a decrease of approximately 34%. The decrease in profit attributable to equity holders of the Company for the period under review was primarily attributable to the fact that no non-recurring other interest income from the interest-bearing loans to a joint venture was recognised for the period under review while such income of approximately RMB98,088,000 was recorded in the corresponding period 2015.

Land reserve

As of 30 June 2016, the Group had a total of 19 projects and units in 2 completed buildings located in Shanghai, Anhui Province and Zhejiang Province. The total project GFA attributable to the Group in Shanghai, Anhui Province and Zhejiang Province was approximately 341 sq. m., 67,061 sq. m. and 2,928,626 sq. m., respectively, which was approximately 2,996,028 sq. m. in aggregate.

The following table sets forth a summary of the Group's property interests as of 30 June 2016:

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	12,225
Integrated Service Center	Hangzhou, Zhejiang Province	Integrated Commercial Complex	2,979	11,164	5,913
Highlong Plaza	Hangzhou, Zhejiang Province	Integrated Commercial Complex	30,933	171,071	105,599
Landscape Garden (Phase I)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	53,260	14,104	2,461
Landscape Garden (Phase II)	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	34,073	13,008	7,846
White Horse Noble Mansion	Hangzhou, Zhejiang Province	Residential with ancillary commercial component	73,514	169,439	3,312
Xihu Guomao Center	Hangzhou, Zhejiang Province	Commercial	246	676	676
Hidden Dragon Bay	Hangzhou, Zhejiang Province	Integrated Commercial Complex	89,173	241,695	108,806
La Vie	Shanghai	Commercial	171	341	341
International Office Center (Plot A3)	Hangzhou, Zhejiang Province	Integrated Commercial Complex	39,060	327,996	253,893
Projects Under Development					
Zhong An Times Square (Phase I)	Yuyao, Zhejiang Province	Integrated Commercial Complex	65,159	305,473	305,473
Zhong An Times Square (Phase II)	Yuyao, Zhejiang Province	Integrated Commercial – Residential Complex	71,519	322,935	235,140
Cixi Ningbo Land	Ningbo, Zhejiang Province	Integrated Commercial Complex	49,804	159,510	159,510
Hangzhou Qiandao Lake Run Zhou Resort Hotel	Hangzhou, Zhejiang Province	Hotel	119,398	46,691	46,691
Commercial portion of the Chaoyang Community Site	Hangzhou, Zhejiang Province	Integrated Commercial Complex	10,541	53,033	53,033
VC Hotel	Huaibei, Anhui Province	Hotel	60,768	67,061	67,061
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
Land Parcel	Hangzhou, Zhejiang Province	Office/Commercial	39,703	59,555	59,555
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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period under review, there was no material acquisition or disposal of subsidiaries or associated companies of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors confirmed that as at the date of this interim results announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed 534 staff (corresponding period in 2015: 469 staff). For the six months ended 30 June 2016, the unaudited staff cost of the Group was approximately RMB30,197,000 (corresponding period of 2015: approximately RMB26,071,000), representing an increase of approximately 16%. The increase was due to the increase in 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 2016, the Group had aggregate cash and cash equivalents and restricted cash of approximately RMB460,761,000 (as at 31 December 2015: approximately RMB1,088,532,000).

The current ratio as at 30 June 2016 was approximately 0.75 (as at 31 December 2015: approximately 1.37).

As at 30 June 2016, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB1,446,716,000 and RMB2,144,131,000 respectively (as at 31 December 2015: approximately RMB707,472,000 and RMB3,051,662,000 respectively).

The unaudited consolidated interest expenses for the six months ended 30 June 2016 amounted to approximately RMB5,707,000 (corresponding period in 2015: approximately RMB10,235,000). In addition, for the six months ended 30 June 2016, interests with an unaudited amount of approximately RMB134,073,000 (corresponding period in 2015: approximately RMB155,189,000) were capitalized.

As at 30 June 2016, the ratio of total liabilities to total assets of the Group was approximately 52.3% (as at 31 December 2015: approximately 53.8%).

As at 30 June 2016, the Group's gearing ratio (as measured by net debt to total equity) was approximately 59.4% (as at 31 December 2015: approximately 51.2%). Net debt is calculated as total borrowings less cash, cash equivalents and restricted cash. The increase in gearing ratio is primarily due to the increase in net debt resulted from the payment of property development expenditures during the period under review.

The ratio of interest-bearing bank and other borrowings to total assets was approximately 32.5% (as at 31 December 2015: approximately 33.3%). The decrease was due to the repayment of bank loans during the period under review.

CAPITAL COMMITMENTS

As at 30 June 2016, the capital commitments of the Group were approximately RMB723,039,000 (as at 31 December 2015: approximately RMB803,335,000), 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 2016, the contingent liabilities of the Group were approximately RMB308,123,000 (as at 31 December 2015: approximately RMB230,071,000), which were 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 2016, the Group's bank borrowings of approximately RMB3,540,847,000 (as at 31 December 2015: approximately RMB3,709,134,000) were secured by the Group's pledge of assets as follows:

	As at 30 June 2016	As at 31 December 2015
	RMB'000	*RMB'000*
Investment properties	**2,386,775**	3,692,270
Properties under development	**1,037,399**	1,037,399
Completed properties held for sale	**354,956**	421,466
Property, plant and equipment	**134,558**	139,339
Pledged cash	**239,000**	90,040
100% equity interest in a subsidiary of the Group	**6,000**	6,000
	4,158,688	5,386,514

FOREIGN EXCHANGE RISK

The Group's businesses are located in the PRC and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for certain bank balances and bank loans denominated in US$ and HK$. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks for the period under review and the corresponding period in 2015.

INTEREST RATE RISKS

The Group has no significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group currently does not use any interest rate swaps to hedge its interest rate risks.

EVENTS AFTER THE PERIOD UNDER REVIEW

No significant event affecting the Group took place subsequent to 30 June 2016 and up to the date of this announcement.

PROSPECTS AND OUTLOOK

Looking ahead in the second half of 2016, it is expected that the entire market is able to maintain a sound recovery trend. This round of healthy adjustment under the "Destocking" policy was first initiated in first-tier and second-tier cities, which is expected to drive the full recovery in second-tier and third-tier cities. Under the policy guidance, in the second half year, the overheated real estate market may be hampered with a slower increase in property price. However, the overall market will remain at a high level. The Group is rooted in the financially strong Yangtze River Delta region with numerous advantages such as low cost lands and segmented layout under the privileged policies, and we strongly believe that the products under the Group will continue to be well received by the market.

The International Office Center ("**IOC**") project is still the major development project of the Group. Qianjiang Century City (錢江世紀城), where IOC is located, and Qianjiang New Town (錢江新城) across the river are the new main city centers in Hangzhou. For the Qianjiang Century City segment, this project enjoys a spectacular river view with superior geographical advantages. With the imminent Group of Twenty (G20) Summit in September 2016, its transportation and greenery construction are speeding up, bringing significant benefits in promoting the projects. The Hangzhou Olympic Sports Stadium which is adjacent to the project will host the 2022 Asian Games in future and will fuel the further increase in the project value. The Group is of full confidence about the development prospect of the overall IOC project.

In the coming year, the Group will welcome the clustered completion period of its investment properties. The phase I and phase II of Yuyao Zhong An Times Square, a large high-end integrated commercial complex comprising shopping malls, office buildings and hotels will be completed by the end of 2016. The Group reached the strategic cooperation with Beijing Yintai Landmark Commercial Co., Ltd. (北京銀泰置地商業有限公司) in September 2015 to pursue the joint operation project of Zhong An Yin Tai Cheng (眾安銀泰城) shopping mall adopting the "internet+" model, in which it will enhance the attraction of the entire project effectively. In addition, the resort hotel in Qiandao Lake, Hangzhou and the hotel project in Huaibei, Anhui will also commence operation respectively by the end of this year and early next year, whereby the Group will record significant growth in its property leasing and hotel operation segments by that time, and the long-term stable revenue from property leasing and hotel operation will contribute the continuing improvement of the operating activities cash flow of the Group, and support the healthy development of its future business.

For new businesses, the Group will continue to explore and gradually achieve the development strategy of transforming into the light asset business-based operation, actively facing the development opportunities brought by the urbanization in the PRC, promoting and deepening industry internetization, and developing diversified new property projects. While controlling the stable development of the existing investment size of commercial complexes effectively, it will actively develop emerging industries like leisure tourism, healthcare services, cultural and entertainment and modern agriculture. The Company will also adhere firmly on its prudent financial strategies, enhance corporate governance transparency, seek satisfactory and continuous returns for the shareholders of the Company.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016 (corresponding period in 2015: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the code provisions set out in the revised Corporate Governance Code (the "CG Code")(effective from accounting period beginning on 1 January 2016) as stated 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 six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2016.

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 chairperson of the Audit Committee is Mr. Ng Sze Yuen, Terry. The other members are Mr. Xu Chengfa and Mr. Yim Chun Leung. The Audit Committee comprised all of the three independent non-executive Directors. The condensed consolidated financial information for the six months ended 30 June 2016 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 interim condensed consolidated financial information of the Company for the six months ended 30 June 2016, 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

During the period under review, the Company repurchased a total of 1,880,000 shares on the Stock Exchange pursuant to the general mandate granted by the shareholders at the annual general meeting held on 20 May 2015. Details of share repurchase were as follows:–

Month/year	Number of shares purchased	Highest price paid *HKD*	Lowest price paid *HKD*	Total paid *HKD*
May/2016	1,880,000	4.32	4.12	7,929,282
Total	1,880,000			7,929,282

All shares repurchased were cancelled and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the Company and its shareholders as a whole by enhancing the value of the net assets and earnings per share of the Company.

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
Chairperson

The PRC, 26 August 2016

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