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 2016

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2016	2015	Change
Revenue *(RMB'000)*	**858,371**	503,986	+70%
Gross profit *(RMB'000)*	**324,991**	179,444	+81%
Profit attributable to equity holders of the Company *(RMB'000)*	**147,042**	740,337	-80%
Earnings per share attributable to equity holders of the Company – Basic and diluted *(RMB Cents)*	**8**	43	-81%

	As at 31 December		
	2016	2015	Change
Total assets *(RMB'000)*	**11,288,945**	11,293,164	–%
Net assets *(RMB'000)*	**5,342,059**	5,219,842	+2%
NAV per share *(RMB)* *(Note)*	**2.98**	2.90	+3%

Note:

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

CHAIRPERSON'S STATEMENT

Dear shareholders,

On behalf of China New City Commercial Development Limited (the "Company") and its subsidiaries (collectively referred as the "Group"), I am pleased to present the results of the Group for the year ended 31 December 2016 ("the year under review").

REVIEW OF RESULTS

For the year under review, revenue of the Group was approximately RMB858,371,000, representing an increase of approximately 70.3% from the year of 2015. Gross profit was approximately RMB324,991,000, representing an increase of approximately 81.1% as compared to the year of 2015. Gross profit margin was 37.9%, representing an increase of 2.3 percentage points as compared to that in 2015. Profit attributable to equity holders of the Company was approximately RMB147,042,000, representing a decrease of 80.1% when compared with the year of 2015, while earnings per share amounted to approximately RMB8 cents, decreased by 81.4% over the year of 2015. The board ("Board") of directors ("Directors") of the Company does not recommend the payment of final dividend for the year under review (2015: nil).

MARKET AND BUSINESS REVIEW

In 2016, the real estate market of the People's Republic of China ("PRC") ushered a sharp rise due to the situation of destocking. The robust atmosphere spanned from the first-tier cities to the second-tier and even reached part of the third-tier cities. The picking up of real estate market drove up the land prices vigorously, including those domestic real estate data such as commodity housing sales area and sales amounts with record peaks. Since the fourth quarter, with the promulgation of regulatory policies, the real estate market in China was cooling down gradually.

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 towns and counties in PRC in future as well as the respective new urbanization services. The Group follows the integrated business model of selling and leasing property, strategically decentralizing its income source and return period.

1. Property Sales

The serviced apartments of the International Office Center ("IOC") (Plot A3) created successive satisfactory sales results and continued to be the major driver to drive up the property sales income significantly. The project is adjacent to the venue of 2016 Group of Twenty (G20) Summit and the stadium of Hangzhou Olympic and International Expo Center, in which the latter will host the 2020 Asian Games, with Qianjiang New Town, the political and cultural center in Hangzhou, just across the river. Thus, it is warmly welcomed by the market due to its favorable geographical location. The Company intends to develop Plot A2 this year to assure the steady development of property sales income.

2. Property Leasing

Currently, the principal property leasing income of the Group is derived from Highlong Plaza, Xiaoshan District, Hangzhou. In order to consolidate its local influence, the shopping mall portion of the project commenced its assets optimisation programs and commercial portfolio restructuring since April 2016. The occupancy rate of Highlong Plaza reached over 97% after its renovation. It also increased more shop merchant ratio for children, catering and living services with differentiation and experience. The Company expects the Zhong An Yin Tai Cheng project, located in Yuyao, Ningbo, will also be launched in the second half year and is expected contribute revenue to property leasing segment.

3. Hotel Operations

The hotel Holiday Inn Hangzhou Xiaoshan operated well during the year under review. Qiandao Lake Resort Hotel and Huaibei VC Hotel will also open one after another in the first half of this year, and will be managed and operated under our self-owned brand "Bright". The two high-end hotel projects can provide approximately 500 leasable guest rooms in total. It is expected that the Group will benefit from the obvious growth in terms of the number of leasable hotel rooms.

PROSPECTS AND OUTLOOK AND DEVELOPMENT STRATEGIES

Looking ahead into 2017, we believe the government will continue to introduce different policies in different cities. It is expected that government of the first-tier and second-tier cities will further increase their regulations in real estate market to restrict investments and speculative demand; while third-tier and fourth-tier cities will endeavor destocking. The main development segment of the Group is at the Yangtze River Delta region that has strong economic fundamentals and benefited from the continuous population and resources inflow for a long period of time. After over a year of destocking, currently, the stock-to-sales ratio in core cities has hit a record low. It is believed that the real estate market will maintain a stable upward trend in the coming year.

Upon its listing of shares on the Main Board of the Stock Exchange, the Group is at its construction stage due to its main projects. In 2017, the Company will be in its harvest period due to the completion of more properties. The launch of several main projects such as Zhong An Times Square, Hangzhou Qiandao Lake Resort Hotel and Huaibei VC Hotel will significantly increase our leasable area and the number of leasable guest rooms of the entire property portfolio, providing stable cash flow support to the Group in the long run.

The International Office Center project is still the major development project of the Group. Benefiting from favorable policies, Qianjiang Century City where the project located is under fast construction and development. Hangzhou Olympic Sports Stadium, adjacent to the IOC project, will host international major sports events such as the 2020 Asian Games in future. Benefiting from its strategic layout and cheap cost of land that the Group had acquired in early years, the IOC project enjoys absolute geographical advantage and development potential in this segment. The Company intends to develop Plot A2 of IOC this year to create sustainable impetus to property sales.

The Group plans to start the development of Jiangcun Plot this year. Jiangcun Plot is located in Xihu District, Hangzhou, and is in close proximity to Xixi Wetland. The project is scheduled to construct an integrated commercial complex comprising serviced apartments, office buildings and shops. The Group plans to explore more lands with low price but high potential in 2017 through mergers and acquisitions.

For new businesses, the Group will continue to explore and gradually achieve the development strategy of transforming into the asset management and operation-based, 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, the Group will actively develop emerging industries such as leisure tourism, healthcare services, cultural and entertainment and modern agriculture. The Company will also adhere firmly to its prudent financial strategies, enhance corporate governance transparency, seek satisfactory and continuous returns for the shareholders of the Company.

ACKNOWLEDGEMENT

At last, on behalf of the Board, I would like to express my sincere gratitude to the continuing support and trust of the shareholders of the Company and business partners as well as the dedicated efforts of all the staff of the Group.

Shi Kancheng
Chairperson

Hong Kong, 27 March 2017

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2016 together with the comparative amounts for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	4	**858,371**	503,986
Cost of sales		**(533,380)**	(324,542)
Gross profit		**324,991**	179,444
Other income and gains	4	**16,832**	256,899
Selling and distribution expenses		**(80,142)**	(55,176)
Administrative expenses		**(107,503)**	(109,165)
Other expenses		**(11,232)**	(752)
Fair value gain upon transfer to investment properties		**–**	796,581
Changes in fair value of investment properties		**124,994**	29,414
Finance costs	5	**(2,218)**	(19,602)
Share of profits and losses of:			
Joint venture		**(15)**	(2,208)
Profit before tax	6	**265,707**	1,075,435
Income tax expense	7	**(128,642)**	(324,265)
Profit for the year		**137,065**	751,170
Attributable to:			
Owners of the parent		**147,042**	740,337
Non-controlling interests		**(9,977)**	10,833
		137,065	751,170
Earnings per share attributable to ordinary equity holders of the parent	8		
Basic		**RMB8 cents**	RMB43 cents
Diluted		**RMB8 cents**	RMB43 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**137,065**	751,170
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,185)**	11,248
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(8,185)**	11,248
Total comprehensive income for the year	**128,880**	762,418
Attributable to:		
Owners of the parent	**138,857**	751,585
Non-controlling interests	**(9,977)**	10,833
	128,880	762,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000
Non-current assets			
Property and equipment		**1,340,238**	161,563
Investment properties		**5,129,937**	5,244,100
Properties under development		**1,332,915**	2,909,524
Available-for-sale investments		**28,300**	3,300
Long term prepayments		**311,265**	15,360
Investments in a joint venture		**759**	774
Deferred tax assets		**11,089**	19,289
Restricted cash		**118,231**	90,100
Total non-current assets		**8,272,734**	8,444,010
Current assets			
Completed properties held for sale		**1,232,200**	1,361,490
Properties under development		**990,130**	312,676
Inventories		**9,439**	4,358
Trade receivables	*10*	**19,642**	15,321
Prepayments, deposits and other receivables		**102,354**	90,343
Amount due from a related company		**80,067**	66,534
Restricted cash		**46,258**	50,794
Cash and cash equivalents		**298,308**	947,638
Investment properties classified as held for sale		**237,813**	–
Total current assets		**3,016,211**	2,849,154
Current liabilities			
Trade payables	*11*	**726,999**	823,192
Other payables and accruals		**115,816**	158,838
Advances from customers		**308,120**	160,852
Amounts due to related companies		**268,200**	1,200
Interest-bearing bank and other borrowings		**1,104,000**	707,472
Tax payable		**242,548**	220,694
Total current liabilities		**2,765,683**	2,072,248
Net current assets		**250,528**	776,906
Total assets less current liabilities		**8,523,262**	9,220,916

	31 December 2016 RMB'000	31 December 2015 RMB'000
Non-current liabilities		
Interest-bearing bank and other borrowings	**2,196,609**	3,051,662
Deferred tax liabilities	**984,594**	949,412
Total non-current liabilities	**3,181,203**	4,001,074
Net assets	**5,342,059**	5,219,842
Equity		
Equity attributable to owners of the parent		
Share capital	**138,034**	138,183
Reserves	**5,033,619**	4,901,276
	5,171,653	5,039,459
Non-controlling interests	**170,406**	180,383
Total equity	**5,342,059**	5,219,842

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

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

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

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

2.2 Significant accounting policies

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

Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

3. Operating segment information

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

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

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

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

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

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

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

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

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

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

Year ended 31 December 2015	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	374,922	81,901	45,372	1,791	503,986
Intersegment sales	–	27,412	–	9,569	36,981
	374,922	109,313	45,372	11,360	540,967
Reconciliation:					
Elimination of intersegment sales					(36,981)
Revenue from operations					503,986
Segment results	255,720	858,163	(11,296)	(20,133)	1,082,454
Reconciliation:					
Interest income					12,583
Finance costs					(19,602)
Profit before tax					1,075,435
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
Other segment information:					
Share of profits and losses of:					
Joint ventures	2,182	26	–	–	2,208
Depreciation	1,765	624	8,184	1,950	12,523
Investments in joint ventures	–	774	–	–	774
Capital expenditure	266	1,012	5,679	246	7,203

Geographical information

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

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2016 and 2015.

4. Revenue, other income and gains

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

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

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**769,893**	397,637
Property leasing income	**58,087**	88,018
Property management fee income	**14,402**	2,420
Hotel operating income	**46,749**	48,107
Less: Business tax and surcharges*	**(30,760)**	(32,196)
	858,371	503,986

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

	2016	2015
	RMB'000	*RMB'000*
Other income		
Interest income from a joint venture	**–**	115,633
Bank interest income	**969**	12,583
Others	**14,519**	1,209
	15,488	129,425
Gains		
Gain on disposal of joint ventures	**–**	125,954
gain on disposal of items of investment properties	**–**	1,409
Foreign exchange gains	**1,344**	111
	1,344	127,474
	16,832	256,899

5. Finance costs

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

	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**253,749**	320,546
Less: Interest capitalised in properties under development	**(251,531)**	(300,944)
	2,218	19,602

6. Profit before tax

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

	2016	2015
	RMB'000	*RMB'000*
Cost of properties sold	**492,880**	289,543
Depreciation	**13,090**	12,523
Minimum lease payments under operating leases:		
– Office premises	**2,206**	2,614
Auditors' remuneration	**1,200**	1,747
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	**57,948**	45,666
– Pension scheme contributions	**6,494**	7,464
Foreign exchange differences, net	**(1,344)**	(111)
Direct operating expenses (including repairs and maintenance arising on investment properties)	**2,815**	4,592
Loss/(gain) on disposal of investment properties	**7,221**	(1,409)
Fair value gain, net:		
Fair value gain upon transfer to investment properties	**–**	(796,581)
Changes in fair value of investment properties	**(124,994)**	(29,414)

7. Income tax

The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the year (2015: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2015: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

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

	2016	2015
	RMB'000	*RMB'000*
Current – PRC corporate income tax for the year	**44,512**	41,708
Current – PRC LAT for the year	**44,785**	18,605
Deferred	**39,345**	263,952
Total tax charge for the year	**128,642**	324,265

8. 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 year attributable to ordinary equity holders of the parent of RMB147,042,000 (2015: RMB740,337,000) and the weighted average number of ordinary shares of 1,736,790,000 (2015: 1,738,000,000) in issue during the year, as adjusted to reflect the rights issued during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2016 (2015: Nil).

9. Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

10. Trade receivables

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

Trade receivables are non-interesting-bearing and unsecured.

11. Trade payables

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

	2016	2015
	RMB'000	*RMB'000*
Within six months	**526,838**	734,814
Over six months but within one year	**188,219**	60,137
Over one year	**11,942**	28,241
	726,999	823,192

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:

	2016	2015
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**478,185**	803,335

13. Contingent liabilities

	2016	2015
	RMB'000	*RMB'000*
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**314,227**	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 for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2016, the property sector policies in the People's Republic of China were eased in the beginning of year and gradually tightened throughout the year. Under the guidance policy of destocking unsold homes, property prices and land values went up quickly in popular cities, and market transactions for the whole year also hit record high. With the regulating policies issued by local governments in the fourth quarter, market trends gradually stabilized.

Looking ahead into 2017, the regulating policies in popular cities will further tightened, while under current situation of low inventory, property price is expected to remain stable. By benefiting from different cities introducing different policies, the supply and demand in third-tier and forth-tier cities will further improve.

DEVELOPMENT OF MAJOR PROJECTS

Hangzhou, Zhejiang Province

Highlong Plaza

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

International Office Center

IOC 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, a hotel and offices. The total site area of Plot A is 92,610 sq.m. and planned total GFA is 798,795 sq.m. The project is in three phases, consists of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground car parking spaces with a total GFA of approximately 327,996 sq.m. It is expected that Plot A2 will commence in 2017.

Jiangcun Parcel

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

Chaoyang Ginza

It is the commercial portion of the Chaoyang community parcel, Xiaoshan District, Hangzhou with a total site area of 10,541 sq.m and total GFA of 53,033 sq.m. The project mainly includes serviced apartments and shops, and pre-sale was commenced in 2016. It is expected to complete by the end of 2017.

Hangzhou Qiandao Lake Resort Hotel

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

Yuyao, Zhejiang province

Zhong An Times Square

It is a large-scale integrated commercial project located in Yuyao, Zhejiang province with estimated total GFA of 628,385 sq.m. The development of project is completed by two phases, comprising a hotel, shops, residences, serviced apartments, shopping malls and offices. The construction of phase II of this project was completed in 2016, and phase I is expected to complete in 2017. All net economic benefits arising from the pre-sale or sale of the residential apartments in Phase II shall belong to a connected person (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the Group according to the Cooperation Agreement entered into between such connected person and the Group (through its indirect non-wholly owned subsidiary) on 16 March 2014. Details of the Cooperation Agreement were disclosed in the prospectus ("Prospectus") of the Company dated 17 June 2014 under the section headed "Continuing Connected Transaction".

Huaibei, Anhui Province

VC Hotel

It is a hotel project in Huaibei, Anhui province, with a site area of 60,768 sq.m. and total GFA of 67,061 sq.m. This project is expected to complete and commence business in 2017.

Sales Review

For the year under review, the recognized sales of properties (sold and delivered) was approximately RMB769,893,000 (2015: approximately RMB397,637,000). The recognized sales area of properties was approximately 52,612 sq. m. and the recognized average sales price was approximately RMB14,633 per sq. m..

2016 Contracted sales

For the year under review, the contracted sales area of the Group was approximately 87,225 sq. m. (2015: approximately 68,759 sq. m.), contracted sales revenue was approximately RMB1,187,000,000 (2015: approximately RMB746,000,000), details of the contracted sales of the major projects are as below:

	Contracted sales area *(sq. m.)*	**Contracted sales revenue** *(RMB million)*
Zhejiang Province		
Hidden Dragon Bay	183	3
Jia Run Mansion	57,192	813
Yuyao Zhong An Times Square	24,849	242
Chaoyang Yinzuo	5,176	52
Serviced apartment units of Hiqhlong Plaza	5,826	76
Total	87,225	1,187

It is expected that the GFA available of major projects for sale or lease or operation in 2017 is approximately 635,906 sq. m., with details as below:

		GFA available for sale/lease/ operation *(sq. m.)*	**Usage**
Hangzhou, Zhejiang province	International Office Center Plot A3	139,681	For sale/leasing
	Hidden Dragon Bay	121,169	For sale/leasing
	Hiqhlong Plaza	99,773	For sale/leasing
	Hangzhou Qiandao Lake Run Zhou Resort Hotel	46,691	For operation
	Chaoyang Yinzuo	47,857	For sale
Yuyao, Zhejiang province	Yuyao Zhong An Times Square	113,674	For sale
Huaibei, Anhui province	Vancouver City Hotel	67,061	For operation
	Total	635,906	

Hotel Operation

Holiday Inn Hangzhou Xiaoshan of the Group is adjacent to Highlong Plaza in Xiaoshan district, Hangzhou, Zhejiang province. The hotel operation of the Group recorded a revenue of approximately RMB46,749,000 (2015: approximately RMB48,107,000) during the year under review and the hotel occupancy rate was approximately 58% (2015: approximately 55%).

Leasing Business

The current leasing income of the Group mainly comes from Highlong Plaza. The plaza comprises offices, a shopping mall, three hotels, serviced apartments and underground parking spaces. The total revenue from leasing business for the year under review was approximately RMB58,087,000, representing a decrease of about 34.0% from RMB88,018,000 recorded in the previous year. The average occupancy rate of leasing properties was approximately 79% (2015: approximately 75%).

Land Reserve

As at 31 December 2016, the property development projects owned by the Group included 7 completed projects and units in 2 completed buildings, 4 projects under development, 4 projects held for future development and 2 projects contracted to be acquired. The total GFA of land reserves of the Group was approximately 2,900,000 sq. m..

FINANCIAL ANALYSIS

Revenue

Consolidated revenue of the Group was approximately RMB858,371,000 for the year under review, representing an increase of 70.3% as compared to the revenue of approximately RMB503,986,000 for the year of 2015. This was mainly due to the increase in the revenue from sales of properties.

For the year under review, the revenue from sales of properties amounted to approximately RMB769,893,000, representing an increase of 93.6% from approximately RMB397,637,000 for the year of 2015. The increase was primarily due to the increase in the recognition of sales of properties delivered during the year under review, which was mainly revenue from sale of properties from the Jia Run Mansion.

The revenue from property leasing recorded a decrease of 34.0% to approximately RMB58,087,000 during the year under review (2015: approximately RMB88,018,000). The revenue from hotel operation was approximately RMB46,749,000 during the year under review, representing a decrease of approximately 2.8% as compared to previous year of approximately RMB48,107,000. Such decrease was due to the periodic tenants and trade adjustments carried out by the Group during the year under review.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the year under review amounted to approximately RMB324,991,000, representing an increase of approximately 81.1% when compared to approximately RMB179,444,000 for the year of 2015. This was mainly due to the increase in revenue from sales of properties.

Gross profit margin for the year under review was approximately 37.86% (2015: approximately 35.60%). The increase was mainly due to the improvement in gross profit margin from the sales of properties.

Other Income and Gains

During the year under review, other income and gains amounted to approximately RMB16,832,000 (2015: approximately RMB:256,899,000), lower as compared with last year. This was mainly due to other interest income of approximately RMB115,633,000 from interest-bearing loans to a joint venture and the gain on disposal of the interest in a joint venture of approximately RMB125,954,000 which contributed one-off net gain for 2015 result.

Selling and Distribution Costs

For the year under review, selling and distribution expenses amounted to approximately RMB80,142,000 (2015: approximately RMB55,176,000), representing an increase of 45.3% as compared to that from last year. Such increase was principally due to an increase in advertising and promotional expenses of the Jia Run Mansion during the year under review.

Administrative Expenses

For the year under review, administrative expenses amounted to approximately RMB107,503,000 (2015: approximately RMB109,165,000), representing a decrease of approximately 1.5% from last year.

Finance Costs

For the year under review, finance costs was approximately RMB2,218,000 (2015: approximately RMB19,602,000), representing a decrease of approximately 88.7% from last year, due the reduce of borrowings for the year under review, which arising from the interest on bank loans and other borrowings for completed properties held for sale which could no longer be capitalized.

Earnings

For the year under review, the profit attributable to equity holders of the Company amounted to approximately RM147,042,000 (2015: approximately RMB740,337,000), representing a decrease of approximately 80.1% compared to last year. The decrease in profit attributable to equity holders of the Company for the year under review was primarily attributable to the fact that (i) other interest income of approximately RMB115,633,000 from interest-bearing loans to a joint venture in last year; (ii) the gain on disposal of 50% of the entire equity interest in a joint venture for approximately RMB125,954,000 in last year; and (iii) fair value gain upon transfer to investment properties of approximately RMB796,581,000 in last year.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position and Fund Available

As at 31 December 2016, the total cash and bank balances of the Group were approximately RMB462,797,000 (2015: approximately RMB1,088,532,000), comprising cash and cash equivalents of approximately RMB298,308,000 (2015: approximately RMB947,638,000) and restricted cash of approximately RMB164,489,000 (2015: approximately RMB140,894,000).

As at 31 December 2016, the Group's available financial resources amounted to approximately RMB15.6 billion and the undrawn borrowing facilities were approximately RMB12.2 billion.

Borrowings

As at 31 December 2016, the Group's bank and other borrowings amounted to approximately RMB3,300,609,000 (2015: approximately RMB3,759,134,000), comprising bank loans of approximately RMB3,000,609,000 (2015: approximately RMB2,465,134,000) and other loans of approximately RMB300,000,000 (2015: approximately RMB1,294,000,000).

The maturity profile of borrowings were as follows:

	As at 31 December 2016 *RMB'000*	As at 31 December 2015 *RMB'000*
Within 1 year or on demand	**1,104,000**	707,472
Over 1 year but within 2 years	**989,609**	1,438,245
Over 2 years but within 5 years	**757,000**	1,133,417
Over 5 years	**450,000**	480,000
	3,300,609	3,759,134

Bank and other borrowings bear interest at fixed rates and floating rates. The Group's bank and other borrowings bear interest at rates ranging from 2.11% to 12.00% per annum as at 31 December 2016 (2015: 2.02% to 12.00% per annum). The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

Pledge of Assets

As at 31 December 2016, the Group's bank borrowings of approximately RMB3,250,609,000 (2015: approximately RMB3,709,134,000) were secured by the Group's pledge of assets as follows:

	As at 31 December 2016 *RMB'000*	As at 31 December 2015 *RMB'000*
Investment properties	**2,355,739**	3,692,270
Properties under development	**1,673,772**	1,037,399
Completed properties held for sale	**893,109**	421,466
Property, plant and equipment	**128,816**	139,339
Restricted cash	**117,231**	90,040
100% equity interest in a subsidiary of the Group	**–**	6,000
	5,168,667	5,386,514

Net Current Assets and Current Ratio

As at 31 December 2016, the Group's net current assets amounted to approximately RMB250,528,000 (2015: approximately RMB776,906,000). As at 31 December 2015, the Group's current ratio, calculated as current assets divided by current liabilities, was approximately 1.09 (2015: approximately 1.37).

Gearing Ratio

As at 31 December 2016, the Group's gearing ratio (as measured by net debt to total equity) was 53.1% (2015: 51.2%). Net debt is calculated as total borrowings less cash, cash equivalents and restricted cash.

Cost of borrowings

For the year under review, the total cost of borrowings of the Group was approximately RMB253,749,000 (2015: approximately RMB320,546,000), representing a decrease of approximately RMB66,797,000 (20.8%) when compared with the year of 2015. In addition, for the year under review, interests with an amount of approximately RMB251,531,000 (2015: approximately RMB300,944,000) were capitalized. The decrease was mainly attributable to lower average balance of borrowings.

TREASURY POLICIES

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

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

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2016, the Group's contingent liabilities was approximately RMB314,227,000 (2015: approximately RMB230,071,000), which were mainly the guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to purchasers of the Group's properties.

COMMITMENTS

As at 31 December 2016, the Group's commitments for property development expenditures amounted to approximately RMB478,185,000 (2015: approximately RMB803,335,000). It is expected that the Group will finance such commitments from its own funds and loans.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed 793 staff (2015: 678). For the year under review, the staff costs of the Group was approximately RMB64,442,000 (2015: approximately RMB53,130,000), representing an increase of 21.3%, mainly due to the increased headcounts and average salary during the year under review.

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

STRATEGIES

Looking forward, the management had drawn up short term goals for the year of 2017 as follows:

- increase the operating cash inflow to reduce current debt ratio; and

- seize the opportunity of the rapid increase of homestay passengers in PRC, especially in southern regions such as Zhejiang Province, thereby promoting the development of homestay industry of the Group.

To pursuit the abovementioned goals, the management will take a proactive approach in facing the following identified challenges:

- the economy in Zhejiang Province will most likely mirror the trend of the key macroeconomic indicators of the country and go downwards and this may affect local demand for commercial properties;

- tourism consumption activities may further slow down as the PRC continues to face economic headwinds and Renminbi depreciation.

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

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

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

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

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

ENVIRONMENT POLICIES AND PERFORMANCE

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

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

EVENTS AFTER THE YEAR UNDER REVIEW

Reference is made to the announcement of the Company dated 11 January 2017. On 11 January 2017, Zhejiang Zhongan Shenglong Commercial Co., Ltd. ("Zhong An Shenglong"), an indirect non-wholly owned subsidiary of the Company, entered into a memorandum of understanding ("MOU") with Hangzhou Oriental Culture Tourism Group Co., Ltd ("Hangzhou Oriental") in relation to the proposed acquisition by Zhong An Shenglong of 42.5% of the entire equity interests in Zhejiang Xinnongdou Industrial Co., Ltd ("Zhejiang Xinnongdou") from Hangzhou Oriental ("Proposed Acquisition"). The proposed consideration for the Proposed Acquisition is expected to be about RMB700 million, which will be settled partly by cash and partly by the issue of new shares in the Company. The consideration for the Proposed Acquisition will be further negotiated, which is to be determined by reference to the net asset value of Zhejiang Xinnongdou as shown in its audited consolidated financial statements for the year ended 31 December 2016 and adjusted by the parties based on the results of the due diligence review. Under the MOU, Zhong An Shenglong has paid a refundable earnest deposit in the amount of RMB127 million to Hangzhou Oriental. The principal activities of Zhejiang Xinnongdou and its subsidiaries are the development, construction and management of logistics center for agricultural products. The entering into of the MOU allows the Group to capture the business and development opportunities arising from the demand for modern logistics platform for agricultural products due to the continued urbanisation, economic growth and improvement in living standards of the residents in the Yangtze River Delta region and thereby may boost the revenue of the Group.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on Thursday, 8 June 2017. Notice of AGM will be published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk), and will be despatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

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

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

The results for the year ended 31 December 2016 have been audited in accordance with Hong Kong Standards on Auditing, issued by the Hong Kong Institute of Certified Public Accountants, by Ernst & Young whose unmodified auditor's report is included in the annual report to be sent to shareholders.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Month/year of repurchase	**Number of shares repurchased**	**Highest price paid**	**Lowest price paid**	**Total paid**
		HKD	*HKD*	*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.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 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 year under review and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

This announcement is published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2016 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 Monday, 5 June 2017 to Thursday, 8 June 2017 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 2 June 2017.

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

Hong Kong, 27 March 2017

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.