



中國新城市商業發展有限公司
China New City Commercial Development Limited

2016 Interim Results Presentation

(Stock code: 1321.HK)

August 2016





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Part 1

Results Overview



Results Overview

Operating Performance

- As of 30 Jun 2016, sale of properties increased 2.04 times to approx. RMB449 million year-on-year, driven by the large increase of sales from Jia Run Mansion during the period under review
- Property leasing income and hotel operating income decreased 16.8% and 5.9% to approx. RMB37 million and approx. RMB23 million respectively, mainly due to the refurbishment project undertaken by Highlong Plaza and Holiday Inn Hangzhou Xiaoshan

Financial Performance

- As of 30 Jun 2016, the revenue of the Group was approx. RMB486 million, representing an YoY increase of about 145%; Profit attributable to equity holders of the Company decreased 33.6% YoY to RMB64 million as the Group recognized a non-recurring other interest income of RMB98 million for the corresponding period in 2015 while no such income occurred in 2016H1
- The total cash and bank balances of the Group were approx. RMB461 million. The ratio of net debt to total equity was 59.4%

Land Bank

- As at 30 Jun 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 GFA of land reserves of the Group was approx. 2,996,028 sq. m., and is expected to support its development at lease in the next five years



Part 2

Financial Review



Financial Review

<i>(RMB '000)</i> <i>As of 30 Jun 2016</i>	2016	2015	change
Turnover	486,106	198,405	145.0%
Gross profit	177,751	78,332	126.9%
Gross profit margin	36.6%	39.5%	-2.9 bps
Profit attributable to equity holders of the Company	63,926	96,338	-33.6%
Profit for the period	59,938	101,479	-40.9%
Basic earning per share (RMB)	3.68 cents	5.54 cents	-33.6%
Dividend per share (RMB)	--	--	

Balance Sheet Highlights

<i>(RMB '000)</i>	As of 30 Jun 2016	As of 31 Dec 2015
Total Cash	460,761	1,088,532
Total assets	11,047,988	11,293,164
Total assets less current liabilities	8,370,417	9,220,916
Shareholder' s equity	5,094,941	5,039,459
Total equity (Net asset)	5,271,336	5,219,842

Note: Total cash = Cash and cash equivalent + Restricted cash

Key Financial Ratios

	As of 30 Jun 2016	As of 31 Dec 2015
Current ratio	0.75	1.37
Total liability to total assets ratio	52.3%	53.8%
Net debt to total assets ratio	28.3%	23.6%
Net debt to total equity ratio	59.4%	51.2%

Note (1): Current ratio = Current assets / Current liabilities

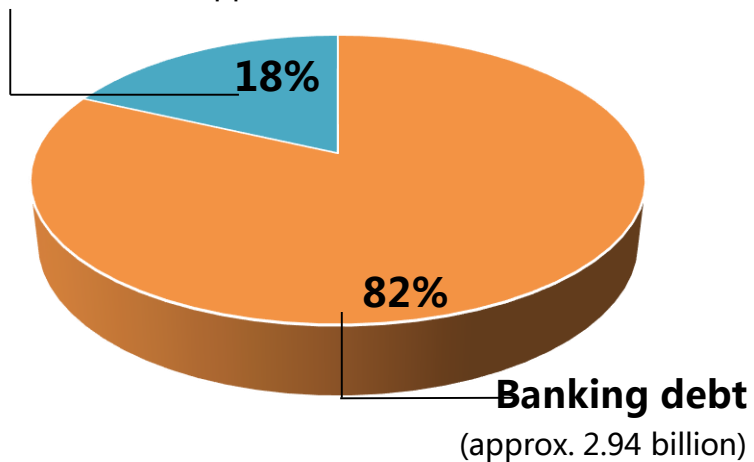
Note (2): Total assets = Total liability + Total equity

Note (3): Net debt = Total debt – Total cash

Debt Structure

Total Debt: RMB 3.59 billion Debt Composition

Other debt (approx. 0.65 billion)



(As of 30 Jun 2016)

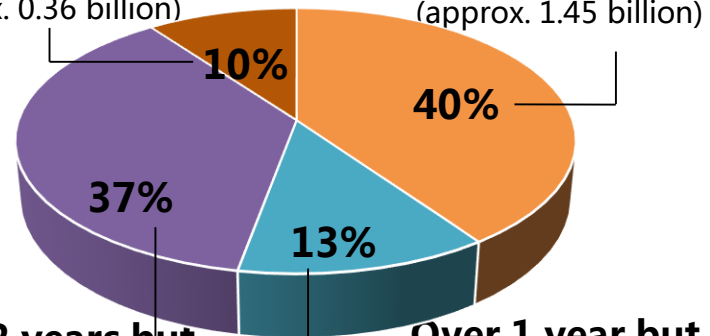
Total Debt: RMB 3.59 billion Debt Maturity

Over 5 years

(approx. 0.36 billion)

Within 1 year

(approx. 1.45 billion)



Over 2 years but within 5 years

(approx. 1.33 billion)

Over 1 year but within 2 years

(approx. 0.45 billion)

(As of 30 Jun 2016)



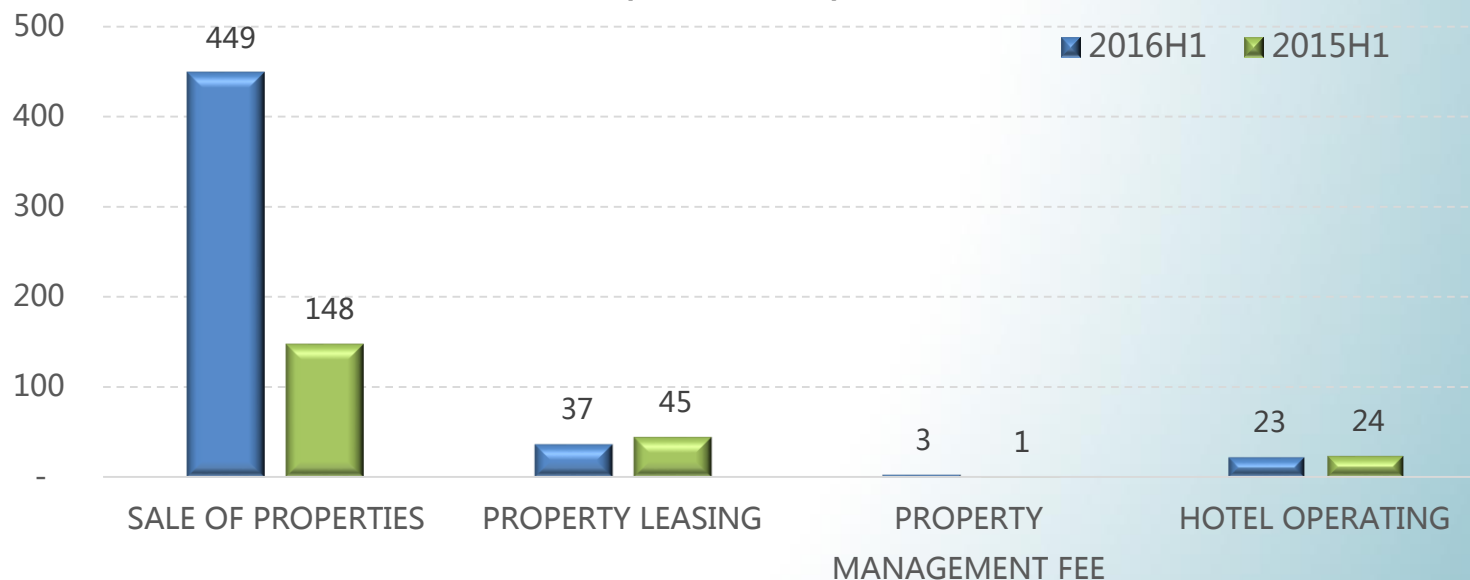
Part 3

Operations Review



Segment Revenue

Segment revenue of 2016H1 as compared to 2015H1
(RMB million)



Segment revenue of 2016H1 as compared to the same period of 2015

+203.6%	-16.8%	+449.3%	-5.9%
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Business Development

Property Sales

- Jia Run Mansion, the serviced apartments of the International Office Center ("IOC") (Plot A3), continued to push up property sales income significantly
- The 2016 Group of Twenty (G20) Summit will be held in Qianjiang Century City in Hangzhou this September where the venue is just adjacent to Jia Run Mansion
- The development of public transportation and greenery infrastructure in that region are accelerating, which make the project sales buoyant
- The property sell-through ratio of launched products was over 90% and the average selling price per square meter also recorded a significant growth.

Property Leasing

- In order to consolidate its local inference, Highlong Plaza commenced its assets optimisation programs and commercial portfolio restructuring since Apr 2016, and is expected to exert a temporary impact on rental income during the year
- Starting next year, the rental income from Highlong Plaza will be improved 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 an additional leasable area of approximately 200,000 sq. m., the overall property rental income of the Group will enter into its organic growth upward trend

Hotel Operations

- As Holiday Inn Hangzhou Xiaoshan also carried out its refurbishment project, the revenue from hotel operation recorded a slight drop
- The construction progress of the hotel projects in Qiandao Lake, Hangzhou and Huaibei 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 two self-operated homestay facilities under the brand name of "Another Village" and approx. 70,000 rooms available for travelers to book on Zhong Jia Le Homestay Travel Web

Major Investment Properties

Investment Properties	Location	Total GFA (sq. m.)	Status	Opening Year*	
1	Highlong Plaza, Hangzhou	Downtown district of Xiaoshan	Approx. 171,071	In operation	2007
2	Hidden Dragon Bay, Hangzhou	Xianghu New Town, Xiaoshan	Approx. 241,695	In operation	2013
3	IOC Plot A3, Hangzhou	Qianjiang Century City, Xiaoshan	Approx. 327,996	For sale/operation	2015
4	Hangzhou Qiandao Lake Run Zhou Resort Hotel	Chunan County	Approx. 46,691	Under construction	2016
5	VC Hotel, Huaibei	Xiangshan District, Huaibei	Approx. 67,061	Under construction	2017
6	Zhong An Times Square, Yuyao	Downtown district of Yuyao	Approx. 628,408	Under construction	2017
7	IOC A1&A2, Hangzhou	Qianjiang Century City, Xiaoshan	Approx. 470,428	Under planning	
8	Land Parcel in Xihu District, Hangzhou	Xihu District, Hangzhou	Approx. 59,555	Under planning	

* Actual/Expected Opening Year



Part 4

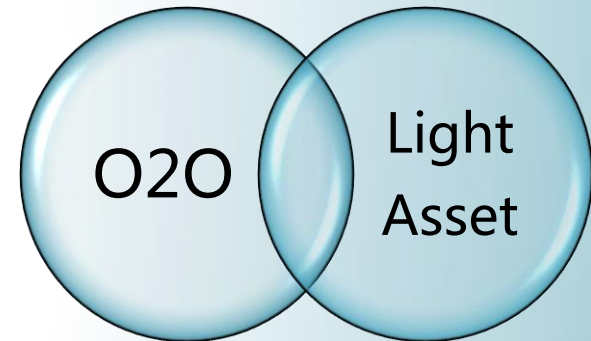
Strategies and Outlook



Development Strategies

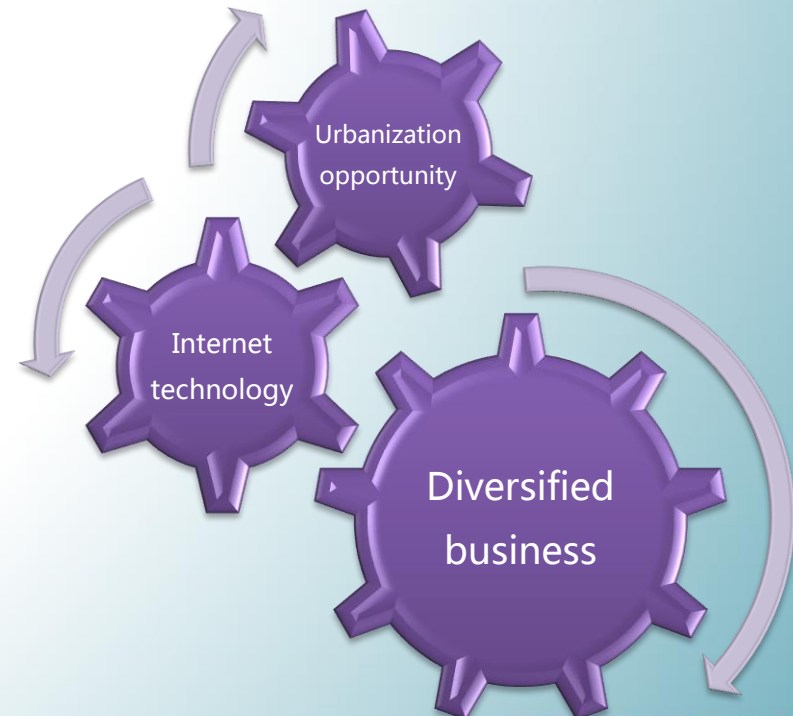
Positioning

Commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region



Business

- Sales of properties
- Property leasing
- property management
- Hotel operation
- **Urbanization related business**
 - ⋮ **Leisure and travel**
 - ⋮ **Elderly and health care**
 - ⋮ **Culture and entertainment**
 - ⋮ **Modern agriculture**



Future Outlook

Expansion of IOC project

- The IOC project is still the major development project of the Group. Qianjiang Century City, where IOC is located, and Qianjiang New Town across the river are the new main city centers in Hangzhou
- With the imminent Group of Twenty (G20) Summit in Sep 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 of the project value. The Group is full of confidence about the development prospect of the overall IOC project

Welcome the completion of investment properties in the coming year

- The commercial complex project of Yuyao Zhong An Times Square will be completed by the end of 2016. The Group reached the strategic cooperation with Beijing Yintai Landmark Commercial Co., Ltd. in Sep 2015 to pursue the joint operation project of Zhong An Yin Tai Cheng shopping mall adopting the “internet+” model, in which it will enhance the attraction of the entire project effectively
- The hotel projects in Qiandao Lake and Huaibei will also commence operation respectively by the end of this year and early next year
- 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

Continue to explore and gradually achieve the light asset focused strategy

- The Group will actively face 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



Q & A





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Thank You !

