XINMING CHINA
新明中国控股

XINMING CHINA HOLDINGS LIMITED
新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2699

INTERIM REPORT 2016

CONTENTS

COMPANY PROFILE

Xinming China Holdings Limited (the "Company" or "Xinming China"), listed on the Main board of the Hong Kong Stock Exchange on 6 July 2015 (Stock Code: 02699), together with its subsidiaries (collectively referred to as the "Group") is an integrated residential and commercial property developer. The Group is currently carrying out 16 property development projects in Shanghai, Chongqing, Taizhou, Tengzhou, Hangzhou and other regions of China.

The Company has comprehensive property development capabilities and a diverse and complete property development portfolio.

The Company is focused on the Child-Centric property market and dedicated to creating a complete value chain for maternity, babies and children business by seizing the market opportunity brought about by favorable policies. The Group's 'Chinese Bambino' (中童巴比尼) projects in Hangzhou and Shanghai are designed to provide good quality products and services in dressing, dining, accommodation, travel, entertainment, shopping, healthcare, education, etc. The unique business model will bring a strong competitive advantage to the Company and create ample room and great potential for our development.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chen Chengshou *(Chairman and Chief Executive Officer)*
Mr. Feng Cizhao
Mr. Wong Thian Tsu Michael

Non-Executive Director

Ms. Gao Qiaoqin

Independent Non-Executive Directors

Mr. Gu Jiong
Mr. Lo Wa Kei, Roy
Mr. Fong Wo, Felix

AUDIT COMMITTEE

Mr. Lo Wa Kei, Roy *(Chairman)*
Mr. Gu Jiong
Mr. Fong Wo, Felix

REMUNERATION COMMITTEE

Mr. Gu Jiong *(Chairman)*
Mr. Fong Wo, Felix
Mr. Lo Wa Kei, Roy

NOMINATION COMMITTEE

Mr. Chen Chengshou *(Chairman)*
Mr. Gu Jiong
Mr. Fong Wo, Felix

AUTHORIZED REPRESENTATIVES

Mr. Chen Chengshou
Mr. Kam Chun Ying Francis

COMPANY SECRETARY

Mr. Kam Chun Ying Francis

COMPLIANCE ADVISER

China Everbright Capital Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS IN THE PRC

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Zhejiang Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Admiralty Centre,
18 Harcourt Road
Admiralty
Hong Kong

CORPORATE INFORMATION

COMPANY'S WEBSITE ADDRESS

http://www.xinm.com.cn

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial Bank Co. Ltd, Lu Qiao Branch
Agricultural Bank of China, Jiao Jiang Branch
China Construction Bank, Taizhou Branch

AUDITOR

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS TO THE COMPANY

Li & Partners (As to Hong Kong Laws)
Jingtian & Gongcheng (As to PRC Laws)

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 02699)

RESULTS HIGHLIGHTS

The Group announces the highlights of the consolidated results for the six months ended 30 June 2016 as set out below:

- Turnover of the Group amounted to approximately RMB506.5 million, representing a decrease of approximately 48% as compared to the same period of last year.
- Gross profit of the Group amounted to approximately RMB261.7 million, representing an increase of approximately 1.9% as compared to the same period of last year.
- Profit attributable to the shareholders of the Company was approximately RMB43.0 million, representing a decrease of approximately 48.6% as compared to the same period of last year.
- Basic earnings per share was approximately RMB0.03.
- The board (the "Board") of directors (the "Directors") of the Company did not recommend the payment of interim dividend as of 30 June 2016.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Board is pleased to announce the interim results of the Group for the six months ended 30 June 2016 (the "Period"). The Group's interim results were not audited but were reviewed by the audit committee of the Company (the "Audit Committee").

BUSINESS REVIEW

The Group's total revenue for the Period amounted to approximately RMB506.5 million, representing a decrease of approximately 48.0% from approximately RMB973.8 million for the corresponding period of last year.

Profit attributable to the shareholders of the Company for the Period amounted to approximately RMB43.0 million, representing a decrease of approximately 48.6% from approximately RMB83.6 million for the corresponding period of last year.

During the Period, earnings per share were approximately RMB0.03 (for the first half of 2015: RMB0.06).

As at 30 June 2016, the Group's total assets amounted to approximately RMB7,701.5 million (31 December 2015: approximately RMB7,563.0 million), while total liabilities amounted to approximately RMB5,731.8 million (31 December 2015: approximately RMB5,652.8 million); total equity was approximately RMB1,969.7 million (31 December 2015: approximately RMB1,910.2 million), and net asset value per share was approximately RMB1.05 (31 December 2015: approximately RMB1.02).

With the global economy remaining sluggish in 2016, China was facing multiple challenges of its own during its structural transition. The property market continued to see an unbalanced development. The domestic residential property market was plagued by an oversupply problem, while the commercial property market was dragged by high inventories. Despite confronting a combination of unfavorable external and internal factors, the Group has steadily promoted its traditional residential and commercial property business while capturing new opportunities in the commercial property market. The Group actively expanded into the maternity, baby & children (MBC) property market with the vision to open up new horizons for the future growth of our brand, thereby promoting co-development, co-sharing and a win-win between different segments of our industrial chain.

During the Period, we further deepened our commercial property development business and enriched our projects portfolio, leveraging on our insight and extensive knowledge of the Chinese property industry in conjunction with our experience in managing and developing a variety of premier projects in various high-potential cities in China. In addition, the Group also explored the Child-Centric property market by taking advantage of the "two-child policy' introduced by the government and actively preparing to add new elements to the Company's business layout. The Group's 'Chinese Bambino' (中童巴比尼) projects in Hangzhou and Shanghai are designed to meet various needs such as dressing, dining, accommodation, travel, entertainment, shopping, health care and education. With steady progress, the Group expects to become an outstanding provider of a complete value chain platform for MBC businesses to proactively expand to potential cities. In addition, we are taking the initiative to combine the e-commerce business with traditional commercial property business model by utilizing online and offline resources to create a complete value chain platform for MBC businesses in China. The platform will integrate commercial consumption, life entertainment and education, taking various culture elements as a driving power.

Since our landing into the international capital markets in 2015, the Group has adhered to the corporate values of upholding traditional Chinese virtues, operating our business with integrity; safeguarding the spirits of the time and fulfilling our social responsibilities. We are committed to paving the way for sustainable development, striving for innovation while respecting traditions. For these reasons, both the Group's business model and performance are well recognized by the market. The Group has garnered a number of awards granted by industry authorities, such as the "2016 China Specialised Real Estate Company — Child-Centric Real Estate" awarded by China Index Academy. Meanwhile, the Group's Child-Centric real estate projects in Shanghai and Hangzhou are becoming popular with numerous renowned domestic and international brands, which laid a solid foundation for the Group's expansion into the national market, as well as fully implementing the branding strategy of Child-Centric real estate.

In the first half of 2016, the Group recorded sales of properties of RMB475.7 million, representing a decrease of approximately 48.5% as compared to the same period of last year, which was mainly attributed to a substantial decrease of approximately 97% in Gross Floor Area ("GFA") sold for four properties projects including Xinming Lijiang Garden, Wenshang Times • Xinming Household Decorations and Fittings City, Xinming Apartment and Chongqing Xinming • China South-western City Phase 1 due to the drop in the local housing market. Because of that, during the Period, the Group delivered GFA of approximately 29,000 sq.m., representing a decrease of approximately 75.6% as compared to the same period of last year. However, the average selling price during the Period as a whole increased by approximately 109.7% as compared to the same period of last year, which was mainly due to the increased property sales in commercial properties in Shanghai Xinming • Children's World in Shanghai, which is a first-tier city in China. As at 30 June 2016, the property portfolio of the Group comprised 16 property development projects in various cities in the PRC. These projects are under various stages of development, with an aggregate GFA of approximately 1,401,222 sq.m., of which, approximately 492,032 sq.m. of the GFA was completed, approximately 334,477 sq.m. of the GFA was under development and approximately 574,713 sq.m. of the GFA was held for future development.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking ahead, the PRC government will reinforce supply-side structural reform, take further measures to reduce inventory, as well as accelerate the pace of transformation and upgrading. The Group will capitalize on favorable market opportunities and seek to aggressively develop new projects with good potential in diversified regions, further expanding its commercial property business through joint venture cooperation. The Group will also continue to focus on the fast emerging MBC consumer market. The Chinese Bambino project in Shanghai will be an initiative of MBC themed collection store where the Group joins hands with a series of MBC enterprises from overseas markets such as Japan and South Korea, to set up warehouses laid in Shanghai and Hangzhou commercial project, cutting-edge fast delivery of goods, as well as synchronization of prices with that of overseas markets. The Group will concurrently integrate the business model of "internet+" to realize the all-round upgrade of the Chinese Bambino project and to create a complete value chain platform across the country. Furthermore, the Group will actively introduce powerful strategic guarantees for its sustainable development, and interact with more overseas investors to import quality resources, with the aim of achieving excellent operational results to reward its shareholders and society at large.

The Group has established a sound and comprehensive management mechanism and stringent internal control. The Group will make continuous improvements to our development and execution capabilities to ensure the stable and healthy development of our businesses, boost our capital utilization efficiency and accomplish the preset targets for this year. It is expected that the Group will maintain prudential stable business growth in 2016.

DEVELOPMENT STRATEGIES

The formal launch of the MBC themed commercial complex and a MBC themed collection store

In the second half of 2016, Xinming China will lay a more solid foundation for our commercial property development. After nearly a year of strategic deployment, the work of inviting commercial tenants at the Chinese Bambino project in Shanghai has been completed, and the project is expected to be officially opened at the end of this year. The Chinese Bambino project in Hangzhou has also been actively pushing forward. A MBC themed collection store, pioneered by Xinming China, is expected to debut at the Chinese Bambino project in Shanghai. Xinming China has been searching for high quality products globally, aimed at providing a broad range of high quality products and services for MBC under the Chinese Bambino brand. In addition, the themed collection store will adopt the "Internet+" business model, so as to realize the online-offline co-operation mode, developing the Chinese Bambino project into a cradle of MBC business.

Going forward, the Group will focus on the development of commercial complexes targeted at addressing the spending needs of the MBC, and will implement various measures to further control costs and enhance efficiency. The Group will continue to seize opportunities as they arise due to favourable government policies, while seeking to actively expand new land investment projects with promising growth potential in a greater diversity of regions. The Group will continue to expand the Chinese Bambino brand to China's fast-growing first and second tier cities.

Strengthen internal management and preventing risks

The Group will closely monitor market developments, exercise strict risk control so as to ensure the sustainable and healthy development of the Company.

Focus on personnel training, innovation and human resources management

The Group will gradually optimize the training of innovative work step by step, also optimize staff from headquarters through a variety of ways of learning, training and practicing, and actively introduce high-level international talent; progressively realize of the Company's overseas personnel building and training, improve the performance appraisal system for the responsible person of subsidiary enterprises of the Group.

SUMMARY

Looking ahead into the second half of 2016, we believe the Chinese economy will stabilize, but will also confront uncertainty in terms of economic development due to an insufficient endogenous growing force. With the aim of creating a favorable macro environment for supply-side structural reform, the central government will pursue progress while keeping performance stable, increase aggregate demand by an appropriate degree and continue to implement the proactive fiscal policy and prudent monetary policies. In the second half of 2016, the volume and price growth of the domestic real estate industry may face a reversal. Revitalizing assets and cutting inventories will be the main tasks during the second half of 2016.

At this time when the Company marks its first anniversary of entering into the international capital markets, I would like to take this opportunity to express my heartfelt gratitude to the Board; and on behalf of the Board, extend thanks to our management and all staff members for their continuous efforts. I would also like to thank our Shareholders for their support and trust placed in us.

Chen Chengshou
Chairman, Executive Director and Chief Executive Officer

Hangzhou, the PRC
29 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

(Including financial review)

INDUSTRY REVIEW

In the first half of 2016, China's economic growth remained steady and grew within a moderate range. Although the favorable conditions in the Chinese real estate market has persisted since the end of last year, market performances varied among cites. First-tier and second-tier cities have witnessed strong development momentum, while third-tier and fourth-tier cities have been confronted with inventory pressure. The central government has therefore carried out various regulatory policies according to different situations in various cities, including issuing credit limits, purchase limits and price limits, and has carefully managed the frequency and intensity of cutting inventories so as to help ensuring the stable and healthy development of the real estate market.

During the Period, the 'universal two-child policy' in China was introduced, subsequently, the MBC market has entered into an era of rapid growth. According to the data from the National Bureau of Statistics, the number of babies and infants aged between 0 to 4 is over 76 million. The National Health and Family Planning Commission of the People's Republic of China estimates that about 90 million couples of child-bearing age are currently eligible, and there will be 2.5 million newborns each year. The China Research Center for Children's Industry predicts that the MBC market in China will top RMB2.2 trillion in 2016 and will top over RMB3 trillion in 2018. In addition, the acceleration of demand and the strengthening of consumption by Chinese consumers will raise the need for differentiated products and high-quality consumer experience.

With our insight and extensive knowledge of the Chinese property industry, a firm foundation in commercial real estate, and a development direction of personalization and theming, Xinming China has continued to enrich its product mix. The Group has proactively created a strategy that focuses on the development of thematic commercial complexes addressing the spending needs of MBC. To date, the Group has implemented this strategic plan in both Shanghai and Hangzhou.

BUSINESS OVERVIEW

During the Period, the Group recorded a total revenue of approximately RMB506.5 million, representing a decrease of approximately 48% from approximately RMB973.8 million for the corresponding period last year. The annual contracted sales and contracted GFA sold were approximately RMB475.5 million and approximately 29,000 sq.m., representing a decrease of 48.5% and 75.6% year-on-year, respectively. The average selling price for the contracted sales was approximately RMB16,270 per sq.m., representing a an increase of approximately 109.7% year-on-year, which was mainly because the average selling price of the commercial properties of Shanghai Xinming•Children's World, which was newly launched, was higher than other selling property projects and its GFA occupies a high percentage of total GFA during the Period.

Profit attributable to the shareholders of the Company for the Period amounted to approximately RMB43.0 million, representing a decrease of approximately 48.6% from approximately RMB83.6 million for the corresponding period last year. The decrease is mainly attributable to the decrease in the GFA of properties completed and delivered by the Group as a result of the decrease in the number of residential and commercial projects as well as the substantial increase in land appreciation tax derived from the projects delivered in the first half of year 2016. The basic earning per share is approximately RMB0.03 per share.

The Directors did not recommend the payment of an interim dividend for the Period.

As at 30 June 2016, total assets of the Group amounted to approximately RMB7,701.5 million (31 December 2015: approximately RMB7,563.0 million); total liabilities were approximately RMB5,731.8 million (31 December 2015: approximately RMB5,652.8 million); total equity was approximately RMB1,969.7 million (31 December 2015: approximately RMB1,910.2 million); and net assets per share were approximately RMB1.05 (31 December 2015: approximately RMB1.02).

SALES

During the Period, the Group recorded a total revenue of approximately RMB506.5 million, representing a decrease of approximately 48.0% from approximately RMB973.8 million for the corresponding period last year. During the Period, the Group recorded property sales of approximately RMB475.7 million, representing 93.9% of its total revenue. Total GFA delivered was approximately 29,000 sq.m., representing a decrease of approximately 48.5% as compared to the same period of last year, which was mainly attributed to a substantial decrease of approximately 97% in GFA sold for four properties projects including Xinming Lijiang Garden, Wenshang Times • Xinming Household Decorations and Fittings City, Xinming Apartment and Chongqing Xinming • China South-western City Phase 1 as compared to the same period of last year due to the drop in the local housing market.

The following table summarizes the property projects of the Group sold during the Period.

	As of 30 June			
	2016		2015	
	(RMB million) (Unaudited)	***(%)***	*(RMB million)* (Unaudited)	*(%)*
Sales of properties	**475.7**	**93.9**	923.0	94.8
Rental Income	**20.7**	**4.1**	42.5	4.4
Income of property management	**10.1**	**2.0**	8.3	0.8
Total revenue	**506.5**	**100%**	973.8	100%

Sales of properties

During the Period, the Group recorded property sales of approximately RMB475.7 million, representing a decrease of approximately 48.5% from approximately RMB923.0 million for the same period of last year, mainly due to the GFA delivered of 29,000 sq.m., representing a decrease of approximately 90,000 sq.m. or 75.6% from approximately 119,000 sq.m. for the same period of last year. The GFA delivered during the year was mainly from Shanghai Xinming • Children's World Project of 21,700 sq.m. We completed the delivery of most GFA in other projects including Xinming Lijiang Garden, Wenshang Times and Chongqing Xinming • China South-western City Phase 1 in the corresponding period last year. Property sales remained the largest revenue source to the Group, representing approximately 93.9% of its total revenue.

Rental income

The Company conducted our property leasing business through leasing of our commercial properties held for investment and leasing of properties owned by third party purchasers of our commercial properties. As at 30 June 2016, the actual area of our investment properties leased out was approximately 107,230.6 sq.m., representing approximately 85.3% of the Group's total investment properties held-for-lease, being 125,679.7 sq.m.

During the Period, the rental income amounted to approximately RMB20.7 million, representing a decrease of approximately 51.3% from approximately RMB42.5 million for the same period of last year, mainly due to the decrease of GFA of leased properties.

Income of property management

The Group provides property management services to the owners of residential properties developed by the Group through Zhejiang Xinming Property Services Limited until the owners of such development projects are allowed by the law to select their own property management companies.

During the Period, the income of property management amounted to approximately RMB10.1 million, representing an increase of approximately 21.7% from approximately RMB8.3 million for the same period of last year, mainly due to the increase of the properties number and GFA under management.

Gross profit

During the Period, the gross profit amounted to approximately RMB261.7 million, representing an increase of approximately RMB4.9 million or approximately 1.9% as compared to RMB256.8 million in the same period of last year; the gross profit margin was approximately 51.7% as compared to approximately 26.4% in the same period of last year which resulted in an increase of 25.3 percentage points. It was mainly due to the increased property sales with low gross profit margin in Wenshang Times Project, resulting in a decreased gross profit margin last year. It is expected that the gross profit margin of the Group will maintain basically stable in the second half of 2016.

Other income and revenue

During the Period, other income and revenue amounted to approximately RMB3.1 million, representing a significant increase of approximately RMB2.7 million or 6.8 times as compared to approximately RMB0.4 million in the same period of last year, mainly due to the increase of interests income from time deposit.

Selling and administrative expenses

During the Period, the selling and administrative expenses amounted to approximately RMB85.8 million, representing an increase of approximately RMB4.3 million or 5.3% as compared to approximately RMB81.5 million in the same period of last year. The proportion of selling and administrative expenses to the sales increased to approximately 16.9% from approximately 8.4% of the same period of last year, mainly due to the increase of approximately RMB19.4 million in advertisement and sales commission for Shanghai Project as compared to the same period of last year. On the contrary, administrative expense decreased by approximately RMB16.1 million as compared to the same period of last year, mainly due to the decrease in employee benefit cost and increase in the listing preparation expense last year.

Other expenses

During the Period, other expenses amounted to approximately RMB7.0 million, representing an increase of approximately RMB5.4 million or 3.4 times as compared to approximately RMB1.6 million in the same period of last year, mainly due to the provision for impairment of trade receivables for the property leasing business of Taizhou Property (台州置業).

Operation profit

During the Period, the operation profit amounted to approximately RMB60.1 million, representing a decrease of approximately RMB46.3 million or approximately 43.5% as compared to approximately RMB106.4 million in the same period of last year.

Change in fair value of investment properties

During the Period, the change in fair value of investment properties amounted to approximately RMB5.0 million, representing a decrease of approximately RMB8.8 million or approximately 63.8% as compared to approximately RMB13.8 million for the same period of last year, mainly due to the decrease in investment property valuation of approximately RMB16.2 million for Chongqing Easy Home Project and the decrease of approximately RMB4.5 million in aggregate for Taizhou Xinming Property • Red Star Macalline and Xinming International Logistic Centre. On the contrary, the investment property valuation for Shanghai Xinming Project and Wenshang Times • Xinming Household Decorations and Fittings City increased by approximately RMB25.8 million.

Net finance costs

During the Period, the net interest costs amounted to approximately RMB0.03 million, representing a decrease of approximately RMB0.87 million or approximately 96.7% as compared to approximately RMB0.9 million in the same period of last year, mainly due to the decrease of notional interest.

Income tax expenses

During the Period, the income tax expenses amounted to approximately RMB116.9 million, representing an increase of approximately RMB36.3 million or approximately 45.0% as compared to approximately RMB80.6 million in the same period of last year, mainly due to the increase in taxation payables and land value-added tax.

Profit attributable to the shareholders

During the Period, the profit attributable to the shareholders amounted to approximately RMB43.0 million, representing a decrease of approximately RMB40.6 million or approximately 48.6% as compared to approximately RMB83.6 million for the same period of last year. The basic earnings per share decreased from approximately RMB0.06 per share in the same period of last year to approximately RMB0.03 per share.

Business performance

The table below sets forth a summary of our selling property projects during the Period:

Properties Project	Location	Project Type	GFA delivered (sq.m.)	Income (RMB million)	Average selling price (RMB/sq.m)
Taizhou Xinming Peninsular					
Phase 1	Jiaojiang District, Taizhou City	Residential, Commercial	540.00	1.9	3,449
Phase 2 — Stage 2	Jiaojiang District, Taizhou City	Residential, Commercial	2,026.72	19.0	9,398
Xinming Lijiang Garden	Jiaojiang District, Taizhou City	Residential, Commercial	2,069.66	9.2	4,448
Wenshang Times • Xinming Household Decorations and Fittings City	Jiaojiang District, Taizhou City	Commercial	52.78	0.7	14,133
Wenshang Times • Times Furniture Expo Centre (formerly known as Xinming Apartment)	Jiaojiang District, Taizhou City	Residential	115.05	0.1	1,358
Shanghai Xinming • Children's World	Jiading District, Shanghai Municipality	Commercial	21,748.04	419.1	19,270
Chongqing Xinming • China South-western City Phase 1	Dazu District, Chongqing	Commercial	1,146.35	9.9	8,612
Xingmeng International Commercial City	Tengzhou City, Shandong Province	Commercial	1,539.86	15.8	10,232
Total			29,238.46	475.7	16,270

Land reserve

As at 30 June 2016, the Group's property portfolio included 16 property development projects located in different cities throughout China. They were at different development stages, with total GFA amounting to approximately 1,401,222 sq.m., of which approximately 492,032 sq.m. was completed, approximately 334,477 sq.m. was under development, and approximately 574,713 sq.m. was held for future development.

The table below sets forth a summary of our land reserve classified by geographical location as at 30 June 2016:

Location	Project number	Saleable GFA remaining unsold/ GFA held for investment *(sq.m)*	GFA under development *(sq.m)*	Planned GFA for future development *(sq.m)*	Total land reserve *(sq.m)*	Proportion to the total land reserve *(%)*	Equity interest attributable to the Group *(%)*	Project type
Taizhou	10	158,905	–	68,204	227,109	16.2	100	Residential, commercial, storage
Shanghai	1	164,513	–	–	164,513	11.7	79	Commercial, office
Chongqing	3	107,490	171,550	221,176	500,216	35.7	60	Residential, commercial
Tengzhou	1	61,124	–	285,333	346,457	24.7	75	Residential, commercial
Hangzhou	1	–	162,927	–	162,927	11.7	100	Commercial
Total	16	492,032	334,477	574,713	1,401,222	100.0		

Since the publication of the Group's annual report for the year ended 31 December 2015, there was no material change in the possible future development of the Group's business and the Group's outlook for the Period.

Cash flows

As at 30 June 2016, cash and bank deposits of the Group, including restricted cash, was approximately RMB1,002.9 million (31 December 2015: approximately RMB931.6 million), representing an increase of approximately RMB71.3 million or approximately 7.7%, which was mainly due to the increase in bank loans and other borrowings.

During the Period, the net cash generated from operating activities was approximately RMB7.9 million (six months ended 30 June 2015: net cash used of approximately RMB425.8 million), representing an increase of RMB433.7 million, which was mainly due to the substantial decrease of amount in advances from customers for the period last year. The net cash generated from investing activities was approximately RMB2.6 million (six months ended 30 June 2015: net cash used of approximately RMB0.4 million). The net cash generated from financing activities was approximately RMB60.7 million (six months ended 30 June 2015: net cash generated of approximately RMB566.7 million).

Pursuant to the exclusive management and operation agreement entered into between the Company's commercial properties with third party purchasers, the Company is required to pay certain percentages of the selling price of the property to the purchasers regardless whether such properties were leased by the Group or were for generating rental income purpose. Based on the terms of the existing exclusive management and operation agreements and lease agreements as at 30 June 2016, we would have a maximum net cash outflow of approximately RMB12.3 million and RMB6.9 million for year 2018 and 2019, respectively, and net cash inflow of approximately RMB9.6 million and RMB20,000 for year 2016 and 2017, for the period from 1 January 2016 to 30 June 2019 for such exclusive management and operation agreements we have entered into. We are not obliged to pay any agreed fees for the period from 1 July 2019 to 30 June 2024 under the exclusive management and operation agreements we had entered into as at 31 December 2015.

Trade receivables, prepayments, deposits and other receivables

As at 30 June 2016, the total assets of trade receivables, prepayments, deposits and other receivables of the Group was approximately RMB354.5 million, representing a decrease of approximately RMB42.5 million as compared to approximately RMB397.0 million as at 31 December 2015. The increase of approximately RMB55.0 million in the trade receivables was mainly due to the property sales in Shanghai Xinming Project. On the contrary, guarantee deposit and tender bond decreased by approximately RMB97.4 million. Please refer to note 13 to the condensed interim consolidated financial statements for detailed ageing analysis of the trade receivables.

Trade payables, advances from customers and other payables

As at 30 June 2016, the total trade payables, advances from customers and other payables of the Group was approximately RMB1,454.8 million, representing a decrease of approximately RMB180.4 million as compared to approximately RMB1,635.2 million as at 31 December 2015. The decrease was mainly due to the decrease in trade payables of approximately RMB246.6 million. Please refer to note 14 to the condensed interim consolidated financial statements for detailed ageing analysis of the trade payables.

Assets and liabilities

As at 30 June 2016, the total assets of the Group was approximately RMB7,701.5 million, representing an increase of approximately RMB138.5 million as compared to approximately RMB7,563.0 million as at 31 December 2015. The total current assets was approximately RMB4,607.0 million, representing approximately 59.8% (31 December 2015: approximately 59.3%) of the total assets, increased by approximately RMB120.0 million as compared to approximately RMB4,487.0 million as at 31 December 2015. However, the total non-current assets was approximately RMB3,094.5 million, representing approximately 40.2% (31 December 2015: approximately 40.7%) of the total assets, increased by approximately RMB18.5 million as compared to approximately RMB3,076.0 million as at 31 December 2015.

As at 30 June 2016, the total liabilities of the Group was approximately RMB5,731.8 million, representing an increase of approximately RMB79.0 million as compared to approximately RMB5,652.8 million as at 31 December 2015. The total current liabilities was approximately RMB3,475.9 million, representing approximately 60.6% (31 December 2015: approximately 47.4%) of the total liabilities, increased by approximately RMB797.4 million as compared to approximately RMB2,678.5 million as at 31 December 2015. However, the total non-current liabilities was approximately RMB2,255.9 million, representing approximately 39.4% (31 December 2015: approximately 52.6%) of the total liabilities, decreased by approximately RMB718.4 million as compared to approximately RMB2,974.3 million as at 31 December 2015.

As at 30 June 2016, the net current assets of the Group was approximately RMB1,131.1 million, representing a decrease of approximately RMB677.4 million as compared to approximately RMB1,808.5 million as at 31 December 2015.

Current ratio

As at 30 June 2016, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.33:1 (31 December 2015: 1.68:1).

Gearing ratio

As at 30 June 2016, the gearing ratio of the Group which is total bank borrowings and other borrowings less cash or cash equivalents as a percentage of total equity, was 58% (31 December 2015: 57%).

Capital structure

The Group's operations were financed mainly by shareholder's equity, external financing of loans from bank as well as third parties financial institutions and internal resources including cash generated from projects. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest bearing deposits.

The Group's loans and cash and cash equivalents were mainly denominated in Renminbi. The Group's bank borrowings denominated in Renminbi as at 30 June 2016 amounted to approximately RMB3,175.0 million.

Borrowings

As at 30 June 2016, the total bank borrowings of the Group and other borrowings was approximately RMB3,175.0 million, representing an increase of approximately RMB176.9 million as compared to the approximately RMB2,998.1 million as at 31 December 2015. Please refer to note 15 to the condensed interim consolidated financial statements for detailed information of the borrowings.

The borrowings repayable within one year of the Group of approximately RMB1,312.0 million representing an increase of approximately RMB906.9 million as compared to the approximately RMB405.1 million as at 31 December 2015. Borrowings repayable after one year was approximately RMB1,863.0 million, representing a decrease of approximately RMB730.0 million as compared to approximately RMB2,593.0 million as at 31 December 2015.

During the Period, the Group's borrowings with fixed interest rates to total borrowings was approximately 70.49%.

Significant investments held

Except for investment in subsidiaries, the Group did not hold any significant investment in equity interest in any other company during the Period.

Future plans for material investment and capital assets

Save as disclosed above, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Period.

Contingent liabilities

As at 30 June 2016, the Group provided guarantees over the mortgage loans given by certain purchasers of approximately RMB13.6 million (31 December 2015: approximately RMB15.2 million).

Assets guarantees

As at 30 June 2016, the Group has pledged or restricted deposits in the bank deposits of approximately RMB500.1 million (31 December 2015: approximately RMB501.3 million). In addition, partial bank borrowings of the Group were secured by the Group's certain properties under development, investment properties and the 100% equity interest in certain subsidiaries of the Group, and jointly guaranteed by the controlling shareholder of the Group, Mr. Chen Chengshou ("Mr. Chen"), the non-executive Director, Ms. Gao Qiaoqin ("Ms. Gao"), the Group's related company, Xinming Group Limited, and other minority shareholders of certain subsidiaries of the Group free of charge.

Capital expenditure

During the Period, the Group's total capital expenditure was approximately RMB0.3 million, mainly included construction facilities expenses (six months ended 30 June 2015: approximately RMB0.5 million).

Capital commitments

As at 30 June 2016, the capital commitments related to activities of properties under development was approximately RMB878.8 million (31 December 2015: approximately RMB1,309.2 million).

Exposure to exchange rate fluctuations

The Group operates mainly in RMB, and certain bank deposits of the Group are dominated in HK$. Save as disclosed above, the Group did not expose to any material exchange rate fluctuations risk and did not enter into foreign currency hedging policies. However, the Group will monitor closely to the exchange risk and may, as the case maybe and depending on the trend of foreign currency, consider to apply significant foreign currency hedging policies in the future.

Employees

As at 30 June 2016, the Group has a total of 455 employees (30 June 2015: total 456). The total employees cost during the Period amounted to approximately RMB21 million (six months ended 30 June 2015: approximately RMB23.6 million), representing a decrease of approximately RMB2.6 million, which was mainly the effective control of staffing cost during the Period by the Company and its subsidiaries. The Group continued to promote the upgrading of talents, cultivating and recruiting excellent talents with sales and management experience, improving the allocation system of remuneration linked to performance and maintaining harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and cash bonus. Moreover, the Group has also adopted a share option scheme and a share award scheme.

Use of proceeds

The Group's business objectives and planned use of proceeds as stated in the prospectus dated 23 June 2015 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of the Company's shares (the "Global Offering") were approximately HK$623.2 million. During the period from 6 July 2015 (the listing date) to 30 June 2016, the net proceeds from the Global Offering had been applied as follows:

Business objectives as stated in the Prospectus	Actual net proceeds	Amount utilized up to 30 June 2016	Balance as at 30 June 2016
	RMB'000	*RMB'000*	*RMB'000*
Development for existing projects	363,417	(363,417)	–
Development for potential projects	103,833	(83,178)	20,655
General working capital purposes	51,917	(51,917)	–
	519,167	(498,512)	20,655

The unused net proceeds have been placed on short-term deposits with licensed banks or financial institutions in Hong Kong in accordance with the intention of the Board as disclosed in the Prospectus.

EVENTS AFTER THE END OF THE PERIOD

No significant event took place subsequent to 30 June 2016.

DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in securities

The ordinary shares of the Company were listed on the Main Board of the Stock Exchange. As at the date of 30 June 2016, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required to be recorded in the register referred to therein pursuant to section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in the shares and underlying shares:

The Company

Name of Directors	Capacity/Nature of interest	Number of shares/ underlying shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Chen Chengshou	Interest of controlled corporation *(Note 1)*	1,349,600,000(L)	71.79%
Ms. Gao Qiaoqin	Interest of spouse *(Note 2)*	1,349,600,000(L)	71.79%
Mr. Zhou Yong-kui (Mr. Zhou Yong-kui resigned as an Executive Director on 12 June 2016)	Beneficial owner *(Note 3)*	312,833(L)	0.02%
Mr. Feng Cizhao	Beneficial owner *(Note 3)*	129,000(L)	0.01%

(L): represents long positions

Notes:

1. 1,349,600,000 shares are registered in the name of Xinxing Company Limited which is wholly-owned by Mr. Chen.

2. Ms. Gao is the spouse of Mr. Chen. Under the SFO, Ms Gao is taken to be interested in the same number of shares in which Mr. Chen is interested.

3. Those shares are award shares granted by the Board on 7 April 2016 pursuant to the Share Award Scheme but have not yet been fully vested. For further details, please refer to the announcement dated 7 April 2016.

Associated corporation – Xinxing Company Limited

Name of Directors	Nature of interest	Number and class of securities in the associated corporation	Approximate percentage of interest in the associated corporation
Mr. Chen	Beneficial owner	1 share(1)	100%
Ms. Gao	Interest of spouse	1 share(2)	100%

Notes:

(1) The disclosed interest represents the interests in the associated corporation, Xinxing Company Limited, which is held as to 100% by Mr. Chen.

(2) Ms. Gao is the spouse of Mr. Chen. By virtue of the SFO, Ms. Gao is deemed to be interested in the 1 share of Xinxing Company Limited held by Mr. Chen.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests in securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at the date of this report, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executives' Interest in Securities", had notified the Company of its interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interest in the Company

Name of substantial shareholder	Capacity/nature of interest	Number of shares/ underlying shares	Approximate percentage of the issued share capital of the Company
Xinxing Company Limited *(Note)*	Beneficial owner	1,349,600,000	71.79%

Note: Xinxing Company Limited is wholly-owned by Mr. Chen.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons, other than Directors or chief executives of the Company, who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share option scheme

The Company has adopted the share option scheme (the "Share Option Scheme") on 8 June 2015, which will be in force for a period of 10 years. Under the Share Option Scheme, the eligible participants of the scheme, including directors, full-time employees, advisers, suppliers and customers to our Company or our subsidiaries (the "Eligible Participants") may be granted options which entitle them to subscribe for shares of the Company ("Shares"), provided that the number of shares to be subscribed under such option together with the options granted under any other schemes initially shall not more than 10% of the Shares in issue on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions the Eligible Participants have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to improve their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other option scheme of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other shares option scheme of the Company).

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the "Maximum Limit"). No options shall be granted under any schemes of the Company, including the Share Option Scheme, if that will result in the Maximum Limit being exceeded.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser, the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The total number of Shares issued and which may fall to be issued upon exercised of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding options and Shares which were the subject of option which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled to each Eligible Participant in any 12-month period up the date of Grant) shall not exceed 1% of the Shares in issue as at the date of grant.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

As at the date of this report, the total number of Shares to be issued under the Share Option Scheme is 188,000,000 Shares, representing 10% of the issued Shares as at the date of listing. No share option was granted, exercised or cancelled by the Company since the adoption of the Share Option Scheme.

Share award scheme

On 26 January 2016, the Company adopted the share award scheme (the "Scheme"), pursuant to which Bank of Communications Trustee Limited as trustee (the "Trustee"). The Board is pleased to announce that it has adopted the Scheme to recognize the contribution by certain eligible participants and to attract suitable personnel for further development of the Group. Each of the Company and Mr. Chen, the executive Director and controlling shareholder of the Company, may make contribution to the trust for the purpose of vesting awarded Shares to the selected participants. Pursuant to the Scheme, the Company may from time to time at its sole discretion subject to requirements under this Scheme, cause to be paid any sums of money to the Trustee and instruct the Trustee to purchase shares in the market at prevailing market price. Mr. Chen may from time to time transfer shares to the Trustee, for the purpose of vesting awarded shares to the selected participants, subject to the compliance with the requirements of the Listing Rules, all applicable laws from time to time. The Trustee will hold the awarded shares on trust for all or one or more of the selected participants until such awarded shares are vested with the relevant selected participants in accordance with the rules of the Scheme.

The Scheme is a discretionary scheme of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the trust deed.

The Board shall not make any further award of awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme exceeding ten per cent (10%) of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a selected participant under the Scheme shall not exceed one per cent (1%) of the issued share capital of the Company from time to time. The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

The Scheme will remain in force for a period of 10 years since the date of adoption of the Scheme. Early termination should be done by the Board.

During the six months ended 30 June 2016, the Board neither arranged any funds to be paid to the trustee of the Share Award Scheme for purchasing of shares of the Company on the Stock Exchange, nor the trustee of the Share Award Scheme purchased any shares of the Company on the Stock Exchange.

On 7 April 2016, the Board resolved to grant a total of 13,716,666 awarded shares (the "Awarded Share") to 150 selected participants. Details are set out in the announcements of the Company dated of 18 February 2016 and 7 April 2016.

On 19 April 2016, the Company was informed that only 53 selected participants fulfilled the vesting conditions and a total number of 5,346,879 Awarded Shares was involved. A total number of 8,369,787 was forfeited/lapsed, such shares are being held by the Trustee.

Below is a summary of the particulars of Awarded Shares under the Scheme during the six months ended 30 June 2016:

			Number of Awarded Shares		
Date of grant	Number of Awarded Shares Granted	Approximate percentage of the Company's share capital as at the Adoption Date	Vested as at 30 June 2016	Forfeited/ lapsed as at 30 June 2016	Outstanding (held by the Trustee for the grantees) as at 30 June 2016
7 April 2016	13,716,666	0.7296%	1,782,293	8,369,787	3,564,586[1]

Note 1: The second and third expected vesting dates of the Awarded Shares will be 15 October 2016 and 15 April 2017.

Directors' right to acquire shares

Save as disclosed above, at no time since the Listing Date was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company, including their spouses and children under 18 years of age, to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations, within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and complied with the code provisions of the CG Code during the Period. None of the Directors was aware of any information that would reasonably indicate that the Company was incompliant with the code provisions of the CG Code during the Period, except for the deviations as follows:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen is the chairman and the chief executive officer of the Company ("CEO"). The Group therefore did not separate the roles of the chairman and the CEO. The Board considered that Mr. Chen had in-depth knowledge and experience in the property investment and development industry and was the most appropriate person to manage the Group, therefore, the roles of chairman and CEO by the same individual, Mr. Chen, was beneficial to the business prospects and management of the Group.

Under code provision F.1.1 of the CG Code, the company secretary of a company should be an employee of the listed company and should have day-to-day knowledge of the Group's affairs. Ms. Lam Yuen Ling Eva was delegated by an external service provider as the company secretary with a term expiring on 30 June 2016. She also ceased to act as the authorized representative of the Company (the "Authorized Representative") in accordance with the Listing Rules on the same day. Since 1 July 2016, Mr. Kam Chun Ying Francis ("Mr. Kam") was appointed by the Company as the company secretary and one of the Authorized Representatives. For further details, please refer to the announcement dated 29 June 2016. Mr. Kam directly and primarily reports to the chairman and the CEO. He also communicates with other Directors and senior management when necessary.

STRUCTURE OF BOARD OF DIRECTORS

The composition of the Board of the Company on 30 June 2016 is as follows:

Executive Directors

Mr. Chen Chengshou *(Chairman and Chief Executive Officer)* (appointed on 16 January 2014)
Mr. Feng Cizhao (appointed on 31 October 2015)
Mr. Wong Thian Tsu Michael (appointed on 24 June 2016)

Non-executive Director

Ms. Gao Qiaoqin (appointed on 10 June 2014)

Independent Non-executive Directors

Mr. Gu Jiong (appointed on 8 June 2015)
Mr. Lo Wa Kei, Roy (appointed on 8 June 2015)
Mr. Fong Wo, Felix (appointed on 8 June 2015)

Except for Mr. Wong Thian Tsu Michael (appointed as an executive Director on 24 June 2016), all Directors have offered themselves for election and re-election at the Annual General Meeting ("AGM") held on 20 April 2016, and were duly elected and re-elected with the approval of the shareholders.

Ms. Quan Xiaolin and Mr. Zhou Yongkui resigned as excutive directors due to their other business engagements with effect from 12 June 2016.

There were no substantial changes to the information of Directors as disclosed on pages 20 to 23 of the 2015 Annual Report. There were also no substantial changes to the information of Directors in respect of their directorships held in public companies in the last three years, except that the services of Mr. Fong Wo, Felix as an independent non-executive director of China Oilfield Services Limited (stock code: 2883:HK; 601808:SHA) whose shares are listed on the Stock Exchange and the Shanghai Stock Exchange, has expired late May 2016.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries being made to all the Directors, each of them has confirmed that they complied with the required standards set out in the Model Code during the Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he or she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

AUDIT COMMITTEE

The Company has established written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to provide the Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed with management and the Company's international auditors, Ernst & Young, the accounting principles adopted by the Company, laws and regulations and discussed internal control and financial reporting matters of the Group, including the review of the interim results. The Audit Committee considered that the interim result is in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lo Wa Kei, Roy (Chairman), Mr. Gu Jiong and Mr. Fong Wo, Felix. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

The Company's unaudited interim results and interim report for the Period have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has been established on 8 June 2015 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and code provision B.1.3 of the CG Code as set out in Appendix 14 to the Listing Rules with the roles to assist the Board in reviewing and determining the framework or broad policy for remuneration packages of the Directors and senior management, overseeing any major changes in employee benefit structures and considering other matters as defined by the Board.

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Gu Jiong (Chairman), Mr. Lo Wa Kei, Roy and Mr. Fong Wo, Felix.

NOMINATION COMMITTEE

The Nomination Committee was established on 8 June 2015 with written terms of reference in compliance with code provisions A.5.2 and A.5.3. of the CG Code as set out in Appendix 14 to the Listing Rules with the role to lead the process and to make recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of challenges and opportunities facing the Company, as well as business development and requirements of the Company.

The Nomination Committee consists of one executive Director and two independent non-executive Directors, namely Mr. Chen Chengshou (Chairman), Mr. Gu Jiong and Mr. Fong Wo, Felix.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company repurchased 678,000 shares in aggregate on the Stock Exchange in June with the highest purchase price of HK$1.20 per share, the lowest purchase price of HK$1.01 per share and a total consideration of HK$720,960 (excluding expenses). The repurchased shares were cancelled on 20 July 2016 and the issued share capital of the Company was reduced by the par value thereof.

The Company repurchased shares during the Period with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities as at the date of this report.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend to the Shareholders of the Company for the six months ended 30 June 2016.

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

The interim results announcement has been published on the websites of the Company (http://www.xinm.com.cn) and the Stock Exchange. The interim report will also be available at the Company's and the Stock Exchange's websites no later than or about 10 September 2016 and will be dispatched to shareholders of the Company thereafter.

By Order of the Board
Xinming China Holdings Limited
Chen Chengshou
Chairman, Executive Director and
Chief Executive Officer

Hangzhou, the PRC
29 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
REVENUE	5	**506,531**	973,756
Cost of sales		**(244,814)**	(716,997)
Gross profit		**261,717**	256,759
Other income and gains	5	**3,058**	394
Selling and distribution costs		**(47,911)**	(27,462)
Administrative expenses		**(37,864)**	(54,008)
Other expenses		**(7,027)**	(1,611)
Changes in fair value of investment properties		**5,020**	13,794
Finance costs	6	**(28)**	(877)
PROFIT BEFORE TAX	7	**176,965**	186,989
Income tax expense	8	**(116,877)**	(80,613)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**60,088**	106,376
ATTRIBUTABLE TO:			
Owners of the parent		**43,042**	83,598
Non-controlling interests		**17,046**	22,778
		60,088	106,376
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period (RMB)		**0.03**	0.06

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**11,461**	13,147
Investment properties	12	**2,997,420**	2,975,565
Deferred tax assets		**85,601**	87,240
		3,094,482	3,075,952
CURRENT ASSETS			
Properties under development		**1,838,921**	1,526,546
Completed properties held for sale		**1,379,412**	1,605,549
Trade receivables	13	**188,116**	133,158
Due from other related parties	17	**6,643**	4,123
Prepayments, deposits and other receivables		**166,350**	263,795
Tax recoverable		**24,710**	22,272
Restricted deposits		**500,101**	501,328
Cash and cash equivalents		**502,750**	430,227
		4,607,003	4,486,998
CURRENT LIABILITIES			
Trade payables	14	**823,644**	1,070,249
Other payables and accruals		**366,094**	351,884
Advances from customers		**265,017**	213,032
Due to other related parties	17	**11,081**	14,346
Interest-bearing bank loans and other borrowings	15	**1,312,000**	405,080
Provisions	16	**280**	862
Tax payable		**697,819**	623,043
		3,475,935	2,678,496
NET CURRENT ASSETS		**1,131,068**	1,808,502
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,225,550**	4,884,454

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016** ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	*15*	**1,863,000**	2,593,000
Other liabilities		**14,304**	9,635
Deferred tax liabilities		**378,567**	371,618
		2,255,871	2,974,253
NET ASSETS		**1,969,679**	1,910,201
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,891**	14,891
Treasury shares		**(610)**	–
Reserves		**1,775,771**	1,732,729
Non-controlling interests		**179,627**	162,581
TOTAL EQUITY		**1,969,679**	1,910,201

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent								
	Issued capital *RMB'000*	Treasury shares *RMB'000*	Share premium* *RMB'000*	Merger reserve* *RMB'000*	Capital reserve* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2015 (Audited)	14,891	–	497,358	81,491	(28,267)	1,182,147	1,747,620	162,581	1,910,201
Profit and total other comprehensive income for the period	–	–	–	–	–	43,042	43,042	17,046	60,088
Shares repurchased	–	(610)	–	–	–	–	(610)	–	(610)
At 30 June 2016 (Unaudited)	14,891	(610)	497,358	81,491	(28,267)	1,225,189	1,790,052	179,627	1,969,679

* These reserve accounts comprise the consolidated reserves of RMB1,775,771,000 as at 30 June 2016 (31 December 2015: RMB1,732,729,000).

	Attributable to owners of the parent							
	Issued capital *RMB'000*	Share premium* *RMB'000*	Merger reserve* *RMB'000*	Capital reserve* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2014 (Audited)	–	–	81,491	–	814,525	896,016	44,884	940,900
Profit and total other comprehensive income for the period	–	–	–	–	83,598	83,598	22,778	106,376
At 30 June 2015 (Unaudited)	–	–	81,491	–	898,123	979,614	67,662	1,047,276

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		**43,873**	(403,414)
Tax paid		**(35,951)**	(22,349)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**7,922**	(425,763)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(262)**	(515)
Bank interest income	5	**2,772**	141
Proceeds from disposal of items of property, plant and equipment		**57**	–
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**2,567**	(374)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased		**(610)**	–
Interest paid	6	**(72,922)**	(78,653)
New interest-bearing bank loans and other borrowings		**345,000**	1,340,700
Increase in other receivables		**(5,684)**	(122,707)
Decrease in other payables		**(30,481)**	(14,397)
Increase in due from other related parties		**(2,520)**	(1,173)
Decrease in due from the Controlling Shareholder		**–**	4,042
Decrease in amount due to other related parties		**(3,264)**	(241,116)
Repayment of interest-bearing loans and other borrowings		**(168,080)**	(320,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**61,439**	566,696
NET INCREASE IN CASH AND CASH EQUIVALENTS		**71,928**	140,559
Cash and cash equivalents at beginning of period		**430,227**	40,301
Effect of foreign exchange rate changes, net		**595**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**502,750**	180,860

1. CORPORATE INFORMATION

Xinming China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 16 January 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. The registered office of the Company is at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal activity of the Company is investment holding. The Group were mainly involved in property development, property leasing and the provision of property management services. In the opinion of the directors of the Company, the ultimate holding company of the Company is Xinxing Company Limited. The ultimate controlling shareholder of the Group is Mr. Chen Chengshou (the "Controlling Shareholder").

The shares of the Company were listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 July 2015.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The unaudited 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 for the year ended 31 December 2015.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

Annual Improvements 2010-2012 Cycle *(Continued)*

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The amendment is not relevant for the Group as no judgements made by the management regarding to the "similar" business.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property leasing segment engages in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the management of the Group's developed; and

(d) the other segment engages in investment holding.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax from continuing operations.

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.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for six months ended 30 June 2015 and 2016.

4. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2016 (Unaudited)

	Property development RMB'000	Property leasing RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	475,733	20,717	10,081	–	506,531
Revenue					506,531
Segment results:	190,726	(2,370)	535	(11,926)	176,965
Profit before tax					176,965
Segment assets	6,767,546	1,570,493	18,645	3,231,565	11,588,249
Reconciliation:					
Elimination of intersegment receivables					(3,886,764)
Total assets					7,701,485
Segment liabilities	5,587,659	494,796	63,846	847,254	6,993,555
Reconciliation:					
Elimination of intersegment payables					(1,261,749)
Total liabilities					5,731,806
Other segment information:					
Depreciation	1,810	46	23	12	1,891
Bank interest income	(104)	(1)	(2)	(2,665)	(2,772)
Finance costs	–	28	–	–	28
Fair value gains on investment properties	–	(5,020)	–	–	(5,020)
Provision for impairment of trade receivables	–	5,859	–	–	5,859
Capital Expenditure	179	–	57	26	262

4. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2015 (Unaudited)

	Property development *RMB'000*	Property leasing *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	922,952	42,489	8,315	–	973,756
Revenue					973,756
Segment results:	176,066	23,883	(3,566)	(9,394)	186,989
Profit before tax					186,989
Segment assets	7,121,150	1,143,890	21,244	1,674,857	9,961,141
Reconciliation:					
Elimination of intersegment receivables					(4,240,935)
Total assets					5,720,206
Segment liabilities	6,091,425	402,160	109,820	1,619,641	8,223,046
Reconciliation:					
Elimination of intersegment payables					(3,550,116)
Total liabilities					4,672,930
Other segment information:					
Depreciation	1,980	41	23	1	2,045
Bank interest income	(76)	(1)	(3)	(61)	(141)
Finance costs	–	877	–	–	877
Fair value gains on investment properties	–	(13,794)	–	–	(13,794)
Provision for impairment of trade receivables	–	842	–	–	842
Capital Expenditure	492	–	17	6	515

5. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**503,521**	979,118
Rental income	**21,962**	44,721
Property management service income	**10,722**	8,773
	536,205	1,032,612
Less: Government surcharges	**(29,674)**	(58,856)
	506,531	973,756

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**2,772**	141
Government grants	**100**	112
Others	**186**	141
	3,058	394

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**72,922**	78,653
Notional interest	**28**	877
Total interest expense on financial liabilities not at fair value through profit or loss	**72,950**	79,530
Less: Interest capitalised	**(72,922)**	(78,653)
	28	877

7. PROFIT BEFORE TAX

The Group's profit for the six months ended 30 June 2016 and 2015 is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**225,756**	693,065
Cost of property management service provided	**8,491**	8,434
Cost of leasing properties	**10,567**	15,498
Auditor's remuneration	**700**	1,613
Depreciation	**1,891**	2,045
Change in fair value of investment Properties *(note 12)*	**(5,020)**	(13,794)
Provision for impairment of trade receivables *(note 13)*	**5,859**	842
Realisation of onerous operating leases	**(610)**	(18,813)
Reversal provision for onerous operating leases	**–**	(382)
Employee benefit expense:		
Wages and salaries	**17,199**	16,944
Pension scheme and social welfare	**3,769**	6,646

8. INCOME TAX

The Group is subject to income tax on an entity based on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	**38,195**	16,024
LAT	**70,094**	36,765
Deferred tax	**8,588**	27,824
Total tax charge for the period	**116,877**	80,613

9. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,879,916,022 (six months ended 30 June 2015: 1,410,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired assets with a cost of RMB262,000 (six months ended 30 June 2015: RMB515,000), including property, plant and machinery in the People's Republic of China (the "PRC").

During the six months ended 30 June 2016, the Group disposed assets with a cost of RMB57,000 (six months ended 30 June 2015: nil).

None assets were pledged as security for interest–bearing bank loans and other borrowings granted to the Group (six months ended 30 June 2015: nil).

12. INVESTMENT PROPERTIES

	Completed *RMB'000*	**Under construction** *RMB'000*	**Total** *RMB'000*
At 1 January 2016 (Audited)	2,668,365	307,200	2,975,565
Additions	–	16,835	16,835
Change in fair value of investment properties	21,255	(16,235)	5,020
At 30 June 2016 (Unaudited)	2,689,620	307,800	2,997,420

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Carrying amount	**1,312,068**	1,318,079
Investment properties:		
At fair value	**2,997,420**	2,975,565

The Group's investment properties are situated in Mainland China and are held under medium term leases.

As at 30 June 2016 and 31 December 2015, the Group's investment properties with values of RMB2,997,420,000 and RMB2,975,565,000 respectively, were pledged to secure general interest-bearing bank loans and other borrowings granted to the Group (note 15).

12. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Recurring fair value measurement for:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015 (Audited)				
Commercial properties	–	–	2,975,565	2,975,565
30 June 2016 (Unaudited)				
Commercial properties	**–**	**–**	**2,997,420**	**2,997,420**

As at 30 June 2016 and 31 December 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties
	RMB'000
Carrying amount at 1 January 2016 (audited)	2,975,565
Additions	16,835
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	5,020
Carrying amount at 30 June 2016 (unaudited)	2,997,420

12. INVESTMENT PROPERTIES *(Continued)*

Fair value and fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

13. TRADE RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**204,384**	143,567
Impairment	**(16,268)**	(10,409)
	188,116	133,158

Trade receivables represent rentals receivable from tenants, sales income and service income receivables from customers which are payable in advance in accordance with the terms of the related sales and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

13. TRADE RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of provision for doubtful debts, is as follows:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**188,116**	133,158

The movements in provision for impairment of trade receivables are as follows:

	RMB'000
As at 1 January 2016 and 31 December 2015 (Audited)	10,409
Impairment provision recognised	5,859
As at 30 June 2016 (Unaudited)	16,268

Included in the above provision for impairment of trade receivables is provision for the impaired trade receivables of RMB16,268,000 and RMB10,409,000 with the carrying amount before provision of RMB18,575,000 and RMB19,388,000, as at 30 June 2016 and 31 December 2015, respectively.

The aged analysis of the trade receivables that are not individually or collectively considered to be impaired is as follows:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Neither past due nor impaired	**177,360**	114,944
Past due within one year but not impaired	**10,756**	18,214
	188,116	133,158

13. TRADE RECEIVABLES *(Continued)*

Receivables that were past due within one year but not impaired relate to a large number of diversified customers for whom there was no recent history of default. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as these has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. TRADE PAYABLES

An aged analysis of the outstanding trade payables is as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Less than one year	**704,382**	1,058,143
Over one year	**119,262**	12,106
	823,644	1,070,249

The trade payables are unsecured and non-interest-bearing.

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

		30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Bank loans, secured		**1,322,000**	1,457,080
Other borrowings, secured	*(i)*	**1,853,000**	1,541,000
Bank loans and other borrowings		**3,175,000**	2,998,080
Repayable within one year		**1,312,000**	405,080
Repayable in the second year		**515,000**	1,205,000
Repayable in the third to fifth years		**1,283,000**	1,318,000
Repayable beyond five years		**65,000**	70,000
		3,175,000	2,998,080
Analysed into:			
Current		**1,312,000**	405,080
Non-current		**1,863,000**	2,593,000
		3,175,000	2,998,080

(i) The other borrowings represent borrowings from third-party financial institutions, which bear interest at the rate from 9.0% to 9.5% per annum.

The Group's borrowings are all denominated in RMB.

The effective interest rates of the Group's interest-bearing bank loans and other borrowings ranged as follows:

For the six months ended 30 June 2016	2.42%-9.50%
Year ended 31 December 2015	1.92%-9.50%

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS *(Continued)*

The Group's interest-bearing bank loans and other borrowings are secured by the pledges of the following assets with carrying values at 30 June 2016 and 31 December 2015 as follows:

		30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Equity interests in a subsidiary	*(ii)*	**248,312**	299,532
Investment properties		**2,997,420**	2,975,565
Properties held for sale	*(iii)*	**151,948**	155,036
Pledged deposits	*(iv)*	**485,000**	500,000
Properties under development		**1,989,099**	1,381,368

(ii) The Group's other borrowings of RMB230,000,000, RMB500,000,000 and RMB200,000,000 (2015: RMB150,000,000, RMB500,000,000 and Nil) were secured by the 100% equity interest of Taizhou Investment, Wenshang Times and Xinming Group Holding Limited, respectively.

(iii) The Group's other borrowings of RMB198,000,000 (2015: RMB198,000,000) were guaranteed by completed properties held for sale of Shandong Xinmeng, a subsidiary of the Company.

(iv) The Group's interest-bearing bank loans of RMB485,000,000 (2015: RMB485,000,000.00) were guaranteed by pledged deposits of Xinming Hong Kong.

(v) The Group's interest-bearing bank loans and other borrowings of RMB2,490,000,000 (2015: RMB2,513,080,000) were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., which is the non-controlling shareholders of Chongqing Xinming, a subsidiary of the Company (2015: jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., and the non-controlling shareholders of Chongqing Xinming, a subsidiary of the company as set out in note 17(b)(v).

16. PROVISIONS

Onerous operating lease:

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Current	**280**	862
Non-current	**–**	–
Total	**280**	862

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with the Group
Mr. Chen Chengshou	Controlling Shareholder
Hangzhou Kaijie Decoration Co., Ltd.	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Zhejiang Shouchuang Industry Co., Ltd.	Controlled by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Taizhou Shouchuang Construction Materials Co., Ltd.	Controlled by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Zhejiang Tianmao Landscape Engineering Co., Ltd.	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Xinming Group Limited	Controlled by the Controlling Shareholder
Hangzhou Taoyuan Shanzhuang Property Development Limited	Controlled by the Controlling Shareholder
Zhejiang Shunye Trading Co., Ltd.	Controlled by Ms. Gao Qiaoqin, the Spouse of the Controlling Shareholder, non-executive director
Shanghai Nanshuo Asset Operation and Management Co., Ltd.	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Shanghai Nanshuo Asset Operation and Management Co., Ltd. Taizhou Branch	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Shandong Nanshuo Asset Operation and Management Co., Ltd.	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Taizhou Shimeng Property Development Limited	Significant influenced by Mr. Zheng Xiangtian, brother of the Controlling Shareholder

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the six months ended 30 June 2016 and 2015:

Nature of transactions

Recurring transactions

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(i) Purchase of construction materials and receiving services from other related parties		
Hangzhou Kaijie Decoration Co., Ltd.	**–**	4,767

The purchase of construction materials and receiving related services from the above related parties were made according to the prices and terms agreed between the related parties.

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(ii) Leasing offices from other related party		
Hangzhou Taoyuan Shanzhuang Property Development Limited.	**240**	75

The leasing offices from the above related party were made according to the prices and terms agreed between the related parties.

(iii) The Group has entered into a trademark license agreement with Xinming Group Limited on 21 August 2014, for a term of three years ending on 20 August 2017. Pursuant to the agreement, Xinming Group Limited has agreed to grant a license for the use of Xinming Group Limited's various "新明半島" trademarks to the Group for nil consideration.

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) *(Continued)*

Non-recurring transactions

(v) Guarantees provided for interest-bearing bank loans and other borrowings by related parties.

As set out in note 15(v), as at 30 June 2016 the Group's interest-bearing bank loans and other borrowings of RMB2,490,000,000 guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd.,the non-controlling shareholders of Chongqing Xingming, a subsidiary of the company (2015: RMB2,513,080,000: jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the non-controlling shareholders of Chongqing Xingming, a subsidiary of the company).

(c) Outstanding balances with related parties

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Due from other related parties		
Hangzhou Taoyuan Shanzhuang Property Development Limited	**70**	897
Shanghai Nanshuo Asset Operation and Management Co., Ltd. Taizhou Branch	**4,991**	–
Taizhou Shimeng Property Development Limited	**1,118**	–
Shandong Nanshuo Asset Operation and Management Co., Ltd.	**239**	–
Shanghai Nanshuo Asset Operation and Management Co., Ltd.	**225**	3,226
	6,643	4,123

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Outstanding balances with related parties *(Continued)*

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Due to other related parties		
Zhejiang Tianmao Landscape Engineering Co., Ltd.	**867**	3,513
Hangzhou Kaijie Decoration Co., Ltd.	**3,717**	5,090
Zhejiang Shouchuang Industry Co., Ltd.	**6,497**	5,743
	11,081	14,346

18. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties under operating lease arrangements with leases negotiated from terms ranging from one to five years. The terms of leases generally require the tenants to pay security deposits.

As at 30 June 2016 and 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**28,912**	48,115
In the second to fifth years	**16,893**	33,233
Over five years, inclusive	**383**	–
	46,188	81,348

18. OPERATING LEASE ARRANGEMENTS *(Continued)*

As lessee

The Group leases certain of its commercial properties under operating lease arrangements, negotiated for lease terms of one to five years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

As at 30 June 2016 and 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**5,891**	1,612
In the second to fifth years, inclusive	**41,530**	47,192
	47,421	48,804

19. COMMITMENTS

In addition to the operating lease commitment as detailed in note 18 above, the Group had the following capital commitments at the end of each reporting period:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Contracted, but not provided for:		
Properties under development	**878,782**	1,309,188

20. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties *(1)*	**13,661**	15,230

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed propertied held for sale. Pursuant to the terms of the guarantee agreements, 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 to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses as at 30 June 2016 and 31 December 2015 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The table below is an analysis of the carrying amounts of financial instruments by category as at 30 June 2016 and 31 December 2015:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Financial assets		
Loans and receivables		
Trade receivables	**188,116**	133,158
Financial assets included in prepayments, deposits and other receivables	**114,981**	235,627
Due from other related parties	**6,643**	4,123
Restricted deposits	**500,101**	501,328
Cash and cash equivalents	**502,750**	430,227
	1,312,591	1,304,463

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	**823,644**	1,070,249
Other payables and accruals	**288,537**	283,078
Due to other related parties	**11,081**	14,346
Interest-bearing bank loans and other borrowings	**3,175,000**	2,998,080
	4,298,262	4,365,753

22. FAIR VALUE AND FAIR VALUE HIERARCHY

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at amortised cost:

	Fair value measurement using Significant Unobservable Input (level 3)	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fair Value		
Interest-bearing bank loans and other borrowings — non-current portion	**1,862,508**	2,592,503

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted deposits, equity investment at fair value through profit or loss, trade receivables, and trade payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank loans and other borrowings, amounts due from the Controlling Shareholder, amounts due from and to other related parties, and deposits and other receivables, and other payables and accruals. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk. In the opinion of directors, the effect of interest rate risk to the Group's profit and equity is not significant.

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Exposure to credit risk arises primarily from its financing activities to related parties.

As at 30 June 2016 and 31 December 2015 the amounts due from other related parties, including the Controlling Shareholder, are Nil and Nil respectively. The Group did not record any significant bad debt losses as at 30 June 2016 and 31 December 2015.

The credit risk of the Group's other financial assets, which mainly comprise cash and restricted deposits, other receivables, amounts due from the Controlling Shareholder, and amounts due from and to related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and other borrowings. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at 30 June 2016 and 31 December 2015, based on the contractual undiscounted payments, was as follows:

	Within 1 year *RMB'000*	Within 2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*
30 June 2016 (Unaudited)				
Trade payables	823,644	–	–	823,644
Other payables and accruals	288,537	–	–	288,537
Due to other related parties	11,081	–	–	11,081
Interest-bearing bank loans and other borrowings	1,362,185	2,049,078	75,547	3,486,810
	2,485,447	2,049,078	75,547	4,610,072
Financial guarantee issued:				
Maximum amount guaranteed *(Note 20)*	13,661	–	–	13,661

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	Within 1 year *RMB'000*	Within 2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*
31 December 2015 (Audited)				
Trade payables	1,070,249	–	–	1,070,249
Other payables and accruals	283,078	–	–	283,078
Due to other related parties	14,346	–	–	14,346
Interest-bearing bank loans and other borrowings	622,709	2,901,269	89,073	3,613,051
	1,990,382	2,901,269	89,073	4,980,724
Financial guarantees issued:				
Maximum amount guaranteed *(Note 20)*	15,230	–	–	15,230

The amount included in above financial guarantee contracts are the maximum amounts the Group could be required to settle on demand under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the Relevant Periods, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt consists of interest-bearing bank loans and other borrowings, less cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests.

At the end of each of the Relevant Periods, the Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The gearing ratios at the end of each of the Relevant Periods are as follows:

	30 June 2016 ***RMB'000*** **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Interest-bearing bank loans and other borrowings	**3,175,000**	2,998,080
Less: Cash and cash equivalents	**(502,750)**	(430,227)
Net debt	**2,672,250**	2,567,853
Total equity	**1,969,679**	1,910,201
Total equity and net debt	**4,641,929**	4,478,054
Gearing ratio	**58%**	57%

24. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors on 29 August 2016.