



# Chen Xing Development Holdings Limited

## 辰興發展控股有限公司

(Incorporated in Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286

股份代號：2286

誠以致遠，  
信達天下

2016

INTERIM REPORT  
中期報告



# 目錄 CONTENTS

2	公司資料
4	財務摘要
5	主席報告
7	管理層討論及分析
20	權益披露
24	企業管治及其他事項
26	中期簡明綜合損益表
27	中期簡明其他全面收益表
28	中期簡明綜合財務狀況表
30	中期簡明綜合權益變動表
31	中期簡明綜合現金流量表
33	中期簡明綜合財務報表附註
51	Corporate Information
53	Financial Highlights
54	Chairman's Statement
56	Management Discussion and Analysis
70	Disclosure of Interest
74	Corporate Governance and Other Matters
76	Interim Condensed Consolidated Statement of Profit or Loss
77	Interim Condensed Consolidated Statement of Other Comprehensive Income
78	Interim Condensed Consolidated Statement of Financial Position
80	Interim Condensed Consolidated Statement of Changes in Equity
81	Interim Condensed Consolidated Statement of Cash Flows
83	Notes to the Interim Condensed Consolidated Financial Information



# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Bai Xuankui *(Chairman)*  
Mr. Bai Wukui *(Chief executive officer)*  
Mr. Bai Guohua  
Mr. Dong Shiguang

### Independent Non-executive Directors

Mr. Gu Jiong  
Mr. Qiu Yongqing  
Mr. Tian Hua

## COMPANY SECRETARY

Ms. Ng Wing Shan

## AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua  
Ms. Ng Wing Shan

## AUDIT COMMITTEE

Mr. Gu Jiong *(Chairman)*  
Mr. Tian Hua  
Mr. Qiu Yongqing

## REMUNERATION COMMITTEE

Mr. Tian Hua *(Chairman)*  
Mr. Gu Jiong  
Mr. Bai Xuankui

## NOMINATION COMMITTEE

Mr. Bai Xuankui *(Chairman)*  
Mr. Qiu Yongqing  
Mr. Gu Jiong

## AUDITOR

Ernst & Young

## COMPLIANCE ADVISOR

TC Capital International Limited

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of Communications Co., Ltd.  
China Construction Bank Corporation  
Bank of China Limited  
Jinzhong Economic and  
Technological Development Zone Rural Credit  
Union

## CORPORATE INFORMATION

### LEGAL ADVISORS

As to Hong Kong law  
Mayer Brown JSM

As to PRC law  
Jingtian & Gongcheng

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

18 Anning Street  
Yuci District, Jinzhong City  
Shanxi Province  
The PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

### SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Wanchai, Hong Kong

### PLACE OF LISTING

The Stock Exchange of Hong Kong Limited  
(the "Stock Exchange")

### STOCK CODE

2286

### COMPANY WEBSITE

[www.chen-xing.cn](http://www.chen-xing.cn)

# FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is pleased to announce to the Company’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended 30 June 2016 together with the comparative figures for the same period in 2015.

- For the six months ended 30 June 2016 (the “**Reporting Period**”), the contracted sales amounted to approximately RMB622.4 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 132,682 square metre (“**sq.m.**”), representing an increase of approximately 6.9% and approximately 19.8% as compared with the same period of last year, respectively;
- Revenue for the Reporting Period amounted to approximately RMB375.8 million, of which approximately RMB371.9 million was revenue from property development;
- Gross profit for the Reporting Period amounted to approximately RMB111.8 million, of which approximately RMB108.1 million was gross profit from property development;
- Net profit for the Reporting Period amounted to approximately RMB43.1 million, of which approximately RMB45.8 million was net profit attributable to equity holders of the Company; and
- Total GFA of land bank amounted to approximately 2.5 million sq.m. for the Reporting Period.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2016.

## REVIEW OF FIRST HALF YEAR OF 2016

China's property market continued to recover during the first half year of 2016, easing the pressure on the property reserve, however, as cities differentiation intensified, city-by-city differences are materialized due to differences in policy regulations. Driven by favorable monetary policies and online financial businesses, first-tier cities and certain major second-to-third-tier cities have shown signs of overheated development, whereas other subsidiary cities still face burdensome inventory pressure. Meanwhile, long term strategies such as the new type of urbanization and regional integration have made steady progress, leading the property industry into the implementation stage of the transformation from business tax to value-added tax system.

According to the National Bureau of Statistics of the PRC, during the first half year of 2016, nationwide investments in property development amounted to RMB4,663.1 billion, representing a nominal growth of 6.1% as compared to the corresponding period of last year, among which, investments in residential properties amounted to RMB3,114.9 billion, representing an increase of 5.6% as compared to the corresponding period of last year, while the saleable area of commodity housing was 643.0 million sq.m., an increase of 27.9% as compared to the corresponding period of last year.

The Group stands by its business principle of creating high quality products for consumers and considerable values for investors to achieve steady development. Leveraging on the Group's efficient operation management and flexible sales strategies, for the six months ended 30 June 2016, the Company has recorded continuous and steady growth since its listing.

For the six months ended 30 June 2016, the Group achieved contracted sales of approximately RMB622.4 million, representing an increase of approximately 6.9% as compared to the same period of last year. Contracted GFA amounted to approximately 132,682 sq.m., an increase of approximately 19.8% as compared to the same period of last year. The Group recorded a sales revenue of approximately RMB375.8 million, representing an increase of approximately 37% as compared to the same period of last year, including revenue from property development of approximately RMB371.9 million, an increase of approximately 37% as compared to the same period of last year.

In respect of land bank, the Group continued its prudent strategy for land acquisitions and project site selections. For the six months ended 30 June 2016, the Group had a land bank of total GFA of approximately 2.5 million sq.m..

## CHAIRMAN'S STATEMENT

### PROSPECTS FOR SECOND HALF YEAR OF 2016

As China's property market continued to return to its glory, in the second half year of 2016, subsidiary property markets will be driven by the high prices of properties in first-to-second-tier cities, as well as the forecast of favorable monetary policies. The Group anticipates a probable increase in both property transaction prices and quantity for the Group's major projects for sale.

The Group foresees that new type of urbanization will remain the principle driving force of property market development. The Group is dedicated to participating in local urbanization development. The Group is currently involved in the ongoing development of the Longtian project in Jinzhong Economic and Technology Development District, and the development preparation of the Beiliubao project, which have become the focus and landmark of the redevelopment project in the Chengzhongcun (城中村) in Jinzhong. The two projects are based on the Group's continuous research and exploration of the new type of urbanization. The Group believes that the continuous progress of the two projects will provide new paths for development, and bring considerable investment return to the Group.

In the second half year of 2016, the Group will conduct in depth analysis of the PRC development strategies and policies, and go with the trend to further implement the effective project operation management system, and base on the Group's innovative ideas to leverage on the Group's competitive advantages, such as low cost of land, solid developing ability, and flexible sales strategies, in order to achieve break-through in development. The Group shall adhere to its principle of "Good-faith Property Development (誠信地產)", and uphold the spirit of the faithful merchants, and unit with the Board and management team to bring fruitful returns to the Shareholders.

### ACKNOWLEDGEMENT

Finally, I would like to express my sincere gratitude on behalf of the Board to all the staff for their hard work, and heartfelt thanks to investors, customers and business partners for their strong support for and trust in the Group.

**Bai Xuankui**  
*Chairman*

Jinzhong, Shanxi, the PRC  
29 August 2016



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

For the six months ended 30 June 2016, the Group's total contracted sales were approximately RMB622.4 million, an increase of approximately 6.9% as compared to the same period of last year. For the six months ended 30 June 2016, the Group's revenue was approximately RMB375.8 million, an increase of approximately 37% as compared to the same period of last year, mainly attributable to the increase in income from property development. Revenue derived from property development was approximately RMB371.9 million, an increase of approximately 37% as compared to the same period of last year. For the six months ended 30 June 2016, the Group had a gross profit of approximately RMB111.8 million and a net profit of approximately RMB43.1 million of which earnings attributable to equity holders of the Company were approximately RMB45.8 million.

## Contracted Sales

The Group's contracted sales for the six months ended 30 June 2016 and 2015 were approximately RMB622.4 million and RMB582.3 million, respectively, representing a growth of approximately 6.9%. Contracted total GFA was approximately 132,682 sq.m. and 110,792 sq.m., respectively, representing a growth of approximately 19.8% as compared to the same period of last year. The Group's contracted sales from Jinzhong, Taiyuan and Mianyang by geographic location were approximately RMB31.3 million, RMB245.5 million and RMB345.6 million, respectively, accounting for approximately 5.1%, 39.4% and 55.5% of the total contracted sales of the Group, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the six months ended 30 June 2016 and 2015 by geographic location:

	Six months ended 30 June					
	Contracted Sales for 2016 (RMB million)	Contracted Sales for 2015 (RMB million)	Contracted GFA for 2016 (sq.m.)	Contracted GFA for 2015 (sq.m.)	Contracted Average Sales Price for 2016 (RMB/sq.m.)	Contracted Average Sales Price for 2015 (RMB/sq.m.)
<b>Jinzhong</b>						
Riverside Gardens-Heshun (和順濱河小區)	1.6	—	833	—	1,920.7	—
Grand International Apartments (君豪公寓)	2.9	3.6	697	660	4,233.4	5,515.0
Grand International Mall (君豪商城)	—	0.6	—	58	—	10,080.0
Xin Xing International Cultural Town (新興國際文教城) (Phase III, Phase IV and Phase V)	26.8	76.4	6,970	14,363	3,838.8	5,318.1
<b>Taiyuan</b>						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	245.5	412.1	45,155	75,246	5,437.0	5,477.1
<b>Mianyang</b>						
Mianyang (綿陽優山美郡)	50.8	17.7	12,742	4,206	3,983.6	4,196.9
Elite Gardens (綿陽天禦)	34.9	22.9	8,668	5,329	4,027.1	4,302.5
Chang Xing Star Gardens (綿陽長興星城)	259.9	49.0	57,617	10,930	4,510.7	4,487.4
<b>Total</b>	<b>622.4</b>	<b>582.3</b>	<b>132,682</b>	<b>110,792</b>	<b>4,690.9</b>	<b>5,255.8</b>

Note:

Contracted sales, total contracted GFA and contracted average sales price in the above table also include car parking spaces sold, if applicable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Property Projects

The Group's property projects are divided into the following three categories depending on their development stage: completed properties, properties under development and properties held for future development. As some of the projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 30 June 2016, the Group had a completed total GFA of 1,889,293 sq.m. and a land bank with a total GFA of 2,454,245 sq.m., comprising: (i) a total GFA of 180,391 sq.m. which is completed but unsold; (ii) a total GFA of 1,603,554 sq.m. which is under development; and (iii) a total planned GFA of 670,300 sq.m. held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As at 30 June 2016, the Group had investment properties with a total GFA of 21,613 sq.m..

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property Portfolio Summary

The table below sets forth the Group's property portfolio summary as at 30 June 2016:

Intended use <sup>(1)</sup>	Completed Total GFA (sq.m.)	Under development GFA (sq.m.)	Held for future development Total GFA (sq.m.)
Mid-rise (小高層)	786,167	—	145,023
High-rise (高層)	352,342	1,053,196	209,547
Townhouses (聯排)	27,625	—	—
Multi-story garden apartments (多層洋房)	576,778	21,735	54,452
Retail Outlets	118,731	196,905	124,013
SOHO apartments	6,931	—	15,791
Hotels	—	—	22,119
Parking Spaces	17,153	324,682	84,732
Ancillary <sup>(2)</sup>	3,566	7,036	14,623
<b>Total GFA</b>	<b>1,889,293</b>	<b>1,603,554</b>	<b>670,300</b>
<b>Attributable GFA<sup>(3)</sup></b>	<b>1,850,101</b>	<b>1,335,498</b>	<b>567,109</b>

Notes:

- (1) Comprises the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Comprises primarily utilities which are not available for sale.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases if any as at 30 June 2016:

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
					remaining unsold (sq.m.)	held for investment (sq.m.)			
<b>Jinzhong</b>									
1. East Lake Mall (東湖井)	Retail Outlet	July 2000	1,330	17,886	—	10,610	7,276	—	100
2. Grand International Mall & Apartments (君豪國際)	Residential/ Commercial	June 2007	7,465	65,543	11,173	8,241	46,129	—	100
3. Blossom Gardens (錦綉新城)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100
4. Xin Xing International Cultural Town (新興國際文教城)									
Phase I	Residential	December 2005	5,600	24,602	—	—	24,602	—	100
Phase II	Residential/ Commercial	April 2012	17,968	93,060	161	—	92,748	151	100
Phase III	Residential/ Commercial	December 2009	255,918	545,046	3,582	—	541,464	—	100
Phase IV (partial)	Residential/ Commercial	September 2014	30,987	71,106	6,341	—	64,765	—	100
Phase V (partial)	Residential/ Commercial	May 2016	22,578	50,370	12,115	—	37,220	1,035	100
5. Upper East Gardens (上東庭院)									
Phase I	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—	100
Phase II	Residential/ Commercial	December 2011	24,343	75,889	2,219	—	73,670	—	100
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555	100

## MANAGEMENT DISCUSSION AND ANALYSIS

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
					remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
7. SOLO Apartments (尚座公寓)	Commercial/Complex	September 2009	2,411	9,783	312	—	9,471	—	100
8. Riverside Gardens — Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	62,507	—	—	62,167	340	100
Phase II	Residential	October 2012	5,898	51,217	—	—	51,217	—	100
9. Mandarin Gardens — Taigu (太谷文華庭院)	Residential/Commercial	May 2011	30,690	51,525	—	—	51,525	—	100
10. Shuncheng Street Underground Space (順城街地下空間)	Retail Outlet	August 2015	—	897	—	—	897	—	100
<b>Taiyuan</b>									
1. Yosemite Valley Town — Phase I (Southern District) (龍城優山美都一期南區)	Residential/Commercial	December 2014	115,050	341,040	66,308	—	274,732	—	100
<b>Mianyang</b>									
1. Yosemite Valley Town — Mianyang (綿陽優山美都)	Residential/Commercial	May 2012	74,124	126,395	40,562	—	83,988	1,845	83.89
2. Elite Gardens (綿陽天禦)	Residential/Commercial	September 2014	68,529	116,876	37,618	—	78,571	687	83.89
<b>Total</b>			<b>820,648</b>	<b>1,889,293</b>	<b>180,391</b>	<b>18,851</b>	<b>1,685,438</b>	<b>4,613</b>	
<b>Total Attributable GFA<sup>(3)</sup></b>			<b>797,667</b>	<b>1,850,101</b>	<b>167,796</b>	<b>18,851</b>	<b>1,659,250</b>	<b>4,205</b>	

Notes:

- (1) Comprises the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Calculates based on the Group's effective ownership interest in the respective project companies.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages if any and properties held for future development as at 30 June 2016:

Project	Project Type	Site area (sq.m.)	Actual/ Estimated completion date	Under development			Held for future development		
				GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with the land use right certificate not yet obtained (sq.m.)	Ownership Interest <sup>(1)</sup> (%)
<b>Jinzhong</b>									
1. Xin Xing International Cultural Town (新興國際文教城)		—		19,768	8,840	—	—	—	100
Phase IV (partial)	Parking Space	—	September 2016	10,949	8,840	—	—	—	100
Phase V (partial)	Parking Space	—	September 2016	8,819	—	—	—	—	100
2. Phase I of Longtian Project (龍田項目一期)		129,049		449,634	428,000	—	—	—	51
Stage I	Residential/ Commercial/ Parking Space	14,346	September 2016	78,954	74,203	—	—	—	51
Stage II	Residential/ Commercial/ Parking Space	24,367	September 2016	110,725	101,386	—	—	—	51
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2016	126,120	121,061	—	—	—	51
Stage IV	Commercial/ Parking Space	13,422	September 2016	28,819	28,819	—	—	—	51
Stage V	Commercial/ Parking Space	50,232	September 2016	105,016	102,531	—	—	—	51
3. Beiliubao (北六堡)		63,173		—	—	—	161,196	—	51
Phase I	Residential	46,763	December 2018	—	—	—	117,039	—	51
Phase II	Commercial	16,410	December 2019	—	—	—	44,157	—	51
<b>Taiyuan</b>									
1. Yosemite Valley Town — Taiyuan (龍城懷山美郡)		303,440		837,848	748,753	216,430	232,693	—	100
Phase I (Southern District)	Commercial/ Parking Space	2,078	December 2016	72,399	72,325	—	—	—	100
Phase I (Northern District)	Residential/ Commercial	108,005	May 2017	396,865	321,252	216,430	—	—	100
Phase II	Residential/ Commercial	111,477	December 2018	368,584	355,176	—	8,893	—	100
Phase III	Residential/ Commercial	60,080	December 2019	—	—	—	212,400	—	100
Phase IV	Primary School	21,800	December 2017	—	—	—	11,400	—	100

## MANAGEMENT DISCUSSION AND ANALYSIS

Project	Project Type	Site area (sq.m.)	Actual/ Estimated completion date	Under development			Held for future development		
				GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with the land use right certificate not yet obtained (sq.m.)	Ownership Interest <sup>(1)</sup> (%)
<b>Mianyang</b>									
1. Chang Xing Star Gardens (錦繡長興星城)		104,308		296,304	291,754	99,911	150,250	—	83.89
Phase I	Residential/ Commercial/ Hotel	68,150	January 2017	296,304	291,754	99,911	—	—	83.89
Phase II	Residential/ Commercial	36,158	May 2019	—	—	—	150,250	—	83.89
<b>Wuzhishan</b>									
Phase I	Commercial	28,745	December 2017	—	—	—	43,117	—	100
Phase II	Residential	23,827	October 2018	—	—	—	28,592	—	100
Phase III	Residential	18,244	October 2018	—	—	—	21,893	—	100
Phase IV	Residential	21,706	October 2019	—	—	—	32,559	—	100
<b>Total</b>		<b>692,492</b>		<b>1,603,554</b>	<b>1,477,347</b>	<b>316,341</b>	<b>670,300</b>	<b>—</b>	
<b>Total Attributable GFA<sup>(2)</sup></b>				<b>1,335,498</b>	<b>1,220,625</b>	<b>300,245</b>	<b>567,109</b>	<b>—</b>	

Notes:

- (1) Calculates based on the Group's effective ownership interest in the respective project companies.
- (2) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.



## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2016:

Project	Type of property	Total GFA held for Investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the six months ended 30 June	
					2016 (RMB million)	2015
Grand International Mall & Apartments (君豪國際)	Retail Outlet	8,241	4,234	87.4	1.7	0.8
East Lake Mall (東湖井)	Retail Outlet	10,610	9,584	100	1.5	—
Office Building of West Yingbin Street (迎賓西街辦公室)	Retail Outlet	2,762	2,762	100	0.7	—
<b>Total</b>		<b>21,613</b>	<b>16,580</b>		<b>3.9</b>	<b>0.8</b>

## Land Bank

The table below sets forth a summary of the Group's land bank as at 30 June 2016 by geographic location:

	Completed Saleable/Leasable GFA remaining unsold (sq.m.)	Under development GFA Under Development (sq.m.)	Future development Planned GFA (sq.m.)	Total land bank <sup>(1)</sup> Total GFA (sq.m.)	% of total land bank (%)	Average land cost (RMB/sq.m.)
Jinzhong	35,903	469,402	161,196	666,501	27.2	817.3
Taiyuan	66,308	837,848	232,693	1,136,849	46.3	393.5
Mianyang	78,180	296,304	150,250	524,734	21.4	643.5
Wuzhishan	—	—	126,161	126,161	5.1	1,238.4
<b>Total</b>	<b>180,391</b>	<b>1,603,554</b>	<b>670,300</b>	<b>2,454,245</b>	<b>100.0</b>	<b>657.6</b>

Note:

- (1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at 30 June 2016 by type of property:

	Completed	Under development	Future development	Total land bank <sup>(1)</sup>	% of total land bank
Saleable/ Leasable GFA	remaining unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Mid-rise (小高層)	14,721	—	145,023	159,744	6.5
High-rise (高層)	46,737	1,053,196	209,547	1,309,480	53.4
Townhouses (聯排)	3,033	—	—	3,033	0.1
Multi-story garden apartments (多層洋房)	59,917	21,735	54,452	136,104	5.6
Retail Outlets	39,885	196,905	124,013	360,803	14.7
SOHO apartments	113	—	15,791	15,904	0.6
Hotels	—	—	22,119	22,119	0.9
Parking	15,985	324,682	84,732	425,399	17.3
Ancillary <sup>(2)</sup>	—	7,036	14,623	21,659	0.9
<b>Total</b>	<b>180,391</b>	<b>1,603,554</b>	<b>670,300</b>	<b>2,454,245</b>	<b>100.0</b>

Notes:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

(2) Comprises primarily utilities which are not available for sale.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 June 2016, the Group's revenue was approximately RMB375.8 million, representing an increase of approximately 37% from approximately RMB273.8 million as compared to the same period of last year. The increase was mainly due to the completion of phase V of Xin Xing International Cultural Town which generated a substantial increase in revenue.

Revenue from property development for the six months ended 30 June 2016 was approximately RMB371.9 million, representing an increase of approximately 37% as compared to the same period of last year. The increase was mainly due to an increase in revenue from property development of the Group in relation to phase V of Xin Xing International Cultural Town.

#### Sales and Services Cost

The Group's sales and services cost increased by approximately 40% from approximately RMB188.2 million for the six month ended 30 June 2015 to approximately RMB264.0 million for the six months ended 30 June 2016, which was mainly due to a corresponding increase in the cost of sale with the increase in the revenue.

#### Gross Profit

For the six months ended 30 June 2016, the Group's gross profit was approximately RMB111.8 million, representing an increase of approximately 31% from approximately RMB85.6 million as compared to the same period of last year. The gross profit margin for the six months ended 30 June 2016 was approximately 30%, as compared to approximately 31% for the same period of last year.

For the six months ended 30 June 2016, the gross profit of property development was approximately RMB108.1 million, representing an increase of approximately 31% from approximately RMB82.6 million as compared to the same period of last year. The increase in the gross profit of property development of the Group was mainly due to revenue from delivery of some properties of the project of phase V of Xin Xing International Cultural Town during the six months ended 30 June 2016. The gross profit margin of property development for the six months ended 30 June 2015 and 2016 were approximately 31% and 29%, respectively.

#### Other Income and Gains

The Group's other income and gains were approximately RMB1.9 million for the six months ended 30 June 2015, while other income and gains were approximately RMB2.9 million for the six months ended 30 June 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 9% from approximately RMB19.9 million for the six months ended 30 June 2015 to approximately RMB21.6 million for the six months ended 30 June 2016, which was mainly due to the fact that more marketing efforts were put on the Group's projects, including Yosemite Valley Town — Taiyuan and Chang Xing Star Gardens.

## Administrative Expenses

The Group's administrative expenses decreased by approximately 31% from approximately RMB26.7 million for the six months ended 30 June 2015 to approximately RMB18.5 million for the six months ended 30 June 2016. This was mainly due to the listing expenditures for the listing process of the Group on the Stock Exchange in the first half year of 2015 which did not occur in the first half year of 2016.

## Other Expenses

The Group's other expenses increase significantly from approximately RMB0.03 million for the six months ended 30 June 2015 to approximately RMB5.6 million for the six months ended 30 June 2016, which was mainly due to the impairment provided for completed properties held for sale as a result of the discounted sale of the remaining units of Yosemite Valley Town and Elite Gardens in Mianyang developed by the Group.

## Finance Costs

The Group's finance costs increased by approximately 150% from approximately RMB1.6 million for the six months ended 30 June 2015 to approximately RMB4.0 million for the six months ended 30 June 2016, which was mainly due to new loans were obtained by the Group in 2016.

## Income Tax Expense

The Group's income tax expense increased by approximately 36% from approximately RMB15.9 million for the six months ended 30 June 2015 to approximately RMB21.7 million for the six months ended 30 June 2016, which was mainly due to the Group recorded an increase in profit in the first half year of 2016. The PRC corporate income tax and land appreciation tax of the Group for the six months ended 30 June 2016 were approximately RMB17.3 million and RMB4.4 million, respectively.

## Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period increased from approximately RMB23.3 million for the six months ended 30 June 2015 to approximately RMB45.8 million for the six months ended 30 June 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

#### Cash Position

As at 30 June 2016, the Group's bank balance and cash were approximately RMB408.2 million, representing a decrease of approximately 34% as compared to approximately RMB617.2 million as at 31 December 2015.

#### Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB136.1 million for the six months ended 30 June 2016, while the Group recorded a positive operating cash flow of approximately RMB128.9 million for the six months ended 30 June 2015.

#### Borrowings and Pledged Assets

The Group had aggregate borrowings of RMB598.0 million as at 30 June 2016, of which RMB303.0 million are due within one year, while the remaining RMB295.0 million are due within three years. As at 30 June 2016, some of the Group's outstanding bank borrowings were secured by one or more than one of the followings: properties under development, investment properties, and properties, plants and equipment with a carrying value of approximately RMB1,582.1 million.

The Group's domestic bank loans carried a floating interest rate linked with the base lending rate of The People's Bank of China. As at 30 June 2016, the Group was exposed to interest rate risk, primarily in relation to the Group's bank loans bearing floating interest rates, which amounted to be RMB598.0 million.

#### Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into schemes of arrangement with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but rely on credit checks conducted by mortgagee banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2016, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,000 million.

As at 30 June 2016, the Group has no material contingent liabilities.

#### Material Acquisitions and Disposals and Significant Investments

The Group did not have any material acquisitions and disposals and significant investments during the six months ended 30 June 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Plans for Material Investments or Capital Assets

The Group will continue to invest in property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the prospectus of the Company dated 22 June 2015 (the “**Prospectus**”) and in this report, the Group did not have any future plans for material investments as of the date of this report.

## Employees and Remuneration Policies

As at 30 June 2016, the Group had 197 employees. For the six months ended 30 June 2016, the Group incurred employee costs of approximately RMB7.2 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

## Gearing Ratio

As at 30 June 2016, the Group’s gearing ratio (calculated by total debt divided by total equity; total debt includes interest-bearing bank and other borrowings) was approximately 62.46% (31 December 2015: approximately 66.14%).

## Foreign Currency Risks

The Group mainly operates in the PRC. The Group’s functional currency and the currency in which the Group denominates and settles substantially all of its transactions are RMB. Any fluctuation in the rate of RMB would affect the value of any dividends that the Group pays to the Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

## INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2016 to the Shareholders of the Company (30 June 2015: Nil).

## USE OF NET PROCEEDS FROM LISTING

The net proceeds of the Company from its initial public offering (after deducting underwriting fees and related expenses) amounted to approximately HK\$239.4 million are intended to be applied in the manner consistent with that set out in the Prospectus.

# DISCLOSURE OF INTEREST

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the following Directors and chief executives of the Company had interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), as follows:

### Long Positions in the Shares of the Company

Name of Director/chief executive	Capacity/Nature of interest	Number of shares held	Approximate percentage of equity interest (Note 1)
Mr. Bai Xuankui (“Mr. Bai”) (Note 2)	Settlor of a discretionary trust	289,120,000	57.82%
Mr. Bai Wukui (Note 3)	Interest of a controlled corporation	54,120,000	10.82%
Mr. Bai Guohua (Note 4)	Beneficiary of a discretionary trust	289,120,000	57.82%
Mr. Dong Shiguang (“Mr. Dong”) (Note 5)	Interest of a controlled corporation	25,880,000	5.18%

Notes:

- As at 30 June 2016, the total number of issued shares of the Company was 500,000,000 shares.
- Such shares were held by White Dynasty Global Holdings Limited (“White Dynasty BVI”) in the capacity of a legal beneficial owner, White Dynasty BVI was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited (“White Empire BVI”) in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian (“Mrs. Bai”, the spouse of Mr. Bai), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Such shares were held by White Legend Global Holdings Limited (“White Legend BVI”) in the capacity of a legal beneficial owner, White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Such shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the family trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the family trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Such shares were held by Honesty Priority Global Holdings Limited (“Honesty Priority BVI”) in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

## DISCLOSURE OF INTEREST

### Long Positions in the Shares of Associated Corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares held	Approximate percentage of equity interest (Note 1)
Mr. Bai	White Dynasty BVI <sup>(Note 1)</sup>	Settlor of a discretionary trust	10,000	100%
Mr. Bai	White Empire BVI <sup>(Note 1)</sup>	Settlor of a discretionary trust		100%
Mr. Bai Guohua	White Dynasty BVI <sup>(Note 1)</sup>	Beneficiary of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI <sup>(Note 1)</sup>	Beneficiary of a discretionary trust		100%

Note:

- White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the family trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the family trust.

As at 30 June 2016, save as disclosed above, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## DISCLOSURE OF INTEREST

### INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, to the best knowledge of the Company and our Directors, the following persons (who were not directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

#### Long Positions in the Shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of equity interest <small>(Note 1)</small>
White Dynasty BVI <sup>(Note 2)</sup>	Beneficial owner	289,120,000	57.82%
White Empire BVI	Interest of a controlled corporation	289,120,000	57.82%
White Legend BVI <sup>(Note 3)</sup>	Beneficial owner	54,120,000	10.82%
Mrs. Bai <sup>(Note 4)</sup>	Beneficiary of a discretionary trust	289,120,000	57.82%
Ms. Zhang Lindi <sup>(Note 5)</sup>	Interest of spouse	289,120,000	57.82%
Ms. Gan Xuelin <sup>(Note 6)</sup>	Interest of spouse	54,120,000	10.82%
Honesty Priority BVI	Beneficial owner	25,880,000	5.18%
Hwabao Trust Co., Ltd.	Trustee	51,800,000	10.36%
Mr. Zhang Yongcheng <sup>(Note 7)</sup>	Interest of a controlled corporation	25,880,000	5.18%

Notes:

- As at 30 June 2016, the Company had a total number of 500,000,000 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the family trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the family trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the family trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the family trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

## DISCLOSURE OF INTEREST

6. Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI under the SFO.
7. Such shares were held by Honest Priority BVI in the capacity of a legal beneficial owner, and 31.70% of the issued share capital of Honest Priority BVI was owned by Mr. Zhang Yongcheng in the capacity of a legal beneficial owner. Since Mr. Zhang Yongcheng held a controlling interest in Honest Priority BVI, Mr. Zhang Yongcheng was deemed to be interest in the shares held by Honest Priority BVI under the SFO.

As at 30 June 2016, save as disclosed above, the Company was not aware of any other persons (except Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme (“**Share Option Scheme**”) on 12 June 2015. Since the adoption of the Share Option Scheme, the Company has not granted any share options under the Share Option Scheme.

# CORPORATE GOVERNANCE AND OTHER MATTERS

## CORPORATE GOVERNANCE

The Company always commits to maintain high standards of corporate governance with a view to assure the conduct of management of the Company and protect the interests of the Shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders. The Board considers that sound corporate governance maximizes the Shareholders' interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, except for code provision A.1.8, which requires an issuer to arrange appropriate insurance cover in respect of legal action against its Directors. The Company is selecting suitable insurance plans and shall arrange suitable liability insurance cover for Directors when appropriate, so as to protect them against liability claims arising from corporate activities.

The Company shall continue to strengthen its corporate governance practices, and rely on the assistance from the domestic and Hong Kong legal consultants and compliance advisor to enhance its internal control and risks management, so as to ensure the compliance to the CG Code.

The Board currently consists of 4 executive Directors and 3 independent non-executive Directors. The Board is responsible for the overall leadership of the Group. It oversees strategic decision-making and monitors the business and performance of the Group. The Board has delegated the day-to-day management and operation powers and duties to the senior management. The independent non-executive Directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and have contributed to the Board with their professional opinions. Mr. Bai Xuankui (“**Chairman Bai**”) is an executive Director and the Chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai has been serving as the Director and chairman of the Board since its establishment, which facilitates the Company in formulating appropriate development strategies. Regarding business operations, the Company's senior management, which comprises experienced and high caliber individuals from various sectors, will ensure decisions made by the Board are thoroughly implemented.

## THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE AND OTHER MATTERS

### SUBSEQUENT EVENTS

Subsequent to 30 June 2016, neither the Company nor the Group has any substantial subsequent events that need to be disclosed.

### AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control, risk management and financial reporting matters of the Group, including review of the interim results of the Company for the six months ended 30 June 2016. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also reviewed this interim report.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
REVENUE	5	<b>375,766</b>	273,766
Cost of sales		<b>(264,011)</b>	(188,177)
Gross profit		<b>111,755</b>	85,589
Other income and gains	5	<b>2,870</b>	1,851
Selling and marketing expenses		<b>(21,649)</b>	(19,906)
Administrative expenses		<b>(18,511)</b>	(26,703)
Other expenses		<b>(5,574)</b>	(27)
Finance costs		<b>(4,020)</b>	(1,627)
PROFIT BEFORE TAX	6	<b>64,871</b>	39,177
Income tax expense	7	<b>(21,730)</b>	(15,897)
PROFIT FOR THE PERIOD		<b>43,141</b>	23,280
Attributable to:			
Owners of the parent		<b>45,750</b>	23,391
Non-controlling interests		<b>(2,609)</b>	(111)
		<b>43,141</b>	23,280
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— for profit for the period	9	<b>RMB0.09</b>	RMB0.06

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	43,141	23,280
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	2,664	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	2,664	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	2,664	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,805	23,280
Attributable to:		
Owners of the parent	48,414	23,391
Non-controlling interests	(2,609)	(111)
	45,805	23,280

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	67,964	67,718
Investment properties		161,000	161,000
Properties under development	11	275,524	157,473
Intangible assets		710	711
Deferred tax assets		48,615	54,130
Prepaid land lease payments		1,442	1,464
<b>Total non-current assets</b>		<b>555,255</b>	<b>442,496</b>
<b>CURRENT ASSETS</b>			
Properties under development	11	4,058,721	3,689,517
Completed properties held for sale	12	486,067	569,910
Inventories		2,430	2,271
Trade receivables	13	677	—
Prepayments, deposits and other receivables		247,449	377,329
Tax recoverable		15,602	15,868
Due from a related party	21	17	159
Available-for-sale financial investments	14	—	91,900
Pledged deposits	15	14,478	42,159
Cash and cash equivalents	15	408,204	617,215
<b>Total current assets</b>		<b>5,233,645</b>	<b>5,406,328</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	16	1,044,481	991,184
Other payables, deposits received and accruals		1,207,180	1,179,898
Advances from customers		1,915,913	1,689,073
Interest-bearing bank borrowings	17	303,000	369,000
Due to a related party	21	2,232	892
Due to a director	21	89	85
Tax payable		62,577	90,216
Provision		—	7,213
<b>Total current liabilities</b>		<b>4,535,472</b>	<b>4,327,561</b>
<b>NET CURRENT ASSETS</b>		<b>698,173</b>	<b>1,078,767</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,253,428</b>	<b>1,521,263</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	17	<b>295,000</b>	293,000
Due to a related party		—	80,000
Deferred tax liabilities		<b>1,068</b>	24,983
Total non-current liabilities		<b>296,068</b>	397,983
<b>NET ASSETS</b>			
NET ASSETS		<b>957,360</b>	1,123,280
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>4,003</b>	4,003
Reserves		<b>871,562</b>	1,034,873
		<b>875,565</b>	1,038,876
Non-controlling interests		<b>81,795</b>	84,404
<b>TOTAL EQUITY</b>		<b>957,360</b>	1,123,280



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									Total equity RMB'000		
	Share capital RMB'000	Share premium account* RMB'000	Capital reserves* RMB'000	Statutory surplus reserve* RMB'000	Asset revaluation reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000			
	At 1 January 2016	4,003	219,418	101,849	101,233	23,331	10,235	578,807	1,038,876		84,404	1,123,280
	Profit for the period	—	—	—	—	—	—	45,750	45,750		(2,609)	43,141
Other comprehensive income for the period												
Exchange differences on translation of foreign operations	—	—	—	—	—	2,664	—	2,664	—	2,664		
Total comprehensive income for the period	—	—	—	—	—	2,664	45,750	48,414	(2,609)	45,805		
Final 2015 dividends declared	—	—	—	—	—	—	(211,725)	(211,725)	—	(211,725)		
At 30 June 2016 (unaudited)	4,003	219,418	101,849	101,233	23,331	12,899	412,832	875,565	81,795	957,360		

	Attributable to owners of the parent									Total equity RMB'000		
	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Asset revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000			
	At 1 January 2015	—	—	101,849	67,356	—	—	322,581	491,786		86,475	578,261
	Profit and other comprehensive income for the period	—	—	—	—	—	—	23,391	23,391		(111)	23,280
At 30 June 2015 (unaudited)	—	—	101,849	67,356	—	—	345,972	515,177	86,364	601,541		

\* These reserve accounts comprise the consolidated reserves of RMB871,562,000 in the condensed consolidated statement of financial position as at 30 June 2016.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>64,871</b>	39,177
Adjustments for:			
Depreciation	6	<b>3,970</b>	2,940
Amortisation of intangible assets	6	<b>161</b>	143
Amortisation of prepaid land lease payments	6	<b>22</b>	22
Income from available-for-sale investments	5	<b>(200)</b>	(649)
Finance costs		<b>4,020</b>	1,627
Interest income	5	<b>(757)</b>	(1,001)
		<b>72,087</b>	42,259
Increase in properties under development		<b>(470,594)</b>	(694,522)
Decrease in completed properties held for sale		<b>83,843</b>	188,177
Decrease/(increase) in inventories		<b>(159)</b>	1,279
Increase in trade receivables		<b>(677)</b>	(365)
Decrease/(increase) in prepayments, deposits and other receivables		<b>129,880</b>	(78,357)
Decrease/(increase) in amount from a related party		<b>142</b>	(493)
Decrease/(increase) in pledged deposit		<b>27,681</b>	(162)
Increase in trade payables		<b>53,297</b>	267,522
Increase in advances from customers		<b>226,840</b>	325,231
Increase in other payables and accruals		<b>88,456</b>	110,100
Decrease in provision		<b>(7,213)</b>	—
Decrease in amount due to a related party		<b>—</b>	(3,124)
Increase in amount due to a director		<b>4</b>	—
Cash generated from operations		<b>203,587</b>	157,545
Tax paid		<b>(67,503)</b>	(28,596)
Net cash flows from operating activities		<b>136,084</b>	128,949

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(8,660)</b>	(4,824)
Purchase of intangible assets	<b>(160)</b>	—
Acquisition of non-controlling interests	<b>(40,620)</b>	—
Sales of available-for-sale investments	<b>91,900</b>	36,000
Income from available-for-sale investments	<b>200</b>	649
Interest received	<b>757</b>	1,001
<b>Net cash flows from investing activities</b>	<b>43,417</b>	32,826
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	<b>(211,725)</b>	(18,344)
Share issue expenses	<b>—</b>	(3,381)
New bank loans	<b>128,000</b>	447,000
Repayment of bank loans	<b>(192,000)</b>	(327,000)
Repayment of other loans	<b>(96,000)</b>	—
Decrease in amount due to a director	<b>—</b>	(184,426)
Interest paid	<b>(19,451)</b>	(32,172)
<b>Net cash flows used in financing activities</b>	<b>(391,176)</b>	(118,323)
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	<b>617,215</b>	393,515
Effect of foreign exchange rate changes, net	<b>2,664</b>	—
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>408,204</b>	436,967
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>422,682</b>	478,009
Less: Pledged deposits	<b>14,478</b>	41,042
	<b>408,204</b>	436,967

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focuses on development projects of residential and commercial properties.

## 2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting".

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.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and available-for-sale investments which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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:

Amendments to Hong Kong Hong Kong Financial Reporting Standards ("HKFRS") 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these new and revised standards and amendments has had no significant financial effect on the interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

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 the six months ended 30 June 2016 and 2015.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties and lease of properties, net of business tax and other sales related taxes and discounts allowed.

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

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
<b>Revenue</b>		
Sale of properties	392,900	287,184
Property leasing income	4,093	3,150
	<b>396,993</b>	290,334
Less: Business tax and government surcharges	<b>(21,227)</b>	(16,568)
	<b>375,766</b>	273,766
<b>Other income and gains</b>		
Bank interest income	757	1,001
Income from available-for-sale investments	200	649
Gross rental income	1,355	—
Others	558	201
	<b>2,870</b>	1,851

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX

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

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Cost of properties sold	263,839	188,177
Depreciation	3,970	2,940
Amortisation of intangible assets	161	143
Minimum lease payments under operating leases	157	157
Amortisation of land lease payments	22	22
Auditors' remuneration	680	750
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	4,996	4,504
Pension scheme contributions	806	659
Staff welfare expense	440	711
Impairment of completed properties held for sale*	5,158	—
Bank interest income	(757)	(1,001)
Income from available-for sale investments	(200)	(649)

\* The amount is included in "other expenses" in the interim condensed consolidated statement of profit or loss.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX

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

The major components of the Group's income tax expense are as follows:

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Current tax:		
Income tax charge	35,693	26,140
Land appreciation tax	4,437	5,312
Deferred tax	(18,400)	(15,555)
Total tax charge for the period	21,730	15,897

## 8. DIVIDENDS

A final dividend of HK50 cents per ordinary share for the year ended 31 December 2015 of RMB211,725,000 was approved by shareholders on 19 May 2016 and paid on 31 May 2016.

The Board did not declare any interim dividend for the six months ended 30 June 2016 (the six months ended 30 June 2015: Nil).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	45,750	23,391

  

	Six months ended 30 June 2016 '000 (unaudited)	Six months ended 30 June 2015 '000 (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	500,000	400,000

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired assets with a cost of RMB4,217,000 (the six months ended 30 June 2015: RMB4,824,000).

No asset was disposed of by the Group during the six months ended 30 June 2016 and 2015.

Certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB42,623,000 were pledged to secure bank loans granted to the Group as at 30 June 2016 (31 December 2015: RMB44,762,000) (note 17).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Carrying amount at beginning of year/period	3,846,990	2,329,867
Additions	672,409	1,562,421
Transferred to completed properties held for sale (note 12)	(185,154)	(45,298)
Carrying amount at end of year/period	4,334,245	3,846,990
Less: Current portion	(4,058,721)	(3,689,517)
Non-current portion	275,524	157,473

Certain of the Group's properties under development with carrying value of approximately RMB1,378,504,000 were pledged to secure bank loans granted to the Group as at 30 June 2016 (31 December 2015: RMB1,232,706,000) (note 17).

## 12. COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Carrying amount at beginning of year/period	569,910	1,209,436
Transfer from properties under development (note 11)	185,154	45,298
Transfer to cost of properties sold	(263,839)	(684,824)
Impairment during the year/period	491,225 (5,158)	569,910 —
Net carrying amount at end of year/period	486,067	569,910

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. TRADE RECEIVABLES

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade receivables	677	—

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

There was no provision provided for impairment of trade receivables during the six months ended 30 June 2016 and 2015.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Less than 1 year	677	—

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Neither past due nor impaired	677	—

Trade receivables that were neither past due nor impaired relate to an independent customer for whom there was no recent history of default.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Unlisted investments, at fair value	—	91,900

Unlisted investments represented investments in certain financial assets issued by licensed financial institutions in mainland China. The financial assets in the investments bear expected yield rates of 2.2% to 4.35% per annum upon maturity in 2015.

### 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Total cash and bank balances, including pledged deposits	<b>422,682</b>	659,374
Less: Pledged deposits	<b>(14,478)</b>	(42,159)
Cash and cash equivalents	<b>408,204</b>	617,215

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 30 June 2016, no pledged deposits were frozen in pledged deposits were frozen pursuant to a civil ruling issued by the Jinzhong Intermediate People's Court in relation to the lawsuit filed by Shanxi Yuci Huayi Section Steel Industrial Co., Ltd. (31 December 2015: RMB30,000,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. TRADE PAYABLES

An aged analysis of the trade payables, based on the payment due dates, is as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Less than 1 year	747,322	685,943
1 to 2 years	132,233	254,540
2 to 3 years	122,694	8,250
3 to 4 years	4,376	3,360
4 to 5 years	2,514	3,780
Over 5 years	35,342	35,311
	<b>1,044,481</b>	991,184

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
<b>31 December 2015 (audited)</b>			
<b>Current</b>			
Bank loans — secured	6.63	2016	47,000
Current portion of long term bank loans — secured	6.15-6.77	2016	322,000
			369,000
<b>Non-current</b>			
Bank loans — secured	4.75-6.60	2018	293,000
<b>30 June 2016 (unaudited)</b>			
<b>Current</b>			
Bank loans — secured	5.22	2017	46,000
Current portion of long term bank loans — secured	5.23	2016	60,000
	5.23-6.15	2017	197,000
			303,000
<b>Non-current</b>			
Bank loans — secured	4.75-5.23	2017-2019	295,000

Certain of the Group's bank loans are secured by:

- (i) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB42,623,000 as at 30 June 2016 (31 December 2015: RMB44,762,000);
- (ii) mortgages over the Group's investment properties, which had an aggregate carrying value of approximately RMB161,000,000 as at 30 June 2016 (31 December 2015: RMB118,000,000); and
- (iii) mortgages over the Group's properties under development, which had aggregate carrying value of approximately RMB1,378,504,000 as at 30 June 2016 (31 December 2015: RMB1,232,706,000) (note 11).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. INTEREST-BEARING BANK BORROWINGS *(continued)*

In addition, the Company's controlling shareholders have guaranteed certain of the Group's bank loans up to RMB175,000,000 as at 30 June 2016 (31 December 2015: RMB93,000,000).

### 18. OPERATING LEASE ARRANGEMENTS

#### As lessor

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

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:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Within one year	7,138	9,223
In the second to tenth years, inclusive	21,076	15,458
	<b>28,214</b>	24,681

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. OPERATING LEASE ARRANGEMENTS *(continued)*

#### As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms of one year.

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:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Within one year	104	262

### 19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18 above, the Group had the following capital commitments as at 30 June 2016 and 31 December 2015:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Contracted, but not provided for: Property development activities	1,700,652	1,579,416



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. CONTINGENT LIABILITIES

- (a) At 30 June 2016 and 31 December 2015, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	1,000,196	866,697

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those 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 at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the reporting periods in respect of the guarantees provided for mortgage facilities granted to the 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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 21. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Shanxi Wanjia Property Management Co., Ltd. ("Shanxi Wanjia")	Company controlled by the daughter of Mr. Bai Xuankui
Shanghai Xuanyu Investment Management Center ("Shanghai Xuanyu")	Company controlled by Mr. Bai Xuankui

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the reporting period:

	Note	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Interest expense to a related party Shanghai Xuanyu	(i)	2,405	—
Repayment of loans from a related party Shanghai Xuanyu	(i)	80,000	—
Prepaid expense on behalf of a related party Shanxi Wanjia		—	493
Refund of prepaid expense on behalf of a related party Shanxi Wanjia		142	—

Note:

- (i) The loans bore interest at 6.98% per annum.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. RELATED PARTY TRANSACTIONS *(continued)*

- (b) Other transactions with related parties:

The Company's controlling shareholders have guaranteed certain of the Group's bank loans up to RMB175,000,000 as at 30 June 2016 (31 December 2015: RMB93,000,000) (note 17).

- (c) Outstanding balances with related parties:

The Group had the following significant balances with its related parties during the reporting period:

	Note	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Due from a related party Shanxi Wanjia	(i)	17	159
Due to a director Mr. Bai Guohua	(i)	89	85
Due to a related party-current Shanghai Xuanyu	(i)	2,232	892
Due to a related party-non-current Shanghai Xuanyu	(i)	—	80,000

Note:

- (i) The balances were repayable on demand, unsecured and interest-free.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 21. RELATED PARTY TRANSACTIONS *(continued)*

(d) Compensation of key management personnel of the Group:

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Short term employee benefits	1,215	1,178
Pension scheme contributions	117	109
Total compensation paid to key management personnel	1,332	1,287

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayment, deposits and other receivables, trade payables, financial liabilities included in other payables, deposits received and accruals, the current portion of interest-bearing bank borrowings, amounts due from/to a director and related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that the fair values of non-current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rate.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the available-for-sale investments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

#### Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2015

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Available-for-sale investments	—	91,900	—	91,900

The Group did not have any financial assets measured at fair value as at 30 June 2016 (31 December 2015: RMB91,900,000).

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 (31 December 2015: Nil).

### 23. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events after the reporting period.

### 24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised by the Board on 29 August 2016.



**CHEN XING**