新明中国控股
XINMING CHINA

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

(Incorporated in the Cayman Island with limited liability)

Stock code：2699

INTERIM REPORT 2017

CONTENT

Company Profile

Xinming China Holdings Limited (the "Company" or "Xinming China"), listed on the Main board of The Stock Exchange of Hong Kong Limited (the "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 commercial property market and dedicated to creating a complete value chain for maternity, babies and children ("MBC") business by seizing the market opportunity brought about by favorable policies. The Group's 'My Babini' (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

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

Block I, 5th Floor
Hengli Building
No. 5 Huang Long Road, Hangzhou
Zhejiang Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 10, 26/F
Seapower Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon, Hong Kong

COMPANY'S WEBSITE ADDRESS

http://www.xinm.com.cn

Corporate Information

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

Ping An Bank,
Hangzhou Huanglong Branch
Hangzhou United Bank,
Kangqiao Branch
Hangzhou Bank,
Guanxiangkou Branch
Industrial and Commercial Bank of China,
Dazu 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 2017 as set out below:

- Turnover of the Group amounted to approximately RMB54.8 million, representing a decrease of approximately 89.2% as compared to the same period of last year.
- Gross profit of the Group amounted to approximately RMB27.5 million, representing a decrease of approximately 89.5% as compared to the same period of last year.
- Loss attributable to the shareholders of the Company was approximately RMB113.0 million, representing a decrease of approximately 3.6 times as compared to the profit attributable to the shareholders of the same period of last year.
- Basic loss per share was approximately RMB0.06.
- The board (the "Board") of directors (the "Directors") of the Company did not recommend the payment of interim dividend as of 30 June 2017.

Chairman's Statement

Dear Shareholders,

The Board announces the interim results of the Group for the six months ended 30 June 2017 (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 RMB54.8 million, representing a decrease of approximately 89.2% from approximately RMB506.5 million for the corresponding period of last year.

Loss attributable to the shareholders of the Company for the Period amounted to approximately RMB113.0 million, representing a decrease of approximately 3.6 times from the attributable profit of approximately RMB43.0 million for the corresponding period of last year.

During the Period, loss per share were approximately RMB0.06 (for the first half of 2016: attributable profit approximately RMB0.03).

As at 30 June 2017, the Group's total assets amounted to approximately RMB7,675.6 million (31 December 2016: approximately RMB7,887.2 million), while total liabilities amounted to approximately RMB5,939.0 million (31 December 2016: approximately RMB5,946.7 million); total equity was approximately RMB1,736.6 million (31 December 2016: approximately RMB1,940.5 million), and net asset value per share was approximately RMB0.92 (31 December 2016: approximately RMB1.03).

In the first half of 2017, the global economy has continued to improve. The overall recovery of developed economies were on solid grounds while the economies of the United States, Eurozone and Japan rebounded generally; among the emerging economies, China and India continued to lead the growth. However, as the global recovery is imbalanced and strong structural growth has not yet occurred, we are still exposed to great risks and uncertainties. In the first half of the year, the PRC economy has been maintaining a stable growth momentum and its GDP has recorded a growth of 6.9% over the corresponding period last year. The economic operation has been within a reasonable range and a stable and rising trend has becoming increasingly obvious. Compared to the robust economic development trend, the real estate market showed uncertain direction of development. The central government insisted in the residential nature in positioning real estate development while the local government introduced different policies in different cities, and implemented policies in controlling housing price, preventing market bubbles and cutting inventories at the same time. Under the most stringent control policies, real estate loan growth continued to decline in the first half of the year.

Chairman's Statement

Under the pressure of the stringent control policies and the insufficient economic driving force in individual cities, the performance of Xinming China was susceptible to short-term shocks. Though being affected in this regard, Xinming China remained active in responding to challenges and continuously adjusted its pace as per the actual market conditions to timely grasp the business opportunities to maximize returns. In addition, since the government implemented the "universal second-child" policy in 2015, the growth rate of births have continued to grow in China, resulting in the child-centric market with enormous potential. The newborn baby's parents are younger and the cultural level is improving, the desire for knowledge to nurture and the health awareness is increasing. This brings the growing desire for multi-functional, diversified products, high quality service and professional guidance. Young parents make considerable investment of manpower, material or financial resources on their children. However, the child commercial property for child-centric market has basically yet to be developed. Facing the new challenges, Xinming China, coupled with engaging in the businesses of traditional residential properties and commercial real estates, also developed the child-centric commercial property with forethought, and leveraged on our brand "My Babini" to build a path of themed property development.

During the Period, for property development and sales, the Group leveraged on its extensive experience and continued to cultivate its base camps such as Taizhou, Chongqing and Tengzhou. The project delivery and launch time was in line with the local economy trend and policies to maximize the profit. For child-centric commercial property development, the Group proceeded from its need side, aiming at the enormous market of child-centric commercial property and arranging transformation and upgrading proactively. In Shanghai and Hangzhou, the Group made its full efforts to build the commercial complex projects "My Babini", integrated with commercial and shopping layout, based on closed-loop consumption combining online services and offline services, so as to create an operational service platform for the complete MBC value chain. We are currently planning and commencing layout design for the My Babini project in Shanghai ("Shanghai project") . The theme is "Love". The core facilities are "play world", "good life", "creative space" and "culture and food". It is expected that the opening will be in the first half year of 2018. The Group signed an agreement to acquire 14.29% equity interest with RMB1,250,000 of Shanghai Family Partner Information Technology Company Limited (上海伴家信息技術有限公司) in June 2017. Such company owns "Zmwoo (芝媽屋)", a high-end domestic MBC online life platform. Hopefully, it will be the starting point to integrate offline business. The construction work of My Babini project in Hangzhou ("Hangzhou project") is expected to be completed in late 2017. Shanghai project and Hangzhou project will become another achievement of Xinming China for focusing on the synergetic development of "industry and city" as well as "consumption and life".

"My Babini", the brand created by Xinming China, has got full attention and recognition among all sectors since its debut, and has received numerous awards. In the first half of the year, after winning the award "China Specialised Real Estate Company — Child-centric Real Estate" for two years in a row, the Group also won its first award of "2017 China Outstanding Representative Project in Child-Centric Real Estate".

Chairman's Statement

In the first half of 2017, the Group recorded sales of properties of RMB13.5 million, representing a decrease of approximately 97.2% as compared to the same period of last year, which was mainly attributed to the facts that (i) the construction and the property transfer and delivery procedures of Hangzhou Xinming • Children's World project ("Hangzhou Xinming") are expected to be completed before December 2017. As at 30 June 2017, the advances received from customers of the Group amounted to approximately RMB1,411.0 million and the expected Gross Floor Area ("GFA") is approximately 71,859.0 sq. m.. Pursuant to the relevant accounting standards, the revenue from sales of property will generally be recognized upon the completion of the construction and delivery of properties to the purchasers. As a result, the Group has not recorded any revenue from such sales of properties during the six months ended 30 June 2017; (ii) a substantial decrease of approximately 62.7% 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 due to the drop in the demand in local housing market; and (iii) the decrease of approximately 99.3% in the delivered area of Shanghai Xinming • Children's World, a commercial project, over the corresponding period last year as a result of the static effect of the investment atmosphere on the commercial property market arising from the consultation work of the profit/loss protection for property purchasers launched by Shanghai government targeting property developers since January of this year. Therefore, during the Period, the Group delivered GFA of approximately 2,071.08 sq.m., representing a decrease of approximately 92.9% as compared to the same period of last year. However, the average selling price during the Period as a whole decreased by approximately 59.8% as compared to the same period of last year, which was mainly due to the decrease of approximately 99.2% over the corresponding period last year of property sales in commercial properties in Shanghai Xinming • Children's World with higher average selling price in Shanghai, which is a first-tier city in China. As at 30 June 2017, 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 1,353,033 sq.m., of which, approximately 519,603 sq.m. of the GFA was completed, approximately 364,106 sq.m. of the GFA was under development and approximately 469,324 sq.m. of the GFA was held for future development.

PROSPECTS

Looking forward, the traditional property industry is expected to face mounting challenges and control policies in hotspot cities may be strengthened continuously, whereas housing policies in third-to-fourth tier cities will be more stable and accommodative with the tone of cutting inventories. Xinming China will keep paying attention to quality land projects, enabling a bigger and more robust growth in residential and commercial property development business. In the meantime, the Group will continue to deepen the child-centric commercial property and is committed to providing comprehensive products and services for MBC market. Apart from off-line projects, the Group will also actively develop an online platform, promote a comprehensive network platform with a MBC theme, which enables mutual interaction between online and offline operations and enhances customer loyalty, so as to maximize the marketing return of investment. With extensive fund attraction of Shanghai project and upcoming work completion of Hangzhou project, My Babini will gradually grow and gain its presence in the MBC market, creating a synergy of its brand. This will help Xinming China to pursue the path of themed property operations. Despite challenging situations in the future, Xinming China will exert all efforts to undergo the transformation.

The Group expected that, following the signing of an agreement with Taizhou Housing Expropriation Department on 9 August 2017 to dispose a property asset held by the Group for investment at a consideration of RMB171,281,169 and the conversion from the relevant customer advances to income upon the expected completion of relevant formalities of delivery of property area for Xinming • Children's World by the end of the year, the overall operating results of sales business would show a steady recovery trend in 2017.

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 sales targets for this year. It is expected that the Group will maintain stable and positive business development in 2017.

DEVELOPMENT STRATEGIES

The formal launch of the MBC themed commercial complex

In the second half of 2017, Xinming China will lay a more solid foundation for our commercial property development. After nearly a year of strategic deployment, the work of interior layout design of the Shanghai project has been completed and the work of inviting commercial tenants at home and abroad has been commenced. The project is expected to be officially opened in the first half of the coming year. The Hangzhou project is also progressing smoothly. The Company has been searching for high quality products globally, aimed at providing a broad range of high quality products and services for MBC under the My Babini brand and adopting the "Internet+" business model, so as to realize the online-offline co-operation mode, developing the My Babini 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 My Babini brand to China's first and second tier cities and other fast-growing 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.

Chairman's Statement

Focus on personnel training, innovation and human resources management

The Group strengthens the training of talents innovatively and optimizes staff through providing them with a variety of learning, training and practicing. In addition, it actively introduces advanced international talents. The Company realises the cultivation and building of a team of overseas' talents and improves the performance appraisal system for the corporate executives.

SUMMARY

Looking ahead into the second half of 2017, 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. Under the investment environment of low interest rates, it is believed that a certain amount of capital will be invested in the property market. In the second half of 2017, the volume and price growth of the domestic real estate industry may face a positive adjustment. Revitalizing assets, cutting inventories will be the main tasks of the Group during the second half of 2017.

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

30 August 2017

Management Discussion and Analysis

(Including financial review)

INDUSTRY REVIEW

In the first half of 2017, China's economic growth was better than expected and its GDP recorded a growth of 6.9% over the last corresponding period. Confronted with the most stringent control policies in the PRC real estate market, the differentiation among local control policies became increasingly apparent under the continuous emphasis of positioning real estate as housing function; the local government continued to introduce different policies in different cities and implemented policies in controlling housing price, preventing market bubbles and cutting inventories at the same time. Recently, the central government has launched the Regulation on Administration of the Residential Tenancy (住房租賃市場管理條例), which accelerates the development of housing system promoting purchase and lease concurrently, deepens land and population reform and expedites the establishment of long-term mechanism, thus creating a favorable environment for the steady and sound development of real estate market.

The "universal second-child" policy has taken effect. The number of births in China recorded an increase of 11.5% in 2016 as compared to the last corresponding period. The birth rate in 2017 is expected to reach 13.12% and the growth rate of births will be increasingly influenced by the "universal second-child" policy in the coming years. In view of this, the room for growth of supply-demand relationship will expand constantly. The child-rearing consumption of young families has been upgrading, with considerable purchasing power and repeat purchase rate.

Leveraging on its prospective strategic insight, Xinming China predicted the significant profit in child commercial property ahead of counterparts under mounting challenges from traditional commercial property. It also integrated with e-commerce services, laying a solid foundation for achieving business transformation and upgrade.

RESULTS OVERVIEW

During the Period, the Group recorded a total revenue of approximately RMB54.8 million, representing a decrease of approximately 89.2% from approximately RMB506.5 million for the corresponding period last year. The sales of delivered properties and GFA were approximately RMB13.5 million and approximately 2,071.08 sq.m., representing a decrease of 97.2% and 92.9% year-on-year, respectively. The average selling price for the contracted sales was approximately RMB6,536 per sq.m., representing a decrease of approximately 59.8% as compared with approximately RMB16,270 of the corresponding period last year, which was mainly attributed to the decrease of approximately 99.3% of the total GFA accounted for Shanghai Xinming • Children's World, the commercial properties during the Period with comparatively higher average selling price, due to the short-term static effect of the investment atmosphere on the commercial property market resulting from the consultation work of the profit/loss protection for property purchasers conducted by Shanghai government targeting property developers since January this year.

Loss attributable to the shareholders of the Company for the Period amounted to approximately RMB113.0 million, representing a decrease of approximately 3.6 times from the profit of approximately RMB43.0 million for the corresponding period last year. The decrease is mainly attributable to the decrease in the GFA of properties completed and delivered for the Period. The basic loss per share is RMB0.06.

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

As at 30 June 2017, total assets of the Group amounted to approximately RMB7,675.6 million (31 December 2016: approximately RMB7,887.2 million); total liabilities were approximately RMB5,939.0 million (31 December 2016: approximately RMB5,946.7 million); total equity was approximately RMB1,736.6 million (31 December 2016: approximately RMB1,940.5 million); and net assets per share were approximately RMB0.92 (31 December 2016: approximately RMB1.03).

SALES

During the Period, the Group recorded a total revenue of approximately RMB54.8 million, representing a decrease of approximately 89.2% from approximately RMB506.5 million for the corresponding period last year. During the Period, the Group recorded property sales revenue of approximately RMB13.5 million, representing 24.7% of its total revenue. Total contracted GFA was approximately 2,071.08 sq.m., representing a decrease of approximately 92.9% as compared to the same period of last year. It was mainly because the sales of Shanghai Xinming • Children's World was affected by sluggish investment atmosphere of the commercial property market resulting from the consultation work of the profit/loss protection for property purchasers launched by Shanghai government targeting property developers since January this year. The investment atmosphere of the property market recovered when the announcement of new system and supervision guidelines via public communication channel in Shanghai on 12 June 2017 was made. Besides, it was also attributable to a substantial decrease of approximately 59.7% in GFA sold for four properties projects including Xinming Lijiang Garden, Wenshang Times • Xinming Apartment, Taizhou Xinming Peninsular Phase 1 and Phase 2 Stage 2 during the Period as compared to the corresponding period last year. There was no sales of Chongqing Xinming • China South-western City Phase 1, Wenshang Times • Xinming Household Decorations and Fittings City and Xingmeng International Commercial City during the Period as a result of adjustment in sales strategy.

The following table sets forth the revenue by operating segments during the Period:

	for the six months ended 30 June			
	2017		2016	
	(RMB million) **(Unaudited)**	(%)	(RMB million) (Unaudited)	(%)
Sales of properties	**13.5**	**24.7**	475.7	93.9
Rental Income	**29.5**	**53.8**	20.7	4.1
Income of property management	**11.8**	**21.5**	10.1	2.0
Total revenue	**54.8**	**100%**	506.5	100%

Sales of properties

During the Period, the Group recorded property sales of approximately RMB13.5 million, representing a decrease of approximately 97.2% from approximately RMB475.7 million for the same period of last year, mainly due to the GFA delivered of 2,071.08 sq.m., representing a decrease of approximately 27,167.38 sq.m. or 92.9% from approximately 29,238.46 sq.m. for the same period of last year, mainly because the GFA of 154.0 sq.m. delivered from Shanghai Xinming • Children's World decreased by approximately 21,594.04 sq.m. over the corresponding period last year.

Property Leasing

We carry out our property leasing business through leasing our commercial properties held for investment and leasing the sold commercial properties leased back from third parties by the Group. As at 30 June 2017, the actual area leased out was approximately 161,974.41 square meters, representing approximately 74% of the Group's total investment properties held-for-lease and the sold commercial properties acquired by leasing back from third parties.

During the Period, the rental income amounted to approximately RMB29.5 million, representing an increase of approximately RMB8.8 million or 42.5% from approximately RMB20.7 million for the same period of last year, mainly due to the increase 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 ("Zhejiang Xinming") 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 RMB11.8 million, representing an increase of approximately RMB1.7 million or 16.8% from approximately RMB10.1 million for the same period of last year, mainly due to the increase of the properties number and GFA under management.

On 20 July 2017, the Company disposed its 100% equity interests in Zhejiang Xinming to transfer to Hangzhou Lanlv Investment Advisory Company Limited* (杭州藍綠投資諮詢有限公司). Upon the transaction, the Company ceased to operate property management services. For details, please refer to the announcement published on 20 July 2017 on the website of the Hong Kong Stock Exchange and the Company's website.

Gross profit

During the Period, the gross profit amounted to approximately RMB27.5 million, representing a decrease of approximately RMB234.2 million or approximately 89.5% as compared to RMB261.7 million in the same period of last year; the gross profit margin was approximately 50.1% as compared to approximately 51.7% in the same period of last year which resulted in a slightly decrease of 1.6 percentage points. It is expected that the gross profit margin of the Group will maintain basically stable in the second half of 2017.

Other income and revenue

During the Period, other income and revenue amounted to approximately RMB0.9 million, representing a significant decrease of approximately RMB2.2 million or 71% as compared to approximately RMB3.1 million in the same period of last year, mainly due to the decrease of interests income from time deposit.

Selling and administrative expenses

During the Period, the selling and administrative expenses amounted to approximately RMB118.0 million, representing an increase of approximately RMB32.2 million or 37.5% as compared to approximately RMB85.8 million in the same period of last year and the distribution expenses increased by approximately RMB18.8 million mainly due to the increase of approximately RMB14.2 million in advertisement and sales commission for Hangzhou Project as compared to the same period of last year. Administrative expenses increased by approximately RMB13.5 million as compared to the same period of last year, mainly due to the increase in professional service fees.

Other expenses

During the Period, other expenses amounted to approximately RMB48.0 million, representing a significant increase of approximately RMB41.0 million or 5.9 times as compared to approximately RMB7.0 million in the same period of last year, mainly due to the provision of contract loss of Taizhou Property (台州置業).

Operation loss

During the Period, the operation loss amounted to approximately RMB119.6 million, representing a decrease of approximately RMB179.7 million or approximately 3.0 times as compared to the profit of approximately RMB60.1 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 RMB13.3 million, representing an increase of approximately RMB8.3 million or approximately 166% as compared to approximately RMB5.0 million for the same period of last year, mainly due to the increase of approximately RMB1.5 million in aggregate for Taizhou Xinming Property • Red Star Macalline, the increase of approximately RMB1.8 million for Wenshang Times • Red Star Macalline and the increase of approximately RMB8.9 million of the investment property valuation for Shanghai Xinming Project.

Net finance costs

During the Period, the net interest costs amounted to approximately RMB0.11 million, representing an increase of approximately RMB0.08 million or approximately 2.7 times as compared to approximately RMB0.03 million in the same period of last year, mainly due to the increase of notional interest.

Income tax credit

During the Period, the income tax credit amounted to approximately RMB4.9 million, representing a decrease of approximately RMB121.8 million as compared to approximately RMB116.9 million in the same period of last year, mainly due to the decrease of profit.

Loss attributable to the shareholders

During the Period, the loss attributable to the shareholders amounted to approximately RMB113.0 million, representing a decrease of approximately RMB156.0 million or approximately 3.6 times as compared to approximately RMB43.0 million for the same period of last year. The basic earnings per share converted from profit approximately RMB0.03 per share in the same period of last year to a loss of approximately RMB0.06 per share.

Business performance

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

Property Projects	Location	Project Type	GFA delivered (sq.m.)	Income (RMB million) (Unaudited)	Average selling price (RMB/sq.m)
Taizhou Xinming Peninsular					
Phase 1	Jiaojiang District, Taizhou City	Residential, Commercial	621.00	2.74	4,412
Phase 2 — Stage 2	Jiaojiang District, Taizhou City	Residential, Commercial	34.36	0.05	1,517
Xinming Lijiang Garden	Jiaojiang District, Taizhou City	Residential, Commercial	1,261.72	7.23	5,737
Shanghai Xinming • Children's World	Jiading District, Shanghai Municipality	Commercial	154.00	3.51	22,767
Total			2,071.08	13.53	6,536

Land reserve

As at 30 June 2017, 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 1,353,033 sq.m., of which approximately 519,603 sq.m. was completed, approximately 364,106 sq.m. was under development, and approximately 469,324 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 2017:

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	227,818	–	68,204	296,022	21.9	100	Residential, commercial, storage
Shanghai	1	106,987	–	–	106,987	7.9	79	Commercial, office
Chongqing	3	127,874	171,550	221,176	520,600	38.5	95	Residential, commercial
Tengzhou	1	56,924	29,629	179,944	266,497	19.7	75	Residential, commercial
Hangzhou	1	–	162,927	–	162,927	12.0	100	Commercial
Total	16	519,603	364,106	469,324	1,353,033	100.0		

Since the publication of the Group's annual report for the year ended 31 December 2016, there was no material change in the possible future development of the Group's business and the Group's outlook for the Period.

PROSPECTS

Looking ahead in the second half year of 2017, it is expected that the Chinese economy will be increasingly stable and will continue to reinforce supply-side structural reform. It will focus on optimizing the economic structure and promote the transformation of old and new momentum, keeping the economy in a reasonable range. The development trend of the economy is still unclear due to various unstable, uncertain and unforeseen factors of the global economic recovery. The central government is continuing to reinforce the implementation of stabilizing measures of the real estate market, adhering policy continuity and stability and hence accelerating the establishment of long-term mechanism.

In the second half year of 2017, for the traditional commercial and residential property business, Xinming China would continue to promote the progress of Taizhou Tengzhou and Chongqing projects, and determine the specific launch time of the properties according to the local economic trend and investment atmosphere. It is expected that the sales performance of the property will also be outstanding. The themed MBC commercial property business remains as the top priority of Xinming China in the future. The Shanghai project is currently at the final stage, the work of interior layout design and inviting commercial promotion are in progress. It is expected to commence operation in the first half of next year. Xinming China worked with Prof. Shiaki Kuriyama last year, a renowned key person of retail industry in Japan acting as the head of planning, and is in association with a professional team to ensure the quality of the project. In addition, the construction work under Hangzhou project is also on schedule. Apart from the physical projects which are in progress orderly, Xinming China is also establishing its e-commerce platforms in order to provide comprehensive service and experience and is committed to be the outstanding operator in the entire MBC value chain.

Going forward, the Group will focus on the development of commercial complexes with the themed concept of MBC consumable market and devote its full efforts in promoting the brand of "My Babini" so as to enhance the brand influence and appeal. Its objective is to successfully promote the brand of "My Babini" to first and second tier cities in China, and to consider to further expand to South-eastern Asian countries. This can facilitate the path of innovative strategic transformation of Xinming China.

Cash flows

As at 30 June 2017, cash and bank deposits of the Group, including restricted cash, was approximately RMB498.9 million (31 December 2016: approximately RMB968.7 million), representing a decrease of approximately RMB469.8 million or approximately 48.5%, which was mainly due to the repayment of bank loans.

During the Period, the net cash generated from operating activities was approximately RMB1,071.4 million (six months ended 30 June 2016: net cash generated approximately RMB7.9 million), representing an increase of RMB1,063.5 million, which was mainly due to the substantial increase of amount in advances from customers as compared to the corresponding period last year. The net cash generated from investing activities was approximately RMB0.6 million (six months ended 30 June 2016: net cash generated approximately RMB2.6 million). The net cash used by financing activities was approximately RMB1,040.2 million (six months ended 30 June 2016: net cash generated of approximately RMB61.4 million), mainly attributed to the repayment of bank loans.

Trade receivables, prepayments, deposits and other receivables

As at 30 June 2017, the total assets of trade receivables, prepayments, deposits and other receivables of the Group was approximately RMB242.3 million, representing a decrease of approximately RMB49.6 million as compared to approximately RMB291.9 million as at 31 December 2016. The decrease of approximately RMB30.0 million in the trade receivables was mainly due to the receiving of mortgage facilities granted to purchasers of the Shanghai project's completed properties held for sale. Meanwhile, guarantee deposit and tender bond decreased by approximately RMB19.6 million over the corresponding period last year. For details of trade receivables analysis are set out in the interim condensed consolidated financial information note 12.

Trade payables, advances from customers and other payables

As at 30 June 2017, the total trade payables, advances from customers and other payables of the Group was approximately RMB2,711.4 million, representing a increase of approximately RMB920.1 million as compared to approximately RMB1,791.3 million as at 31 December 2016, which was mainly due to the substantial increase of approximately RMB1,104.3 million in the advances from customers for Hangzhou Xinming project. On the contrary, trade payables decreased by approximately RMB236.2 million over the corresponding period last year. For details of trade payables analysis are set out in the interim condensed consolidated financial information note 13.

Assets and liabilities

As at 30 June 2017, the total assets of the Group was approximately RMB7,675.6 million, representing a decrease of approximately RMB211.6 million as compared to approximately RMB7,887.2 million as at 31 December 2016. The total current assets was approximately RMB4,480.3 million, representing approximately 58.4% (31 December 2016: approximately 59.9%) of the total assets, decreased by approximately RMB241.0 million as compared to approximately RMB4,721.3 million as at 31 December 2016. However, the total non-current assets was approximately RMB3,195.3 million, representing approximately 41.6% (31 December 2016: approximately 40.1%) of the total assets, increased by approximately RMB29.4 million as compared to approximately RMB3,165.9 million as at 31 December 2016.

As at 30 June 2017, the total liabilities of the Group was approximately RMB5,939.0 million, representing a decrease of approximately RMB7.7 million as compared to approximately RMB5,946.7 million as at 31 December 2016. The total current liabilities was approximately RMB4,767.6 million, representing approximately 80.3% (31 December 2016: approximately 68.2%) of the total liabilities, increased by approximately RMB712.7 million as compared to approximately RMB4,054.9 million as at 31 December 2016. However, the total non-current liabilities was approximately RMB1,171.4 million, representing approximately 19.7% (31 December 2016: approximately 31.8%) of the total liabilities, decreased by approximately RMB720.4 million as compared to approximately RMB1,891.8 million as at 31 December 2016.

As at 30 June 2017, the Group has recorded the net current liabilities of approximately RMB287.3 million, representing a decrease of approximately RMB953.8 million as compared to the net current assets of approximately RMB666.5 million as at 31 December 2016. It is mainly attributable to the decrease in cash deposits used for repayment of bank borrowings of approximately RMB1,026.6 million during the Period.

The management expected an improvement in liquidity in the second half of the year through (i) the disposal of property asset held for investment on 9 August 2017 at a consideration of approximately RMB171,000,000; and (ii) the conversion from the relevant customer advances to income upon the expected completion of delivery of the GFA for Hangzhou Xinming project by the end of the year.

Current ratio

As at 30 June 2017, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 0.94:1 (31 December 2016: 1.16:1).

Gearing ratio

As at 30 June 2017, 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 46% (31 December 2016: 57%).

Capital structure

The Group's operations were financed mainly by shareholder's equity, financing of loans from bank for the Group 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.

Borrowings

As at 30 June 2017, the total bank and other borrowings of the Group was approximately RMB1,999.9 million, representing a decrease of approximately RMB1,009.6 million as compared to the approximately RMB3,009.5 million as at 31 December 2016 mainly attributable to the repayment of bank borrowings due within one year of approximately RMB1,026.6 million during the Period.

The borrowings repayable within one year of the Group of approximately RMB1,259.9 million representing a decrease of approximately RMB284.6 million as compared to the approximately RMB1,544.5 million as at 31 December 2016. Borrowings repayable after one year was approximately RMB740.0 million, representing a decrease of approximately RMB724.9 million as compared to approximately RMB1,464.9 million as at 31 December 2016.

During the Period, the Group's borrowings with fixed interest rates to total borrowings was approximately 37.8%.

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

The Group did not have other plans for material investments and capital assets as at the date of this report.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 21 June 2017, Xinming Group Holding Limited ("Xinming Group Holding", a wholly-owned subsidiary of the Company) entered into the equity transfer agreements with Dongguan City Ouhai Shiye Co., Ltd.* (東莞市歐海實業有限公司) ("Ouhai Shiye"), Mr. Shen Ming and Zhejiang Xingji Elevators Co., Ltd.* (浙江星際電梯有限公司) ("Zhejiang Xingji"), respectively, pursuant to which Ouhai Shiye, Mr. Shen Ming and Zhejiang Xingji agreed to sell their respective 20%, 10% and 5% equity interest in Chongqing Xinming Property Company Limited* (重慶新明置業股份有限公司) ("Chongqing Xinming") to Xinming Group Holding with consideration of RMB50 million, RMB25 million and RMB12.5 million, respectively (the "Acquisition").

Upon the completion of the Acquisition, Xinming Group Holding will hold 95% equity interest of Chongqing Xinming. For details of the Acquisition, please refer to the announcement of the Company published on 21 June 2017 on the website of the Hong Kong Stock Exchange and the Company's website. As at 22 June 2017, the equity transfer was completed.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Period.

Contingent liabilities

As at 30 June 2017, the Group provided guarantees over the mortgage loans given by certain purchasers of approximately RMB333.6 million (31 December 2016: approximately RMB17.8 million).

Assets guarantees

As at 30 June 2017, the Group has pledged or restricted deposits in the bank deposits of approximately RMBnil (31 December 2016: approximately RMB500.0 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 and executive Director 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 Hangzhou Taoyuan Shanzhuang Property Development 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 RMB0.05 million, mainly included office equipment expenses (six months ended 30 June 2016: approximately RMB0.3 million).

Capital commitments

As at 30 June 2017, the capital commitments related to activities of properties under development was approximately RMB409.6 million (31 December 2016: approximately RMB549.0 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 2017, the Group has a total of 379 employees (30 June 2016: total 455). The total employees cost during the Period amounted to approximately RMB18.0 million (six months ended 30 June 2016: approximately RMB21.0 million), representing a decrease of approximately RMB3.0 million, which was mainly due to the effective control of staffing cost during the Period by the Company and its subsidiaries. The Group continued to promote the development 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.

EVENTS AFTER THE END OF THE PERIOD

(1) On 20 July 2017, an equity transfer agreement entered into between Xinming Group Holding, and Hangzhou Lanlv Investment Advisory Company Limited* (杭州藍綠投資諮詢有限公司), Xinming Group Holding sold 100% equity interest in Zhejiang Xinming Property Services Limited* (浙江新明物業服務有限公司) ("Zhejiang Xinming"), a wholly-owned subsidiary, with a nominal consideration of RMB1 for the transfer (the "Disposal").

Upon the completion of the Disposal, Xinming Group Holding no longer holds any equity interest in Zhejiang Xinming. For details, please refer to the announcement of the Company published on 20 July 2017 on the website of the Hong Kong Stock Exchange and the Company's website. As at 26 July 2017, the equity transfer was completed.

(2) On 9 August 2017, Taizhou Xinming Property Investment Limited* (台州新明置業投資有限公司) ("Taizhou Investment", a wholly-owned subsidiary of the Company) and the Urban Expropriation and Compensation Management Office for housing (城市房屋徵收與補償管理辦公室) of Jiaojiang District, Taizhou City, the PRC ("Taizhou Housing Expropriation Department") entered into a sale and purchase asset agreement, pursuant to which, Taizhou Investment sold the houses of Taizhou Investment located in No. 2000, 2001 Gongren West Road, Taizhou Jiaojiang District, Jiazhi Street, Jiaojiang District (椒江區葭沚街道台州椒江區工人西路), together with the relevant land use rights to Taizhou Housing Expropriation Department, at a consideration of RMB171,281,169. For details, please refer to the announcement of the Company dated 9 August 2017 on the website of the Hong Kong Stock Exchange and the Company's website.

Save as disclosed above, no significant event took place subsequent to 30 June 2017.

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 2017, 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 Rules Governing the Listing of Securities on the Stock Exchange (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(1)	1,349,600,000(L)	71.84%
Ms. Gao Qiaoqin	Interest of spouse(2)	1,349,600,000(L)	71.84%
Mr. Feng Cizhao	Beneficial owner(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. 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	71.84%

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

Save as disclosed above, as at 30 June 2017, 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 of the Company ("Listing Date").

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 Listing Date. No share option has been 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") to recognize the contribution by certain eligible participants and to attract suitable personnel for further development of the Group. The Scheme will remain in force for a period of 10 years. 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.

On 7 April 2016, the Board resolved to grant a total of 13,716,666 awarded shares (the "Awarded Shares") to 150 selected participants. All of the Awarded Shares have been vested in the selected participants who are eligible. Details are set out in the announcements of the Company dated 18 February 2016 and 7 April 2016. Apart from that, the Company has not granted, exercised or cancelled any award share.

During the six months ended 30 June 2017, 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.

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 and Other Information

CORPORATE GOVERNANCE PRACTICES

Save as disclosed in this report, 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.

STRUCTURE OF BOARD OF DIRECTORS

As at 30 June 2017, the Board comprised seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Pursuant to the Articles of Association of the Company, all Directors shall be subject to retirement by rotation at the annual general meeting at least once every three years and shall be eligible for re-election.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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.

Corporate Governance and Other Information

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, since the date of the publication of the Company's annual report for the year ended 31 December 2016 and up to the date of this report, the change of Directors' information is as follow:

Directors	Details of the change
Mr. Fong Wo	appointed as the independent non-executive director of WuXi Biologics (Cayman) Inc. (HKSE Stock Code: 2269) since 17 May 2017
	appointed as the independent non-executive director of Bank of Shanghai (Hong Kong) Limited since 29 June 2017
Mr. Lo Wa Kei	appointed as the independent non-executive director of G-Resources Group Limited (HKSE Stock Code: 105) since 17 July 2017

Save as disclosed above, there is no other information to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 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 unaudited interim results are 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 of Audit Committee), 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 is 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 of Remuneration Committee), Mr. Lo Wa Kei, Roy and Mr. Fong Wo, Felix.

NOMINATION COMMITTEE

The Nomination Committee is 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 of Nomination Committee), Mr. Gu Jiong and Mr. Fong Wo, Felix.

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

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CONTINUING CONNECTED TRANSACTIONS

During the Period, according to the disclosure requirements of relevant continuing connected transaction of Chapter 14A of the Listing Rules, the Company has conducted, amongst other, the following continuing connected transactions with certain connected persons, which are disclosed as follows:

Construction services framework agreement

On 20 January 2017, the Company and Yuanyang Holdings Group Limited ("Yuanyang Holdings", together with its subsidiaries, "Yuanyang Holdings Group") have entered into a construction services framework agreement, pursuant to which Yuanyang Holdings Group provides construction services to the Chongqing project and Hangzhou project of the Group in 2017 and 2018. The Board has approved that the aggregate consideration paid by the Group to Yuanyang Holdings for each financial year ending 31 December 2017 and 31 December 2018 will not exceed the annual cap amounts of RMB13,800,000 and RMB1,300,000, respectively. During the Period, the Company paid approximately RMB nil to Yuanyang Group pursuant to construction services framework agreement, for details please refer to Interim Condensed Consolidated Statements Note 16.

Engineering services framework agreement

After the Company's review on the construction progress of the Chongqing project and Hangzhou project and the further negotiation with Yuanyang Holdings, on 7 March 2017, the Company entered into an engineering services framework agreement ("Engineering Services Framework Agreement") with Yuanyang Holdings to supplement the arrangement of outstanding works the construction services framework agreement entered into in 20 January 2017. The Engineering Services Framework Agreement was approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 May 2017.

Pursuant to which, the extraordinary general meeting held at 22 May 2017 has approved the aggregate consideration paid by the Group to Yuanyang Holdings for each financial year ending 31 December 2017 and 31 December 2018 will not exceed the annual cap amounts of RMB225,488,295 and RMB19,607,678, respectively. During the Period, the Company paid approximately RMB124,632,000 to Yuanyang Group pursuant to Engineering Services Framework Agreement. For details please refer to Interim Condensed Consolidated Statements Note 16.

For details of other continuing connected transactions during the Period, please refer to Interim Condensed Consolidated Statements Note 16.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2017.

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

Hangzhou, the PRC
30 August 2017

* *for identification purpose only*

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	**54,793**	506,531
Cost of sales		**(27,315)**	(244,814)
Gross profit		**27,478**	261,717
Other income and gains	4	**857**	3,058
Selling and distribution costs		**(66,699)**	(47,911)
Administrative expenses		**(51,337)**	(37,864)
Other expenses		**(47,981)**	(7,027)
Changes in fair value of investment properties		**13,338**	5,020
Finance costs	5	**(112)**	(28)
(LOSS)/PROFIT BEFORE TAX	6	**(124,456)**	176,965
Income tax credit/(expense)	7	**4,900**	(116,877)
(LOSS)/PROFIT AFTER TAX AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(119,556)**	60,088
ATTRIBUTABLE TO:			
Owners of the parent		**(112,978)**	43,042
Non-controlling interests		**(6,578)**	17,046
		(119,556)	60,088
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For (loss)/profit for the period (RMB)		**(0.06)**	0.03

Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**8,237**	9,656
Investment properties	11	**3,087,352**	3,074,014
Deferred tax assets		**99,712**	82,182
		3,195,301	3,165,852
CURRENT ASSETS			
Properties under development		**2,348,067**	2,085,458
Completed properties held for sale		**1,298,351**	1,305,659
Trade receivables	12	**51,774**	81,756
Due from other related parties		**985**	27,872
Prepayments, deposits and other receivables		**190,553**	210,172
Tax recoverable		**91,606**	41,726
Restricted deposits		**1,204**	503,082
Cash and cash equivalents		**497,710**	465,613
		4,480,250	4,721,338
CURRENT LIABILITIES			
Trade payables	13	**472,236**	708,389
Other payables and accruals		**465,623**	430,851
Advances from customers		**1,773,579**	652,021
Due to other related parties		**46,033**	9,768
Interest-bearing bank loans and other borrowings	14	**1,259,855**	1,544,545
Provisions	15	**36,181**	1,097
Tax payable		**714,066**	708,205
		4,767,573	4,054,876
NET CURRENT (LIABILITIES)/ASSETS		**(287,323)**	666,462
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,907,978**	3,832,314

Interim Condensed Consolidated Statements of Financial Position (Continued)

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	14	**740,000**	1,464,914
Provisions	15	**1,970**	2,408
Other liabilities		**10,636**	17,158
Deferred tax liabilities		**418,782**	407,294
		1,171,388	1,891,774
NET ASSETS		**1,736,590**	1,940,540
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,880
Reserves		**1,601,095**	1,745,275
		1,615,975	1,760,155
Non-controlling interests		**120,615**	180,385
TOTAL EQUITY		**1,736,590**	1,940,540

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the parent								
	Issued capital	**Share premium***	**Merger reserve***	**Capital reserve***	**Reserve regarding share award scheme***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2016 (Audited)	14,880	496,155	81,491	(29,262)	4,533	1,192,358	1,760,155	180,385	1,940,540
Loss and total other comprehensive loss for the period	–	–	–	–	–	(112,978)	(112,978)	(6,578)	(119,556)
Disposal of a subsidiary	–	–	–	3,106	–	–	3,106	–	3,106
Acquisition of non-controlling shareholder	–	–	–	(34,308)	–	–	(34,308)	(53,192)	(87,500)
At 30 June 2017 (Unaudited)	14,880	496,155	81,491	(60,464)	4,533	1,079,380	1,615,975	120,615	1,736,590

	Attributable to owners of the parent								
	Issued capital	**Treasury shares**	**Share premium**	**Merger reserve**	**Capital reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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 RMB1,601,095,000 as at 30 June 2017 (31 December 2016: RMB1,745,275,000).

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**1,116,534**	43,873
Tax paid		**(45,161)**	(35,951)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1,071,373**	7,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(48)**	(262)
Bank interest income	4	**564**	2,772
Proceeds from disposal of items of property, plant and equipment		**70**	57
NET CASH FLOWS FROM INVESTING ACTIVITIES		**586**	2,567
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased		**–**	(610)
Interest paid	5	**(72,029)**	(72,922)
New interest-bearing bank loans and other borrowings		**17,000**	345,000
Decrease/(increase) in other receivables		**62,873**	(5,684)
Decrease in other payables		**(21,463)**	(30,481)
Increase in due from other related parties		**–**	(2,520)
Decrease in amount due to other related parties		**–**	(3,264)
Repayment of interest-bearing loans and other borrowings		**(1,026,605)**	(168,080)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(1,040,224)**	61,439
NET INCREASE IN CASH AND CASH EQUIVALENTS		**31,735**	71,928
Cash and cash equivalents at beginning of period		**465,613**	430,227
Effect of foreign exchange rate changes, net		**362**	595
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**497,710**	502,750

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 2017 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 as at 31 December 2016.

Going concern basis

As at 30 June 2017, the Group had net current liabilities of RMB287,323,000. After taking into the account of the future financial forecast and the available bank facilities, the Group is expected to have sufficient liquidity to finance its operations and able to meet its financial obligations as they fall due. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated financial statements of the Group on a going concern basis. The interim condensed consolidated financial statements do not include any adjustments that might be necessary should the Group not be able to continue as a going concern.

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 2016, except for the adoption of new standards effective as of 1 January 2017. 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 amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each amendment is described below:

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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 Cycle – 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. However, their application has no effect on Group's financial position and performance.

3. 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)/profit 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.

3. SEGMENT INFORMATION (Continued)

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 2016 and 2017.

For the six months ended 30 June 2017 (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	13,537	29,507	11,749	–	54,793
Revenue					54,793
Segment results:	(70,581)	(19,276)	2,038	(36,637)	(124,456)
Loss before tax					(124,456)
Segment assets	6,628,199	1,668,340	17,823	4,221,312	12,535,674
Reconciliation:					
Elimination of intersegment receivables					(4,860,123)
Total assets					7,675,551
Segment liabilities	6,440,658	495,970	45,673	3,002,472	9,984,773
Reconciliation:					
Elimination of intersegment payables					(4,045,812)
Total liabilities					5,938,961
Other segment information:					
Depreciation	1,313	44	15	36	1,408
Bank interest income	(198)	(22)	(1)	(343)	(564)
Finance costs	–	112	–	–	112
Provision for the onerous operating leases	–	35,084	–	–	35,084
Realisation of onerous operating leases	–	(551)	–	–	(551)
Fair value gains on investment properties	–	(13,338)	–	–	(13,338)
Capital expenditure	–	11	–	37	48

3. 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
Provision for impairment of trade receivables	–	5,859	–	–	5,859
Realisation of onerous operating leases	–	(610)	–	–	(610)
Fair value gains on investment properties	–	(5,020)	–	–	(5,020)
Capital expenditure	179	–	57	26	262

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2017	2016
	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**13,611**	503,521
Rental income	**29,866**	21,962
Property management service income	**11,928**	10,722
	55,405	536,205
Less: government surcharges	**(612)**	(29,674)
	54,793	506,531

	For the six months ended 30 June	
	2017	2016
	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**564**	2,772
Government grants	**188**	100
Others	**105**	186
	857	3,058

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**71,620**	71,845
Interest on interest-bearing bank loans and other borrowings not wholly repayable within five years	**409**	1,077
Notional interest	**112**	28
Total interest expense on financial liabilities not at fair value through profit or loss	**72,141**	72,950
Less: interest capitalised	**(72,029)**	(72,922)
	112	28

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax for the six months ended 30 June 2017 and 2016 is arrived at after (crediting)/charging:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**7,308**	225,756
Cost of property management service provided	**7,811**	8,491
Cost of leasing properties	**12,196**	10,567
Auditor's remuneration	**750**	700
Depreciation	**1,408**	1,891
Change in fair value of investment Properties (note 11)	**(13,338)**	(5,020)
Provision for impairment of trade receivables	**–**	5,859
Provision for the onerous operating leases	**35,084**	–
Realisation of onerous operating leases	**(551)**	(610)
Employee benefit expense:		
Wages and salaries	**14,914**	17,199
Pension scheme and social welfare	**3,136**	3,769

7. 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	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	**20**	38,195
LAT	**1,122**	70,094
Deferred tax	**(6,042)**	8,588
Total tax (credit)/charge for the period	**(4,900)**	116,877

8. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,878,622,000 (six months ended 30 June 2016: 1,879,916,022) in issue during the period.

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired assets with a cost of RMB48,000 (six months ended 30 June 2016: RMB262,000).

During the six months ended 30 June 2017, the Group disposed assets with a cost of RMB70,000 (six months ended 30 June 2016: RMB57,000).

None assets were pledged as security for interest–bearing bank loans and other borrowings granted to the Group (six months ended 30 June 2016: nil).

11. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2017 (Audited)	3,074,014
Change in fair value of investment properties	13,338
At 30 June 2017 (Unaudited)	3,087,352

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Carrying amount	**1,471,266**	1,471,266
Investment properties:		
At fair value	**3,087,352**	3,074,014

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

As at 30 June 2017 and 31 December 2016, the Group's investment properties with values of RMB3,087,352,000 and RMB3,074,014,000, respectively, were pledged to secure general interest-bearing bank loans and other borrowings granted to the Group (note 14) .

11. 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) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
31 December 2016 (Audited)				
Commercial properties	–	–	3,074,014	3,074,014
30 June 2017 (Unaudited)				
Commercial properties	–	–	3,087,352	3,087,352

As at 30 June 2017 and 31 December 2016, 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 2017 (audited)	3,074,014
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	13,338
Carrying amount at 30 June 2017 (unaudited)	3,087,352

11. 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

12. TRADE RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	**68,042**	98,024
Impairment	**(16,268)**	(16,268)
	51,774	81,756

Trade receivables represent sales of properties receivables from customers which are receivable in accordance with the terms of the related sales and purchase agreements, and rentals receivable from tenants. 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.

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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within one year	**51,774**	81,756

12. TRADE RECEIVABLES (Continued)

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

	RMB'000
As at 1 January 2017 and 31 December 2016 (Audited)	16,268
Impairment provision recognised	–
As at 30 June 2017 (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 RMB16,268,000 with the carrying amount before provision of RMB16,268,000 and RMB22,354,000, as at 30 June 2017 and 31 December 2016, respectively.

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Neither past due nor impaired	**43,958**	75,670
Past due within one year but not impaired	**7,816**	6,086
	51,774	81,756

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.

13. TRADE PAYABLES

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Less than one year	**211,323**	414,184
Over one year	**260,913**	294,205
	472,236	708,389

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

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2017			31 December 2016		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans - secured	**6.83**	**2017**	**150,000**	6.83	2017	150,000
Other borrowings - secured	**12.00-12.50**	**2017**	**106,000**	9.00-17.40	2017	347,000
Current portion of long term bank loans - secured	**4.99-6.13**	**2018**	**329,438**	1.88-6.13	2017	849,545
Current portion of long term other borrowings - secured	**9.00-9.50**	**2018**	**674,417**	9.00	2017	198,000
			1,259,855			1,544,545
Non-current						
Bank loans - secured	**5.23-6.13**	**2018-2022**	**240,000**	5.23-6.13	2018-2022	290,000
Other borrowings - secured	**9.48**	**2019**	**500,000**	9.48-9.50	2018-2019	1,174,914
			740,000			1,464,914
			1,999,855			3,009,459
Analysed into:						
Bank loans repayable:						
Repayable within one year			**568,438**			1,088,545
Repayable in the second year			**90,000**			100,000
Repayable in the third to fifth years			**150,000**			130,000
Repayable beyond five years			**–**			60,000
			808,438			1,378,545
Other borrowings repayable:						
Repayable within one year			**691,417**			456,000
Repayable in the second year			**500,000**			674,914
Repayable in the third to fifth years			**–**			500,000
			1,191,417			1,630,914
			1,999,855			3,009,459

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 2017 and 31 December 2016:

		30 June 2017 RMB'000	31 December 2016 RMB'000
Equity interest in subsidiaries	(i)	**10,870**	135,007
Investment properties	(ii)	**3,087,352**	3,074,014
Completed properties held for sale	(iii)	**703,131**	540,591
Pledged deposits	(iv)	**–**	500,000
Properties under development	(v)	**1,063,995**	1,172,808

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

(i) The Group's interest-bearing bank loans of RMB150,000,000 (As at 31 December 2016: RMB150,000,000) was secured by the 79% equity interest in Shanghai Xinming, a subsidiary of the Company.

The Group's other borrowings of RMB500,000,000 and nil (As at 31 December 2016: RMB500,000,000 and RMB198,000,000) were secured by the 100% equity interests in Wenshang Times and Hangzhou Xinming, subsidiaries of the Company, respectively.

(ii) The Group's interest-bearing bank loans of RMB340,000,000, RMB214,438,000 and RMB165,000,000 (As at 31 December 2016: RMB360,000,000, RMB245,545,000 and RMB210,000,000) were secured by investment properties of Taizhou Investment, Shanghai Xinming and Chongqing Xinming, subsidiaries of the Company, respectively.

The Group's other borrowings of RMB500,000,000 (As at 31 December 2016: RMB500,000,000) was secured by investment properties of Wenshang Times, a subsidiary of the Company.

(iii) The Group's other borrowings of RMB198,000,000, RMB17,000,000 and RMB89,000,000 (As at 31 December 2016: RMB198,000,000, nil and RMB89,000,000) were secured by completed properties held for sale of Shandong Xingmeng, Chongqing Xinming and Wenshang Times, subsidiaries of the Company, respectively.

(iv) None of the Group's interest-bearing bank loans was secured by pledged deposits of Xinming Hong Kong (As at 31 December 2016: RMB485,000,000).

(v) The Group's interest-bearing bank loans of RMB165,000,000 (As at 31 December 2016: RMB210,000,000) were secured by properties under development of Chongqing Xinming, a subsidiary of the Company.

The Group's other borrowings of RMB198,000,000 and RMB476,417,000 (As at 31 December 2016: RMB198,000,000 and RMB734,914,000) were secured by properties under development of Shandong Xingmeng and Hangzhou Xinming, subsidiaries of the Company, respectively.

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

(vi) The Group's interest-bearing bank loans and other borrowings of RMB1,999,855,000 (As at 31 December 2016: RMB2,524,460,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group, (iv) Dongguan City Senxin Apparel Co., Ltd., the non-controlling shareholders of Chongqing Xinming, a subsidiary of the Company and (v) Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the third parties of the Group (As at 31 December 2016: were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group and (iv) 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 Xinming, a subsidiary of the Company).

15. PROVISIONS

Onerous operating lease:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Current	**36,181**	1,097
Non-current	**1,970**	2,408
Total	**38,151**	3,505

16. 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.	Controlled 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
Yuanyang Holdings Group Share Limited Company	Controlled by Mr. Zheng Xiangtian brother of the Controlling Shareholder
Shanghai Nanshuo Asset Operation and Management Co., Ltd.[1]	Controlled by Mr. Zheng Xiangtian, brother of the Controlling Shareholder

1 Shanghai Nanshuo Asset Operation and Management Co., Ltd has been no longer a related company of the Group since 17 February 2017.

16. 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 2017 and 2016:

Nature of transactions

Recurring transactions

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Purchase of construction materials and receiving services from other related parties		
Yuanyang Holdings Group Share Limited Company	**124,632**	–

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	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(ii) Rendering properties management services to other related party		
Hangzhou Taoyuan Shanzhuang Property Development Limited	**2,510**	–

The property management services to the above related party were made according to the prices and terms agreed between the related parties.

16. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) (Continued)

Nature of transactions (Continued)

Recurring transactions *(Continued)*

	For the six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
(iii) Leasing offices from other related party		
Hangzhou Taoyuan Shanzhuang Property Development Limited.	**240**	240

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

(iv) 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.

Non-recurring transactions

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

As set out in note 14(vi), as at 30 June 2017 the Group's interest-bearing bank loans and other borrowings of RMB1,999,855,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group, (iv) Dongguan City Senxin Apparel Co., Ltd., the non-controlling shareholders of Chongqing Xinming, a subsidiary of the Company and (v) Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the third parties of the Group (As at 31 December 2016: RMB2,524,460,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group and (iv) 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 Xinming, a subsidiary of the Company).

16. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) (Continued)

Nature of transactions (Continued)

Non-recurring transactions *(Continued)*

(vi) On 9 January 2017, Xinming Group Holding Limited ("Xinming Group"), a wholly owned subsidiary of the Company, and Shanghai Nanshuo Asset Operation and Management Co., Ltd. ("Shanghai Nanshuo") entered into an equity transfer agreement, pursuant to which, Xinming Group Holding Limited agreed to sell 100% equity interest of Zhongtong Business Management Limited to Shanghai Nanshuo at a consideration of RMB nil.

(c) Outstanding balances with related parties

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Due from other related parties		
Hangzhou Taoyuan Shanzhuang Property Development Limited	**985**	375
Yuanyang Holdings Group Share Limited Company	**–**	24,271
Shanghai Nanshuo Asset Operation and Management Co., Ltd.	**–**	3,226
	985	27,872

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Due to other related parties		
Yuanyang Holdings Group Share Limited Company	**40,313**	–
Zhejiang Shouchuang Industry Co., Ltd.	**5,320**	5,320
Zhejiang Tianmao Landscape Engineering Co., Ltd.	**283**	4,253
Hangzhou Kaijie Decoration Co., Ltd.	**117**	195
	46,033	9,768

17. 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 six years. The terms of leases generally require the tenants to pay security deposits.

As at 30 June 2017 and 31 December 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within one year	**49,294**	46,578
In the second to fifth years, inclusive	**36,870**	50,975
	86,164	97,553

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 2017 and 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within one year	**49,478**	12,014
In the second to fifth years, inclusive	**118,367**	36,970
	167,845	48,984

18. COMMITMENTS

In addition to the operating lease commitment as detailed in note 17 above, the Group had the following capital commitments at the end of each reporting period:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Contracted, but not provided for:		
Properties under development	**409,629**	549,032

19. 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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**333,631**	17,755

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 2017 and 31 December 2016 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.

20. FINANCIAL INSTRUMENTS BY CATEGORY

The table below is an analysis of the carrying amounts of financial instruments by category as at 30 June 2017 and 31 December 2016:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Financial assets		
Loans and receivables		
Trade receivables	**51,774**	81,756
Financial assets included in prepayments, deposits and other receivables	**91,010**	154,242
Due from other related parties	**985**	27,872
Restricted deposits	**1,204**	503,082
Cash and cash equivalents	**497,710**	465,613
	642,683	1,232,565

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	**472,236**	708,389
Other payables and accruals	**415,075**	357,334
Due to other related parties	**46,033**	9,768
Interest-bearing bank loans and other borrowings	**1,999,855**	3,009,459
	2,933,199	4,084,950

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

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 chief financial officer. 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 fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing other borrowings as at 30 June 2017 and 31 December 2016 was assessed to be insignificant.

22. EVENTS AFTER THE REPORTING PERIOD

On 20 July 2017, Xinming Group Holding Limited ("Xinming Group"), a wholly owned subsidiary of the Company, and Hangzhou Lanlv Investment Advisory Company Limited ("Hangzhou Lanlv") entered into an equity transfer agreement, pursuant to which, Xinming Group Holding Limited agreed to sell 100% equity interest of Zhejiang Xinming Property Services Limited to Hangzhou Lanlv at a consideration of RMB1.

On 9 August 2017, Taizhou Xinming Property Investment Limited ("Taizhou Investment"), a wholly-owned subsidiary of the Company, and Taizhou Housing Expropriation Department ("城市房屋徵收與補償管理辦公室") entered into an agreement, pursuant to which, Taizhou Investment agreed to sell Xinming International Logistic Centre ("新明國際物流中心"), one of its investment properties, to Taizhou Housing Expropriation Department. The total consideration amounts to RMB171,281,169, which is the compensation for the land use right and building with net book value of RMB48,397,000 as at 30 June 2017, relocation cost and other relevant cost.

23. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2017.