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 Islands with limited liability)

Stock code：2699

2018
Interim Report

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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.

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

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Zhejiang Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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
Bank of Wenzhou, Hangzhou 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 2018 as set out below:

- Turnover of the Group amounted to approximately RMB248.2 million, representing an increase of approximately 4.7 times as compared to the same period of last year.

- Gross profit of the Group amounted to approximately RMB124.2 million, representing an increase of approximately 4.2 times as compared to the same period of last year.

- Loss attributable to the shareholders of the Company was approximately RMB20.5 million, representing a decrease of approximately 81.8% as compared to the same period of last year.

- Basic loss per share was approximately RMB0.01.

- The board (the "Board") of directors (the "Directors") of the Company did not recommend the payment of interim dividend as of 30 June 2018.

Chairman's Statement

Dear Shareholders,

The Board announces the interim results of the Group for the six months ended 30 June 2018 (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 RMB248.2 million, representing an increase of approximately 4.7 times from approximately RMB43.2 million for the corresponding period of last year.

Loss attributable to the shareholders of the Company for the Period amounted to approximately RMB20.5 million, representing a decrease of approximately 81.8% from approximately RMB113.0 million for the corresponding period of last year.

During the Period, loss per share were approximately RMB0.01 (loss for the first half of 2017: RMB0.06).

As at 30 June 2018, the Group's total assets amounted to approximately RMB7,056.3 million (31 December 2017: approximately RMB6,753.6 million), while total liabilities amounted to approximately RMB5,010.2 million (31 December 2017: approximately RMB4,671.6 million); total equity was approximately RMB2,046.1 million (31 December 2017: approximately RMB2,082.0 million), and net asset value per share was approximately RMB1.09 (31 December 2017: approximately RMB1.11).

In the first half of 2018, excessive demand for real estate continued to be actively controlled under domestic real estate control policy in China. The focus on expanding and implementing effective supply in the housing market and adjusting the medium to long-term supply structure resulted in both a tight market supply and demand. The number of new residential properties sold in major cities continued to shrink, with those sold in first tier cities decreased significantly, while those sold in third and fourth tier cities also decreased. These conditions are now at a historical high level. Cities such as Shanghai, Beijing and Shenzhen will increase the proportion of policy supported housing and rental housing under their future housing supply plans. The overall housing supply will be dominated by ordinary residential commodity housing and policy supported housing.

Compared with 2017, in the first half of 2018 the Chinese government focused both on controlling demand and reconciling mismatched supply and demand structure. The short-term aim is mainly to control irrational demand, while the medium to long-term aim is to effectively reform supply. In the first half of 2018, policy control of the real estate market continued to deepen, the long-term mechanism for construction was steadily advanced, and financial supervision was strengthened. Strict policies such as restrictions on purchases and loans, pre-selling and prices led to a mismatch in the supply and demand of new residential properties in major cities. The lack of supply inhibited efforts to reduce demand, and with delays in filing and other factors, new residential property sales continued to fall.

Chairman's Statement

According to preliminary statistics from relevant index institutions, in the first six months of 2018, the average monthly transaction volume for the newly built commercial residential sector in 50 representative cities was around 27.4 million square metre ("sq-m" or "sq.m."), representing an approximate 10% drop compared to the same period last year. The area sold in Beijing and Shanghai was still at a record low, which is the lowest among all cities. The average monthly area sold in second tier cities was approximately 0.76 million sq-m, representing a 7% decrease compared to the same period last year. The average monthly area sold in hotspot second tier cities such as Tianjin and Hangzhou decreased by more than 30% compared to the same period last year. Shantytown reforms in third tier cities were still relatively popular during the first half of 2018, and the absolute value of the transaction scale is at a relative record high. The average monthly area sold during the first half of the year was approximately 0.32 million sq-m. Although the overall area sold decreased, the average price of residential land in terms of transacted floor area was RMB3,907 per sq-m, representing a 4.4% increase compared to the same period last year. The premium rate was 23.3%, representing a decrease of 20.1 percentage points compared to the same period last year. With the influence of tighter policies and stricter supervision, the average price of residential land in terms of transacted floor area in the first and second quarters of this year has stabilized at around RMB3,900 per sq-m. In terms of city classification, average price in first tier cities in the first half of the year decreased by 22.3% compared to the same period last year, while the average price floor area traded in second tier cities increased by 4.4% compared to the same period last year. The average price floor area traded in third and fourth tier cities was approximately RMB2,714 per sq-m, representing a 15.0% increase over the same period last year, and the greatest increase among all cities.

In the first half of 2018, the Group recorded property sales of RMB224.2 million, a figure approximately 15.6 times greater than that of the same period last year, which was mainly attributed by approximately 10,144.37 sq. m. of the shops sold area at Hangzhou Xinming • Children's World (the "Hangzhou Project"), the sold area of Xinming • Children's World (the "Shanghai Project") increased by approximately 34.1 times compared with the corresponding period last year and sales of carpark spaces at Wenshang Times • Xinming Household Decorations gained RMB10.1 million. The delivered gross floor area (GFA) of approximately 37,399.66 sq. m. during the Period increased by approximately 17.0 times compared to the same period last year. However, the average selling price during the Period as a whole decreased by approximately 8.3% compared to the same period last year, mainly due to the commercial property sales at the Shanghai Project decreased approximately 20% compared to the same period last year due to the housing policy of Shanghai government, which lead to a low market sentiment and decrease in price. Besides, the loss for the period mainly due to the fair value of financial liabilities arising from the Company's issued convertible bonds was reflected in the profit and loss statement for the period, such net loss amounted to RMB19.2 million. As at 30 June 2018, the Group's property portfolio comprised 16 development projects in various cities in the PRC. These projects are in varied stages of development, and have an aggregate GFA of approximately 1,126,958 sq-m, of which approximately 524,658 sq-m had been completed. Approximately 201,180 sq-m of the GFA remained under development, and approximately 401,120 sq-m was retained for future development.

Chairman's Statement

PROSPECTS

The Chinese government has clearly stated that it will continue its tight control of the real estate industry and introduce intensive policies. The control policies in first and second tier cities or even in third, forth or fifth cities will continue to be tighten. It is expected that the scale of commodity property sales in China will shrink in the second half of the year, but that government policy will improve the overall supply-demand relationship and ensure price stability. Xinming China believes that quality real estate is still scarce. It will therefore continue to develop children-themed real estate and maintain its effort to provide comprehensive products and services for the maternity, baby and children ("MBC") market. Apart from off-line projects, the Group is preparing to open lifestyle stores, and continues to promote a comprehensive MBC-themed network platform through Zmwoo (芝媽屋). The latter is a high-end domestic MBC online platform for interaction between online and offline operations and enhancing customer loyalty, allowing for a maximized marketing return on investment.

The Group expects that in the second half of 2018, with the appointment of Shanghai Centaline Property Agency Limited and Shanghai Yingong Marketing Planning Co., Ltd. (上海銀弓創意服務有限公司) as sales agents, the Shanghai Project will accelerate the process of warehousing the sales business of its remaining retail store. Additionally, in early June 2018, the Group held Global Merchandising Contract Signing Conference for the Shanghai Zhongtong Barbini Project (上海中童芭比尼項目全球招商簽約大會). Attended by 24 international and domestic first-line brands and more than 300 major business representatives, the event laid a foundation for future sales of the Shanghai project. At Shandong Tengzhou Xingmeng International Commercial City (the "Shandong Project"), positive apartment sales are expected to drive commercial shop sales. Chongqing Xinming • China South-western City (the "Chongqing Project") plans to introduce the Lan Cheng brand (藍城品牌) and establish a "Southwest Art Exhibition Center" (西南藝展中心) during the development of subsequent residential sites. The value of all the project's areas will be enhanced through the construction of residential sites in the second half of the year. Taizhou Xinming Peninsular, Xinming Lijiang Garden and Wenshang Times (collectively the "Taizhou Project") will make good use of the favourable environment underpinned by the rapid development of the overall real estate of the development of Hao Taizhou "One-River-Two-Banks development". It is believed that a strong sales momentum can be maintained.

SUMMARY

Looking ahead to the second half of 2018, we believe that the growth in the Chinese economy will slowdown as it confronts its developmental uncertainties. To create a favorable macro-environment for supply-side structural reform, the PRC central government will encourage progress while keeping performance stable, increase aggregate demand by an appropriate degree, and continue to implement prudent yet proactive fiscal and monetary policies. It is expected that investment in domestic real estate will recover in the second half of 2018. However, the overall growth rate of investment in real estate development will decelerate. There will be a period of transformation in the real estate industry in the second half of the year.

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 2018

Management Discussion and Analysis

(Including financial review)

INDUSTRY REVIEW

In the first half of 2018, the Chinese economy conformed with market expectations. Gross domestic product recorded 6.8% growth over the corresponding period of last year. Under the supervision of central, provincial and city governments, real estate was subject to deleveraging policies, expansion and implementation of effective supply, short-term demand-side control and medium-to long-term supply-side reform. The central government clearly stated its intention to maintain tight regulatory control, while several cities implemented local main responsibility and introduced intensive policies. This strengthened control was apparent in the first half of the year. As of the end of June 2018, more than 50 above prefecture-level cities and more than 10 county-level cities had implemented policies under strict control policies, such as restrictions on purchases and loans, pre-selling and prices, the floor area of new residential properties sold in major cities continues to shrink in all city tiers, and most significantly in first tier cities. The floor area of new residential properties sold in third and fourth cities slightly decreased, though the absolute size remains at a historical high level.

RESULTS OVERVIEW

During the Period, the Group recorded a total revenue of approximately RMB248.2 million, representing an increase of approximately 4.7 times from approximately RMB43.2 million for the corresponding period last year. The sales of delivered properties and GFA were approximately RMB224.2 million and approximately 37,399.66 sq.m., representing an increase of 15.6 times and 17 times year-on-year, respectively. The average selling price for the contracted sales was approximately RMB5,995 per sq.m., representing a decrease of approximately 8.3% as compared with approximately RMB6,536 of the corresponding period last year, which was mainly attributed to the sales of Shanghai Project was affected by the housing policy of Shanghai government during the Period, which lead to a low market sentiment and decrease in price.

Loss attributable to the Shareholders for the Period amounted to approximately RMB20.5 million, representing a decrease of 81.8% from loss of approximately RMB113.0 million for the corresponding period last year. The decrease of loss is mainly attributable to the increase in the saleable GFA of properties completed and delivered for the Period represents a decrease of approximately 83.3% for the corresponding period last year. The basic loss per share is RMB0.01.

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2018.

As at 30 June 2018, total assets of the Group amounted to approximately RMB7,056.3 million (31 December 2017: approximately RMB6,753.6 million); total liabilities were approximately RMB5,010.2 million (31 December 2017: approximately RMB4,671.6 million); total equity was approximately RMB2,046.1 million (31 December 2017: approximately RMB2,082.0 million); and net assets per share were approximately RMB1.09 (31 December 2017: approximately RMB1.11).

SALES

During the Period, the Group recorded a total revenue of approximately RMB248.2 million, representing an increase of approximately 4.7 times from approximately RMB43.2 million for the corresponding period last year. During the Period, the Group recorded property sales revenue of approximately RMB224.2 million, representing 90.3% of its total revenue. Total delivered GFA was approximately 37,399.66 sq.m., representing an increase of approximately 17 times as compared to the same period of last year. It was mainly because (i) the remaining shops in the Hangzhou Project was selling well in last year; (ii) the sales of delivered properties and GFA of the Shanghai Project was increased to 34.1 times and 28.2 times as compared with the corresponding period last year; (iii) the impact on sales after a failure to promote the Chongqing Project as originally planned, stemming from negotiations with the government on the overall plan for comprehensive adjust land use; (iv) recovery of apartment sales at the Shandong Project. Income from the Shandong Project during the first half of the year was basically from the increase of the sales of housing market; (v) recovering sales at Taizhou Project and other projects, of which sales of carpark spaces performed the best. This was mainly due to strengthening investment solicitation in the first half of the year, which enhanced the projects' overall image and value.

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

	as of 30 June			
	2018		2017	
	(RMB million) (Unaudited)	**(%)**	(RMB million) (Unaudited)	(%)
Sales of properties	**224.2**	**90.3**	13.5	24.7
Rental Income	**24.0**	**9.7**	29.5	53.8
Income of property management	**–**	**–**	11.8	21.5
Total revenue	**248.2**	**100.0**	54.8	100.0

Sales of properties

During the Period, the Group recorded property sales of approximately RMB224.2 million, representing an increase of approximately 15.6 times from approximately RMB13.5 million for the same period of last year, mainly due to the GFA delivered of 37,399.66 sq.m., representing an increase of approximately 35,328.58 sq.m. from approximately 2,071.08 sq.m. for the same period of last year, mainly because the GFA of 5,406.88 sq.m. delivered from Shanghai Project increased by approximately 5,252.88 sq.m. over the corresponding period last year and the GFA delivered from Hangzhou Project increased by approximately 10,144.37 sq.m. during the Period.

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 of 30 June 2018, the actual area leased out was approximately 155,329.87 sq.m., representing approximately 80.3% 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, rental income amounted to approximately RMB24.0 million, representing a decrease of approximately RMB5.5 million or 18.6% from approximately RMB29.5 million for the same period of last year, mainly due to the rent discount given by Wenshang Times • Red Star Macalline Household Products Market of the Taizhou Project.

Gross profit

During the Period, the gross profit amounted to approximately RMB124.2 million, representing an increase of approximately RMB100.5 million or approximately 4.2 times as compared to RMB23.7 million in the same period of last year; the gross profit margin was approximately 50.0% as compared to approximately 54.9% in the same period of last year which resulted in a decrease of 4.9% percentage points. It is expected that the gross profit margin of the Group will maintain more or less stable in the second half of 2018.

Other income and revenue

During the Period, other income and revenue amounted to approximately RMB0.9 million, same as the same period of last year, mainly due to the interests income from time deposit remain stable.

Selling and administrative expenses

During the Period, the selling and administrative expenses amounted to approximately RMB69.6 million, representing a significant decrease of approximately RMB46.8 million or 40.2% as compared to approximately RMB116.4 million in the same period of last year and the distribution expenses decreased by approximately RMB39.5 million, mainly due to the decrease in advertisement and sales commission for the Hangzhou Project during the Period. Administrative expenses decreased by approximately RMB7.2 million as compared to the same period of last year, mainly due to the decrease in professional service fees.

Other expenses

During the Period, other expenses amounted to approximately RMB34.6 million, representing a decrease of approximately RMB13.4 million or 27.9% compared to approximately RMB48.0 million from the same period last year. This was mainly due to the loss on change in fair value of financial liabilities, which amounted to approximately RMB 19.2 million.

Management Discussion and Analysis

(Including financial review)

Operation loss

During the Period, the operation loss amounted to approximately RMB24.8 million, representing a decrease of approximately RMB94.8 million or approximately 79.3% as compared to the loss of approximately RMB119.6 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 RMB0.6 million, representing a decrease of approximately RMB12.7 million or 95.5% compared to approximately RMB13.3 million from the same period last year as the valuation assessment of investment properties in the first half of the year remained stable.

Net finance costs

During the Period, net interest costs amounted to approximately RMB3.2 million, representing a significant increase of approximately RMB3.1 million or approximately 31 times more than the approximately RMB0.1 million recorded for the same period of last year. This was mainly due to the partial interest not recognise in the capitalisation treatment.

Income tax expenses

During the Period, income tax expenses were approximately RMB43.0 million, representing an increase of approximately RMB47.9 million or 9.8 times more than the income tax credit of approximately RMB4.9 million for the same period last year. This was mainly due to the increase in land value-added tax arising from sales of property increase and changes to deferred tax.

Loss attributable to shareholders

During the Period, the loss attributable to Shareholders amounted to approximately RMB20.5 million, representing a decrease of approximately RMB92.5 million or approximately 81.8% compared to the loss of approximately RMB113.0 million for the corresponding period last year. The basic loss per share was approximately RMB0.01, decreased from approximately RMB0.06 in the same period last year.

Business performance

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

Property Projects	Location	Project Type	GFA delivered (sq.m.)	Income (RMB million)	Average selling price (RMB/sq.m)
Taizhou Xinming Peninsular					
Phase 1	Jiaojiang District, Taizhou City	Residential, Commercial	544.00	2.06	3,791
Phase 2 — Stage 1	Jiaojiang District, Taizhou City	Residential, Commercial	107.70	0.18	1,659
Xinming Lijiang Garden	Jiaojiang District, Taizhou City	Residential, Commercial	858.82	5.63	6,559
Wenshang Times • Xinming Household Decorations and Fittings City	Jiaojiang District, Taizhou City	Commercial	20,121.03	10.09	502
Shanghai Xinming • Children's World	Jiading District, Shanghai Municipality	Commercial	5,406.88	102.53	18,962
Hangzhou Xinming • Children's World	Hangzhou	Commercial	10,144.37	102.71	10,124
Chongqing Xinming • China South-western City Phase 1	Dazu District, Chongqing	Commercial	33.05	0.36	10,881
Xingmeng International Commercial City	Tengzhou City, Shandong Province	Commercial	183.81	0.66	3,594
Total			37,399.66	224.22	5,995

Land reserve

As at 30 June 2018, 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 1,126,958 sq.m., of which approximately 524,658 sq.m. was completed, approximately 201,180 sq.m. was under development, and approximately 401,120 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 2018:

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	202,829	–	–	202,829	18.0	100	Residential, commercial
Shanghai	1	96,535	–	–	96,535	8.5	79	Commercial, office
Chongqing	3	127,720	171,551	221,176	520,447	46.2	95	Residential, commercial
Tengzhou	1	56,184	29,629	179,944	265,757	23.6	75	Residential, commercial
Hangzhou	1	41,390	–	–	41,390	3.7	100	Commercial
Total	16	524,658	201,180	401,120	1,126,958	100.0		

Since the publication of the Group's annual report for the year ended 31 December 2017, there was no material change in the possible future development of the Group's business and the Group's outlook for the Period.

Cash flows

As at 30 June 2018, cash and bank deposits of the Group, including restricted cash, was approximately RMB877.0 million (31 December 2017: approximately RMB657.7 million), representing an increase of approximately RMB219.3 million or approximately 33.3%, which was mainly due to the issue of convertible bonds.

During the Period, net cash generated from operating activities was approximately RMB79.2 million (for the six months ended 30 June 2017, approximately RMB1,071.4 million), representing a decrease of RMB992.2 million. This was mainly due to a substantial increase in the amount of advances from customers to the corresponding period last year. The net cash generated from investment activities was approximately RMB0.5 million (for the six months ended 30 June 2017, approximately RMB0.6 million). The net cash generated from financing activities was approximately RMB139.7 million (for the six months ended 30 June 2017, net cash flows used in approximately RMB1,040.2 million), mainly due to newly issued convertible bonds in the amount of HK$300 million.

Trade receivables, prepayments, deposits and other receivables

As of 30 June 2018, the Group's total assets in trade receivables, prepayments, deposits and other receivables was approximately RMB156.5 million, representing a decrease of approximately RMB39.0 million compared to approximately RMB195.5 million as of 31 December 2017. The substantial decrease of approximately RMB65.5 million in the trade receivables was mainly due to the recovering the bank mortgage of the Hangzhou project. Guarantee deposits and tender bonds increased by approximately RMB34.9 million during the Period. Please refer to note 12 and the interim condensed consolidated financial statements for a detailed ageing analysis of the trade receivables.

Trade payables, advances from customers, other payables and contract liabilities

As at 30 June 2018, the Group's total trade payables, advances from customers, other payables and contract liabilities was approximately RMB1,309.6 million, representing an increase of approximately RMB17.0 million compared to approximately RMB1,292.6 million as of 31 December 2017. This was mainly due to other payables increased of RMB39.1 million as new recurrent loans. In contrast, trade payables decreased RMB42.1 million as the payment of projects. A detailed trade payables analysis is set out in note 13 to the interim condensed consolidated financial information.

Assets and liabilities

As at 30 June 2018, the total assets of the Group was approximately RMB7,056.3 million, representing an increase of approximately RMB302.7 million as compared to approximately RMB6,753.6 million as at 31 December 2017. The total current assets was approximately RMB3,906.3 million, representing approximately 55.4% (31 December 2017: approximately 53.4%) of the total assets, increased by approximately RMB297.6 million as compared to approximately RMB3,608.7 million as at 31 December 2017. However, the total non-current assets was approximately RMB3,150.0 million, representing approximately 44.6% (31 December 2017: approximately 46.6%) of the total assets, increased by approximately RMB5.1 million as compared to approximately RMB3,144.9 million as at 31 December 2017.

As at 30 June 2018, the total liabilities of the Group was approximately RMB5,010.2 million, representing an increase of approximately RMB338.6 million as compared to approximately RMB4,671.6 million as at 31 December 2017. The total current liabilities was approximately RMB3,548.9 million, representing approximately 70.8% (31 December 2017: approximately 70.8%) of the total liabilities, increased by approximately RMB242.2 million as compared to approximately RMB3,306.7 million as at 31 December 2017. However, the total non-current liabilities was approximately RMB1,461.3 million, representing approximately 29.2% (31 December 2017: approximately 29.2%) of the total liabilities, increased by approximately RMB96.4 million as compared to approximately RMB1,364.9 million as at 31 December 2017.

As at 30 June 2018, the Group has the net current assets of approximately RMB357.4 million, representing an increase of approximately RMB55.3 million as compared to approximately RMB302.1 million as at 31 December 2017.

Current ratio

As at 30 June 2018, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.10:1 (31 December 2017: 1.09:1).

Gearing ratio

As at 30 June 2018, the gearing ratio of the Group which is total bank borrowings and other borrowings as a percentage of total equity, was 101.7% (31 December 2017: 98.7%).

Capital structure

The Group's operations were financed mainly by Shareholder's equity, convertible bonds issue, 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.

Convertible bonds

Pursuant to the general mandate, on 1 June 2018, the Group issued convertible bonds in amount of HK$300 million for a term of two years. The bonds bear interest at a rate of 6.5% plus 1% handling fee per annum, and the interest is payable in arrears every half year. The bonds can be converted into shares at the conversion price of HK$1.39 per conversion share at any time on and after the issue date and up to the close of business on the business day immediately preceding the maturity date. For details, please refer to the Company's announcement dated 15 May 2018.

The convertible bonds are guaranteed by Mr. Chen Chengshou ("Mr. Chen"), chairman of the Company, executive Director and controlling shareholder, and Ms. Gao Qiaoqin ("Ms. Gao"), non-executive Director and controlling shareholder, and secured by 940,000,000 Shares held by Xinxing Company Limited.

Mr. Chen has undertaken to, for so long as any convertible bonds remains outstanding, directly or indirectly hold approximately 50% of the entire issued share capital of the Company, and shall not directly or indirectly sell, transfer or otherwise dispose of his equity interests in the Company or any part thereof in the absence of prior written consent of the subscriber of the convertible bonds.

Borrowings

As at 30 June 2018, the total bank and other borrowings of the Group was approximately RMB2,080.7 million, representing an increase of approximately RMB26.6 million compared to the approximately RMB2,054.1 million as of 31 December 2017. Please refer to note 14 in the interim condensed consolidated financial statements for detailed information.

The borrowings repayable within one year of the Group of approximately RMB1,324.9 million representing an increase of approximately RMB212.7 million as compared to the approximately RMB1,112.2 million as at 31 December 2017. Borrowings repayable after one year was approximately RMB755.7 million, representing a decrease of approximately RMB186.2 million as compared to approximately RMB941.9 million as at 31 December 2017.

During the Period, the Group's borrowings with fixed interest rates to total borrowings was approximately 92.8%.

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.

Material acquisitions and disposals of subsidiaries and joint ventures

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

Contingent liabilities

As at 30 June 2018, the Group provided guarantees over the mortgage loans given by certain purchasers of approximately RMB13.3 million (31 December 2017: approximately RMB19.1 million).

Assets guarantees

As at 30 June 2018, the Group has pledged or restricted deposits in the bank deposits of approximately RMB2.3 million (31 December 2017: approximately RMB2.4 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, the non-executive Director, Ms. Gao, the Group's related company, Xinming Group Limited, and other minority shareholders of certain subsidiaries of the Group free of charge.

Capital expenditure

During the Period, the Group's total capital expenditure was approximately RMB0.08 million, mainly included construction facilities expenses (six months ended 30 June 2017: approximately RMB0.05 million).

Capital commitments

As at 30 June 2018, the capital commitments related to activities of properties under development was approximately RMB68.0 million (31 December 2017: approximately RMB37.6 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 2018, the Group has a total of 208 employees (30 June 2017: total 222). The total employees cost during the Period amounted to approximately RMB20.3 million (six months ended 30 June 2017: approximately RMB18.1 million), representing an increase of approximately RMB2.2 million, which was mainly due to the control of remuneration of employees 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

No significant event took place subsequent to 30 June 2018.

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 2018, 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 (Note 1)	1,349,600,000(L)	71.84%
Ms. Gao Qiaoqin	Interest of spouse (Note 2)	1,349,600,000(L)	71.84%
Mr. Feng Cizhao	Beneficial owner (Note 3)	129,000(L)	0.01%

(L): represents long positions

Notes:

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

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

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

Associated corporation – Xinxing Company Limited

Name of Directors	Nature of interest	Number and class of securities in the associated corporation	Approximate percentage of interest in the associated corporation
Mr. Chen	Beneficial owner	1 share (Note 1)	100%
Ms. Gao	Interest of spouse	1 share (Note 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 1)	Beneficial owner	1,349,600,000	71.84%
Central Huijin Investment Ltd (Note 2)	Person having a security interest in shares	940,000,000 (long position)	50.04%
	Interest in a controlled corporation	215,827,338 (long position)	11.49%
China Construction Bank Corporation (Note 2)	Person having a security interest in shares	940,000,000 (long position)	50.04%
	Interest in a controlled corporation	215,827,338 (long position)	11.49%
Chance Talent Management Limited (Note 2)	Person having a security interest in shares	940,000,000 (long position)	50.04%
	Beneficial owner	215,827,338 (long position)	11.49%

Notes:

1. Xinxing Company Limited is wholly-owned by Mr. Chen.

2. Chance Talent Management Limited has a security interest in 940,000,000 shares of the Company and an interest in 215,827,338 underlying shares of the Company, which may be issued by the Company upon conversion of the convertible bonds issued by the Company in the principal amount of HK$300 million. Central Huijin Investment Ltd holds a 57.11% shareholding in China Construction Bank Corporation. The China Construction Bank Corporation holds a 100% shareholding in CCB International Group Holdings Limited, which in turn holds a 100% shareholding in CCB Financial Holdings Limited. CCB Financial Holdings Limited holds a 100% shareholding in CCB International (Holdings) Limited, which in turn holds a 100% shareholding in CCBI Investments Limited. CCBI Investments Limited holds a 100% shareholding in Chance Talent Management Limited. Therefore, the above entities are deemed to be interested in 940,000,000 shares and 215,827,338 underlying shares of the Company, in which Chance Talent Management Limited is interested in.

Save as disclosed above, as at 30 June 2018, 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.

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.

During the six months ended 30 June 2018, 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

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 2018, 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.

Mr Wong Thian Tsu Michael, an executive Director, tendered his resignation as an executive Director to the Board on 3 July 2018, with effect from 3 October 2018, due to his focus on other personal commitments.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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 2017 and up to the date of this report, the change of Directors' information is as follow:

Directors	Details of the change
Mr. Fong Wo	tendered resignation as the independent non-executive director of China Investment Development Limited (HKSE Stock Code: 204) since 23 July 2018

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 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

As at 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 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 17.

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 during 2017 and 2018 of 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 RMB19,540,000 to Yuanyang Group pursuant to Engineering Services Framework Agreement. For details please refer to Interim Condensed Consolidated Statements Note 17.

For details of other continuing connected transactions during the Period, please refer to Interim Condensed Consolidated Statements Note 17.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2018.

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

Hangzhou, the PRC
30 August 2018

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

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
REVENUE	4	**248,236**	43,214
Cost of sales		**(124,083)**	(19,504)
Gross profit		**124,153**	23,710
Other income and gains	4	**921**	852
Selling and distribution costs		**(27,153)**	(66,699)
Administrative expenses		**(42,462)**	(49,651)
Other expenses		**(34,648)**	(47,933)
Changes in fair value of investment properties		**600**	13,338
Finance costs	5	**(3,222)**	(112)
PROFIT/(LOSS) BEFORE TAX	6	**18,189**	(126,495)
Income tax (expense)/credit	7	**(42,998)**	4,900
LOSS AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**(24,809)**	(121,595)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	8	**–**	2,039
LOSS FOR THE PERIOD		**(24,809)**	(119,556)
ATTRIBUTABLE TO:			
Owners of the parent		**(20,514)**	(112,978)
Non-controlling interests		**(4,295)**	(6,578)
		(24,809)	(119,556)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
– For loss for the period (RMB)		**(0.01)**	(0.06)
– For loss from continuing operations (RMB)		**(0.01)**	(0.06)

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	**(24,809)**	(119,556)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Net loss on equity instruments at fair value through other comprehensive income	**(84)**	–
OTHER COMPREHENSIVE LOSS, NET OF TAX	**(84)**	–
TOTAL COMPREHENSIVE LOSS	**(24,893)**	(119,556)
ATTRIBUTABLE TO:		
Owners of the parent	**(20,598)**	(112,978)
Non-controlling interests	**(4,295)**	(6,578)
	(24,893)	(119,556)

Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**6,209**	6,918
Financial assets at fair value through other comprehensive income		**1,161**	–
Available-for-sale investments		**–**	1,500
Investment properties	11	**3,054,376**	3,053,776
Deferred tax assets		**88,233**	82,659
		3,149,979	3,144,853
CURRENT ASSETS			
Properties under development		**1,264,833**	1,031,980
Completed properties held for sale		**1,577,836**	1,693,261
Trade receivables	12	**8,594**	74,073
Prepayments, deposits and other receivables		**147,914**	121,401
Tax recoverable		**30,080**	30,366
Restricted deposits		**2,338**	2,402
Cash and cash equivalents		**874,696**	655,256
		3,906,291	3,608,739
CURRENT LIABILITIES			
Trade payables	13	**306,718**	348,833
Other payables and accruals		**596,007**	556,865
Advances from customers		**–**	386,927
Contract liabilities		**406,910**	–
Due to other related parties	17	**8,001**	18,647
Interest-bearing bank loans and other borrowings	14	**1,324,926**	1,112,201
Provisions	15	**1,098**	1,098
Tax payable		**905,227**	882,069
		3,548,887	3,306,640
NET CURRENT ASSETS		**357,404**	302,099
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,507,383**	3,446,952

Interim Condensed Consolidated Statements of Financial Position (Continued)

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	14	**755,746**	941,850
Provisions	15	**516**	1,032
Financial liabilities at fair value through profit or loss	16	**264,220**	–
Other liabilities		**9,116**	4,446
Deferred tax liabilities		**431,732**	417,578
		1,461,330	1,364,906
NET ASSETS		**2,046,053**	2,082,046
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,880
Reserves		**1,923,724**	1,953,601
		1,938,604	1,968,481
Non-controlling interests		**107,449**	113,565
TOTAL EQUITY		**2,046,053**	2,082,046

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the parent									
	Issued capital RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Capital reserve* RMB'000	Reserve regarding share award scheme* RMB'000	Financial assets at fair value through other comprehensive income reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2017 (Audited)	14,880	496,155	81,491	(63,214)	4,533	–	1,434,636	1,968,481	113,565	2,082,046
Adjustment on adoption of IFRS 15, net of tax (note2.2)	–	–	–	–	–	–	(8,897)	(8,897)	(1,821)	(10,718)
Adjustment on adoption of IFRS 9, net of tax (note2.2)	–	–	–	–	–	(255)	(127)	(382)	–	(382)
Restated balance at 1 January 2018	14,880	496,155	81,491	(63,214)	4,533	(255)	1,425,612	1,959,202	111,744	2,070,946
Loss and total other comprehensive loss for the period	–	–	–	–	–	(84)	(20,514)	(20,598)	(4,295)	(24,893)
At 30 June 2018 (Unaudited)	14,880	496,155	81,491	(63,214)	4,533	(339)	1,405,098	1,938,604	107,449	2,046,053

* These reserve accounts comprise the consolidated reserves of RMB1,923,724,000 as at 30 June 2018 (31 December 2017: RMB1,953,601,000).

	Attributable to owners of the parent								
	Issued capital RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Capital reserve* RMB'000	Reserve regarding share award scheme* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**86,595**	1,116,534
Tax paid		**(7,401)**	(45,161)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**79,194**	1,071,373
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(80)**	(48)
Bank interest income	4	**540**	564
Proceeds from disposal of items of property, plant and equipment		**–**	70
NET CASH FLOWS FROM INVESTING ACTIVITIES		**460**	586
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(138,367)**	(72,029)
New interest-bearing bank loans and other borrowings		**458,906**	17,000
Decrease in other receivables		**14,999**	62,873
Decrease in other payables		**(8,551)**	(21,463)
Proceeds from issue of convertible bonds		**245,016**	–
Repayment of interest-bearing loans and other borrowings		**(432,286)**	(1,026,605)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**139,717**	(1,040,224)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**219,371**	31,735
Cash and cash equivalents at beginning of period		**655,256**	465,613
Effect of foreign exchange rate changes, net		**69**	362
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**874,696**	497,710

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

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 and property leasing. 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 2018 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 2017.

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 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and chose not to adjust the comparative information for the period beginning 1 January 2017.

(a) Classification and measurement

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

On 1 January 2018, equity investments in unlisted companies with book value of RMB1,500,000 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income. The adoption of IFRS 9 had no significant impact on the measurement of the Group's financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

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)

IFRS 9 *Financial Instruments* (Continued)

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of IFRS 9 did not result in a significant impact on the in impairment allowances of the Group's debt financial assets.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

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)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

IFRS 15 "Revenue from Contracts with Customers" is effective for the financial year beginning or after 1 January 2018. The Group elected to apply the modified transitional provisions whereby the effects of adopting IFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparatives are not restated.

(i) Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Prior to the adoption of IFRS 15, revenue from the sale of properties is recognized when the significant risks and rewards of the properties are passed to the purchasers when (i) an irrevocable sale and purchase contract has been entered into by both the buyer and the seller; (ii) the seller has received or obtained the right to receive all the consideration of the sale; (iii) the construction has been completed, and its quality has been inspected and accepted by the relevant government authorities; and (iv) the ready-for-delivery conditions under the sale and purchase contract have been fulfilled.

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)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

(i) Revenue recognition *(Continued)*

Under IFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

The Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, majority of revenue from sale of properties continued to be recognised at a point in time, when the purchasers obtain the physical possession of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(ii) Accounting for significant financing component for sales of properties

Prior to the adoption of IFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as receipts in advance under advanced receipts, accruals and other payables in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon adoption of IFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from advances from customers to contract liabilities for the outstanding balance of sales proceeds from customers. The adoption of IFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

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)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

(iii) Accounting for sales commission

Prior to the adoption of IFRS 15, the Group expenses off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Upon adoption of IFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in Contract assets. Capitalised sales commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as direct operating expenses at that time.

The impact on the Group's financial position as at 1 January 2018 by the application of IFRS 15 as compared to IAS 18 and IAS 11 that was previously in effect before the adoption of IFRS 15 is as follows:

	As at 1 January 2018			
	As previously Stated RMB'000	Reclassifications under IFRS 15 RMB'000	Adjustments under IFRS 15 RMB'000	Restated RMB'000
Consolidated statement of financial position (extract)				
Deferred tax assets	82,659	–	3,573	86,232
Properties under development	1,031,980	–	12,249	1,044,229
Advances from customers	386,927	(386,927)	–	–
Contract liabilities	–	386,927	26,540	413,467
Retained earnings	1,434,636	–	(8,897)	1,425,739
Non-controlling interests	113,565	–	(1,821)	111,744

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)

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Considerations*

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 *Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three 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 other segment engages in investment holding

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

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

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

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for six months ended 30 June 2017 and 2018.

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2018 (Unaudited)

	Property Development RMB'000	Property Leasing RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	224,218	24,018	–	248,236
Revenue				248,236
Segment results:	56,415	5,574	(43,800)	18,189
Profit before tax				18,189
Segment assets	6,286,503	1,673,340	4,256,281	12,216,124
Reconciliation:				
Elimination of intersegment receivables				(5,159,854)
Total assets				7,056,270
Segment liabilities	5,703,272	576,225	3,874,754	10,154,251
Reconciliation:				
Elimination of intersegment payables				(5,144,034)
Total liabilities				5,010,217
Other segment information:				
Depreciation	720	36	34	790
Bank interest income	(347)	(30)	(163)	(540)
Finance costs	3,154	68	–	3,222
Realisation of onerous operating leases	–	584	–	584
Fair value gains on investment properties	–	(600)	–	(600)
Fair value loss on financial liabilities	19,204	–	–	19,204
Capital expenditure	10	–	70	80

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2017 (Unaudited)

	Property Development RMB'000	Property Leasing RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	13,537	29,677	–	43,214
Revenue				43,214
Segment results:	(70,581)	(19,276)	(36,638)	(126,495)
Loss before tax				(126,495)
Segment assets	6,628,199	1,668,340	4,221,312	12,517,851
Reconciliation:				
Elimination of intersegment receivables				(5,764,259)
Total assets				6,753,592
Segment liabilities	6,440,658	495,970	3,002,472	9,939,100
Reconciliation:				
Elimination of intersegment payables				(5,267,554)
Total liabilities				4,671,546
Other segment information:				
Depreciation	1,313	44	36	1,393
Bank interest income	(198)	(22)	(343)	(563)
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

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	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**225,975**	13,611
Rental income	**24,164**	29,866
	250,139	43,477
Less: government surcharges	**(1,903)**	(263)
	248,236	43,214

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**540**	563
Government grants	**150**	188
Others	**231**	101
	921	852

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**138,367**	71,620
Interest on interest-bearing bank loans and other borrowings not wholly repayable within five years	**–**	409
Notional interest	**68**	112
Total interest expense on financial liabilities not at fair value through profit or loss	**138,435**	72,141
Less: Interest capitalised	**(135,213)**	(72,029)
	3,222	112

6. LOSS BEFORE TAX

The Group's loss for the six months ended 30 June 2018 and 2017 is arrived at after (crediting)/charging:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**115,425**	7,308
Cost of leasing properties	**8,658**	12,196
Auditor's remuneration	**750**	750
Depreciation	**790**	1,408
Change in fair value of investment properties (note 11)	**(600)**	(13,338)
Change in fair value of financial liabilities (note 16)	**19,204**	–
Provision for the onerous operating leases	**–**	35,084
Realisation of onerous operating leases	**(584)**	(551)
Employee benefit expense;		
Wages and salaries	**16,595**	14,914
Pension scheme and social welfare	**3,736**	3,136

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	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	**424**	20
LAT	**30,421**	1,122
Deferred tax	**12,153**	(6,042)
Total tax charge/(credit) for the period	**42,998**	(4,900)

8. DISCONTINUED OPERATION

On 20 July 2017, the Company announced the decision of its board of directors to dispose of Zhejiang Xinming Property Services Limited ("Xinming Property") engages in the provision of property management service. The Group has decided to cease its property management service business because it plans to focus its resources on its property development and property investment. The disposal of Xinming Property has been completed on 26 July 2017. With Xinming Property being classified as a discontinued operation, the property management service business is no longer included in the note for operating segment information.

The results of Xinming Property for the period are presented below:

	For the six months ended 30 June 2017 RMB'000 (Unaudited)
Revenue	11,579
Cost of sales	(7,811)
Other income and gains	5
Administrative expenses	(1,686)
Other expenses	(48)
PROFIT FOR THE PERIOD FROM THE DISCONTINUED OPERATION	2,039

The net cash flows incurred by Xinming Property are as follows:

	For the six months ended 30 June 2017 RMB'000 (Unaudited)
Operating activities	(330)
Investing activities	(68)
Net cash outflow	(398)
Earnings per share:	
Basic and diluted, from the discontinued operation (RMB)	0.10 cents

8. DISCONTINUED OPERATION (Continued)

The calculations of basic earnings per share from the discontinued operation are based on:

	For the six months ended 30 June 2017 (Unaudited)
Profit attributable to ordinary equity holders of the parent from the discontinued operation (RMB'000)	2,039
Weighted average number of ordinary shares in issue during the period/year used in the basic earnings per share calculation (note 10)	1,878,622,000

9. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

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

The calculation of the basic loss per share amount is based on the loss 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 2017: 1,878,622,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2018 and 2017 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2018 (Audited)	3,053,776
Change in fair value of investment properties	600
At 30 June 2018 (Unaudited)	3,054,376

The Group's investment properties are situated in Mainland China and are held under medium term leases. The fair value of the Group's investment properties was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer.

As at 30 June 2018 and 31 December 2017, the Group's investment properties with values of RMB3,054,376,000 and RMB2,112,900,000, respectively, were pledged to secure general interest-bearing bank loans and other borrowings granted to the Group (note 14).

12. TRADE RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	29,528	95,007
Impairment	(20,934)	(20,934)
	8,594	74,073

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.

12. TRADE RECEIVABLES (Continued)

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**8,594**	74,073

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

	RMB'000
As at 1 January 2018 and 31 December 2017 (Audited)	20,934
Impairment provision recognised	–
As at 30 June 2018 (Unaudited)	20,934

Included in the above provision for impairment of trade receivables is provision for the impaired trade receivables of RMB20,934,000 and RMB20,934,000 with the carrying amount before provision of RMB22,525,000 and RMB22,525,000, as at 30 June 2018 and 31 December 2017, respectively.

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Neither past due nor impaired	**5,360**	72,482
Past due within one year but not impaired	**3,234**	1,591
	8,594	74,073

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 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Less than one year	**92,280**	121,785
Over one year	**214,438**	227,048
	306,718	348,833

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

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2018			31 December 2017		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Other borrowings – secured	**9.00**	**2018**	**278,906**	9.00	2018	220,000
Current portion of long term bank loans-secured	**5.39**	**2019**	**30,000**	6.13	2018	40,000
Current portion of long term other borrowings – secured	**6.80-17.88**	**2019**	**1,016,020**	7.15-9.50	2018	852,201
			1,324,926			1,112,201
Non-current						
Bank loans – secured	**5.39-7.80**	**2021-2022**	**512,594**	6.13	2022	130,000
Other borrowings – secured	**8.00**	**2019**	**243,152**	6.80-8.00	2019	811,850
			755,746			941,850
			2,080,672			2,054,051
Analysed into:						
Bank loans repayable:						
Repayable within one year			**30,000**			40,000
Repayable in the second year			**30,000**			30,000
Repayable in the third to fifth years			**90,000**			100,000
			150,000			170,000
Other borrowings repayable:						
Repayable within one year			**1,294,926**			1,072,201
Repayable in the second year			**243,152**			811,850
Repayable in the third to fifth years			**392,594**			–
			1,930,672			1,884,051
			2,080,672			2,054,051

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

The Group's interest-bearing bank loans and other borrowings are secured by the pledges of the following assets with carrying values at 30 June 2018 and 31 December 2017:

		30 June 2018 RMB'000	31 December 2017 RMB'000
Equity interest in subsidiaries	(i)	**393,587**	397,938
Investment properties	(ii)	**3,053,776**	2,112,900
Completed properties held for sale	(iii)	**506,948**	571,939
Properties under development	(iv)	**936,951**	811,735

(i) The Group's other borrowings of RMB500,000,000 (2017: RMB500,000,000) were secured by the 100% equity interests in Wenshang Times, a subsidiary of the Company.

(ii) The Group's interest-bearing bank loans of RMB150,000,000 (2017: RMB170,000,000) were secured by investment properties of Taizhou Investment, a subsidiary of the Company.

The Group's other borrowings of RMB500,000,000, RMB407,360,000 and RMB411,811,000 (2017: RMB500,000,000, RMB346,500,000 and nil) were secured by investment properties of Wenshang Times, Chongqing Xinming and Shanghai Xinming, subsidiaries of the Company, respectively.

(iii) The Group's other borrowings of RMB392,594,000 and RMB407,360,000 (2017: RMB403,759,000 and RMB346,500,000) were secured by completed properties held for sale of Hangzhou Xinming and Chongqing Xinming, subsidiaries of the Company, respectively.

(iv) The Group's other borrowings of RMB218,906,000 and RMB407,360,000 (2017: RMB220,000,000 and RMB346,500,000) were secured by properties under development of Shandong Xingmeng and Chongqing Xinming, subsidiaries of the Company, respectively.

(v) The Group's interest-bearing bank loans and other borrowings of RMB2,080,672,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group and (iv) Mr. Fan Guangpei, the non-controlling shareholder of Shandong Xingmeng, a subsidiary of the Company (As at 31 December 2017: RMB2,054,051,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group and (iv) Mr. Fan Guangpei, the non-controlling shareholder of Shandong Xingmeng, a subsidiary of the Company), as set out in note 17(b)(iv).

15. PROVISIONS

Onerous operating lease:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Current	**1,098**	1,098
Non-current	**516**	1,032
Total	**1,614**	2,130

16. FINANCIAL LIABILITES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK$300,000,000 (equivalent to approximately RMB245,016,000) (the "Convertible Bonds") at the price of 100% of their principal amount. The Convertible Bonds are redeemable at the option of the bondholders at a price of HK$1.39 per bond on 1 June 2020. The Convertible Bonds bear interest at the rate of 6.5% plus 1% handling fee per annum and are payable in arrears every six months. The Convertible Bonds are guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and the non-executive director, Ms. Gao Qiaoqin and Controlling Shareholder pursuant to a deed of guarantee, and secured by Xinxing Company Limited by a deed of share charge in relation to 940,000,000 Shares held by Xinxing Company Limited in favour of the subscriber.

The Convertible Bonds were recognised as financial liabilities designated upon initial recognition as at fair value through profit or loss.

	Convertible bonds RMB'000
Carrying amount at 1 January 2018 (audited)	–
Issue of convertible bonds	245,016
Net loss from a fair value adjustment recognised in changes in fair value of financial liabilities in profit or loss	19,204
Carrying amount at 30 June 2018 (unaudited)	264,220

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with the Group
Mr. Chen Chengshou	Controlling Shareholder
Yuanyang Holdings Group Share Limited Company	Significantly 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
Zhejiang Tianmao Landscape Engineering Co., Ltd.	Controlled by Mr. Zheng Xiangtian, brother of the Controlling Shareholder
Hangzhou Taoyuan Shanzhuang Property Development Limited	Controlled by the Controlling Shareholder

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 2018 and 2017:

(b) Nature of transactions

Recurring transactions

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Purchase of construction materials and receiving services from other related parties		
Yuanyang Holdings Group Share Limited Company	**19,540**	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.

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Nature of transactions (Continued)

Recurring transactions *(Continued)*

	For the six months ended 30 June	
	2018	2017
	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.

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(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.

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Nature of transactions (Continued)

Non-recurring transactions

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

As set out in note 14(v), as at 30 June 2018 the Group's interest-bearing bank loans and other borrowings of RMB2,080,672,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group and (iv) Mr. Fan Guangpei, the non-controlling shareholder of Shandong Xingmeng, a subsidiary of the Company (As at 31 December 2017: RMB2,054,051,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group and (iv) Mr. Fan Guangpei, the non-controlling shareholder of Shandong Xingmeng, a subsidiary of the Company).

(c) Outstanding balances with related parties

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Due to other related parties		
Zhejiang Tianmao Landscape Engineering Co., Ltd.	**4,880**	6,780
Zhejiang Shouchuang Industry Co., Ltd.	**2,816**	3,122
Yuanyang Holdings Group Share Limited Company	**305**	8,745
	8,001	18,647

18. OPERATING LEASE ARRANGEMENTS

As lessor

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

As at 30 June 2018 and 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**43,147**	34,591
In the second to fifth years, inclusive	**31,025**	34,470
	74,172	69,061

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 2018 and 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**22,975**	23,001
In the second to fifth years, inclusive	**23,069**	23,509
	46,044	46,510

19. COMMITMENTS

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted, but not provided for:		
Properties under development	**67,962**	37,628

20. CONTINGENT LIABILITIES

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**13,297**	19,083

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 2018 and 31 December 2017 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The table below is an analysis of the carrying amounts of financial instruments by category as at 30 June 2018 and 31 December 2017:

Financial assets at amortized cost

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	**8,594**	74,073
Financial assets included in prepayments, deposits and other receivables	**109,006**	85,451
Restricted deposits	**2,338**	2,402
Cash and cash equivalents	**874,696**	655,256
	994,634	817,182

Financial liabilities at amortized cost

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables	**306,718**	348,833
Other payables and accruals	**494,606**	457,153
Due to other related parties	**8,001**	18,647
Interest-bearing bank loans and other borrowings	**2,080,672**	2,054,051
	2,889,997	2,878,684

Financial assets at fair value through other comprehensive income

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Unquoted equity shares	**1,161**	–

21. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities at fair value through profit or loss

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Convertible bonds	**264,220**	–

22. 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 2018 and 31 December 2017 was assessed to be insignificant.

23. EVENTS AFTER THE REPORTING PERIOD

As of the date of approval of the financial statements, the Group did not have any significant event subsequent to 30 June 2018.

24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors on 30 August 2018.