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

INTERIM REPORT 2019

CONTENT

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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

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

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2610, 26/F
Seapower Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon, Hong Kong

COMPANY'S WEBSITE ADDRESS

http://www.xinm.com.cn

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hangzhou United Bank, Kangqiao Branch
Hangzhou United Bank, Sijiqing Branch
Zhejiang Chouzhou Bank, Taizhou Branch
Zhejiang Tailong Commercial Bank, Taizhou Jiaojiang Branch
China Everbright Bank, Jinshan Branch

AUDITOR

Ernst & Young
Certified Public Accountants

LEGAL ADVISERS TO THE COMPANY

Chungs Lawyers (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 2019 as set out below:

- Turnover of the Group amounted to approximately RMB103.9 million, representing a decrease of approximately 58.1% as compared to the same period of last year.

- Gross profit of the Group amounted to approximately RMB21.3 million, representing a decrease of approximately 82.8% as compared to the same period of last year.

- Loss attributable to the shareholders of the Company was approximately RMB6.5 million, representing a decrease of approximately 68.3% as compared to the same period of last year.

- Basic loss per share was approximately RMB0.003.

- The board (the “Board”) of directors (the “Directors”) of the Company did not recommend the payment of interim dividend as of 30 June 2019.

Dear Shareholders,

The Board has announced the Group's interim results for the six months ended 30 June 2019 (the "Period"). The results were not audited but have been reviewed by the Company's audit committee (the "Audit Committee").

BUSINESS REVIEW

The Group's total revenue for the Period was approximately RMB103.9 million, representing an approximate decrease of 58.1% from approximately RMB248.2 million for the corresponding period of last year.

Loss attributable to shareholders of the Company for the Period was approximately RMB6.5 million, representing an approximate decrease of 68.3% from approximately RMB20.5 million for the corresponding period of last year.

During the Period, loss per share was approximately RMB0.003 (loss for the first half of 2018: RMB0.011).

As of 30 June 2019, the Group's total assets amounted to approximately RMB6,705.8 million (31 December 2018: approximately RMB6,772.2 million), while total liabilities amounted to approximately RMB4,631.6 million (31 December 2018: approximately RMB4,681.0 million); total equity was approximately RMB2,074.2 million (31 December 2018: approximately RMB2,091.1 million), and net asset value per share was approximately RMB1.104 (31 December 2018: approximately RMB1.113).

During the first half of 2019, in line with the Chinese government's keynote of "houses are for living in but not for speculation, implementing corresponding policies for different cities, and taking a differential approach in regulatory measures", the PRC real estate market's overall growth rate apparently slowed down in comparison to that of the same period in 2018. Market segmentation among first-, second-, third- and fourth-tier cities became more prominent. During the first half of 2019, in first-tier cities there was an obvious trend of transaction volume increment without price fluctuation, while property markets in the more popular second-tier cities were steady overall. There is a high possibility of extending the control policies to second-tier cities in the near future, and while property prices in third-, fourth- and fifth-tier cities were still rising, an overall cooling in the land market and second-hand trading market was signalled. At present, good transaction performance was mainly concentrated among first- and larger second-tier cities nationwide, and economically strong third- and fourth-tier cities in the Yangtze and Pearl River deltas. Viewed from the development trend in the earlier months of 2019, a "moderate rising" situation could be seen. Excluding thin transactions in February 2019 due to the Spring Festival, a transaction volume of approximately 45 million square meters ("sq-m" or "sq.m.") was maintained in April 2019 and May 2019, showing a steady recovery of the real estate market.

Real estate supply remained stable in the first half of 2019, with the total supply in 79 typical cities dropping slightly by 1% year-on-year. In terms of tiers, supply in first-tier cities increased substantially by an overall of 27% compared with the same period of 2018. Supply in second-tier cities basically remained unchanged compared with the same period of 2018. The overall supply in third- and fourth-tier cities fell by 4% year-on-year. Recently, affected by the loss of the low price advantage and the gradually weakening of demand in third- and fourth-tier cities, property developers have returned their focus to first- and second- tier markets, resulting in a decrease in the overall supply in third- and fourth-tier cities. Meanwhile, supply in first-to-fourth-tier cities remained fragmented. Furthermore, during the first quarter of 2019, commodity housing sold in China reached 298.29 million sq.m. in area, of which the total sales area of commercial property was 25.52 million sq.m., accounting for 8.56% of the sales of commodity housing. The sales area of office buildings fell by 11.1%, while that of properties for commercial operation fell by 6.9%. In summary, both the sales area and sales revenue of office buildings and property for commercial operation dropped, with a significant decrease in demand.

During the Period, the Group recorded property sales revenue of approximately RMB73.1 million, representing a decrease of 67.4% compared to that of the same period last year. This can be attributed to (i) the decrease in property sales revenue of the Shanghai Xinming • Children's World (the "Shanghai Project") owing of the alterations of the sales deployment plan of the Shanghai Project following personnel changes in the sales team, which resulted in slower sales progress and the prolonged influence of property governance policies issued by the Shanghai Municipal Government for optimisation and rectification in the first half of 2019. During the Period, property sales revenue for the Shanghai Project amounted to approximately RMB11.3 million, representing a 89.0% drop compared to the same period of last year; (ii) the remaining units of Hangzhou Xinming • Children's World Project ("Hangzhou Project") were sold during the Period, and the property sales revenue recorded for the Hangzhou Project amounted to approximately RMB35.0 million for the Period, representing a decrease of approximately 65.9% over the same period of last year; (iii) property sales revenue for Chongqing Xinming • China South-western City (the "Chongqing Project") were mainly originated from Buildings 4 and 5 completed in the previous year, which recorded sales revenue of approximately RMB8.5 million for the Period. As of 30 June 2019, the Group's property portfolio comprised 16 development projects in various cities in the PRC. These projects were in varied stages of development, having an aggregate gross floor area ("GFA") of approximately 1,012,782 sq.m., of which approximately 477,402 sq.m. have been completed. Approximately 55,145 sq.m. of the GFA remained under development, and approximately 480,235 sq.m. were retained for future development.

PROSPECTS

Looking forward to the second half of 2019, against the backdrop of an escalating trade war, the Chinese government continues to adopt the principle of "houses are for living in but not for speculation" to control the property market. It aims mainly to stabilise the overall market and ensure that housing prices will not fluctuate significantly, while maintaining a growth rate of 7-10% throughout the year. Recently, the government has taken action to cope with the frequent issuance of debts by property developers and the continued decline in interest rates, so as to prevent funds from flowing unlawfully into the real estate sector. At the same time, some cities have raised interest rates on property mortgage loans which seriously affected real estate trust financing. It is expected that under stricter fund controls, the regulation and control policies of the first- and second-tier cities are unlikely to be lessened in the short term. However, there is still some rigid demand in the first-tier and popular second-tier cities, and we expect steady growth in such cities. An overall trend of market correction in third- and fourth-tier cities has already emerged, and these cities will face relatively higher correctional pressure in the second half of 2019.

The Chongqing Project and Shandong Tengzhou Xingmeng International Commercial City (the "Shandong Project") are expected to obtain the local governments' preliminary approval for a change in land planning to high-quality developed residential use in the second half of 2019, but the commencement of construction will be delayed to the fourth quarter of 2019. We are striving for pre-sale at the end of 2019. The Group believes that the sale of the residential properties will attract people in those areas and lead to a boost in value of the projects' surrounding commercial lands; and with the development of surrounding commercial lands, the projects' residential property values will appreciate as well. Such a ripple effect would create a positive impact on the Group's future financial position and return. In the meantime, the Group continued to provide a broad range of high quality products and services for maternity, baby and children ("MBC") under the My Babini brand, and by adopting the "Internet+" business model, the online-offline cooperation mode will be realised.

SUMMARY

In the second half of 2019, Chinese economy is expected to slow down as affected by the external environment. There is great uncertainty in the economic development. The central government continues to support the fundamental idea of "housing is for living in but not for speculation", and has adopted strategy of implementing different policies for different cities based on the development of the domestic real estate market. Although the real estate market's growth may slow down during the second half of the year, it is expected to remain stable provided that the external environment does not get worsen and housing demand remains stable. However, we believe that the business environment during the second half of 2019 may become difficult due to the uncertain external and domestic policies. We will always be vigilant and cautious and to seize new development opportunities and trends.

I would like to take this opportunity to express my gratitude to the Board, and on behalf of the Board, extend thanks to our management and all staff members for their continuing efforts. I would also like to thank our shareholders for their support and trust.

Chen Chengshou
Chairman, Executive Director and Chief Executive Officer

Hangzhou, PRC
29 August 2019

Management Discussion and Analysis

(Including financial review)

INDUSTRY REVIEW

In the first half of 2019, China's economic situation was stable, with GDP increasing by 6.3% year-on-year. The tightening policies in China over the months in the first half of 2019 were characterized by a more lenient start and turned tougher in the latter period. The PRC government tightened the regulation of real estate funds and as a consequence, trust financing was seriously affected. The project financing environment was difficult. The overall policy in the first quarter of 2019 boosted the market's expectations. However, the degree of tightening has been significantly strengthened since April 2019. In particular, Xi'an and Suzhou, which were more robust in property transaction recently, had tightened their purchase-and-sale restriction policies respectively, and became the gauge of determining the degree of macro-adjustment measures at the current stage. At the same time, the interest rate hikes in some cities in China started to intensify, and Hefei, Suzhou, Dongguan and other places also timely tightened the land auction policy due to the booming of the respective real estate markets, together with the reaction to the proposed "one policy for one city" by Henan, Fujian, Zhejiang, Anhui, Chengdu, Changsha, Wuhan and other provinces and cities in the first half of 2019, all these phenomena adequately reflected that the regulatory policies were kept closely in line with market changes and tightened when the circumstances required. Moreover, due to the increase in supply of commercial properties in various cities in China in the first quarter of 2019, sales of commercial properties in first-tier and second-tier cities showed a decline to different extents; while the number of commercial property development projects continued to shrink during the period, down 39.6% year-on-year. For the above reasons, sales of the Group's commercial and residential housing during the Period were adversely affected.

RESULTS OVERVIEW

During the Period, the Group recorded a total revenue of approximately RMB103.9 million, representing a decrease of approximately 58.1% from approximately RMB248.2 million for the corresponding period last year. Sales of delivered properties and GFA were approximately RMB73.1 million and approximately 9,613.94 sq.m., representing respective decreases of 67.4% and 74.3% year-on-year. The average selling price for the contracted sales was approximately RMB7,601 per sq.m., representing an increase of approximately 26.8% compared with approximately RMB5,995 for the corresponding period last year. The price of commodity housing in Shanghai rose steadily in general, which drove up the average sales price. In contrast, the average selling price of Chongqing Xinming • China South-western City Phase 1 dropped approximately 69.9%, as the selling price of the apartments in Block 4 was lower than the selling price of the shops in Block 3 and Block 6 last year.

Loss attributable to the shareholders for the Period amounted to approximately RMB6.5 million, representing a decrease of 68.3% from a loss of approximately RMB20.5 million for the corresponding period last year. The decreased loss was mainly attributable to gains from the decrease of fair value of convertible bonds of approximately RMB18.2 million and the appreciation of investment properties of approximately RMB32.4 million. The basic loss per share was RMB0.003.

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2019.

As of 30 June 2019, the Group's total assets amounted to approximately RMB6,705.8 million (31 December 2018: approximately RMB6,772.2 million). Total liabilities were approximately RMB4,631.6 million (31 December 2018: approximately RMB4,681.0 million), total equity was approximately RMB2,074.2 million (31 December 2018: approximately RMB2,091.1 million), and net assets per share were approximately RMB1.104 (31 December 2018: approximately RMB1.113).

SALES

During the Period, the Group recorded a total revenue of approximately RMB103.9 million, representing an approximate 58.1% decrease from approximately RMB248.2 million for the corresponding period last year. During the Period, the Group recorded property sales revenue of approximately RMB73.1 million, representing 70.3% of its total revenue. Total delivered GFA was approximately 9,613.94 sq.m., representing a decrease of approximately 74.3% compared to the same period of last year. This was mainly due to (i) continued sales of the remaining shops in the Hangzhou Project; (ii) sales of delivered properties and GFA of the Shanghai Project decreased by approximately 89.0% and 91.4% respectively compared with the corresponding period last year due to personnel changes in the sales team, and the prolonged influence of property governance policies for optimisation and rectification imposed by the Shanghai Municipal Government; (iii) slowing sales after a failure to promote the Chongqing Project as originally planned, as a result of negotiations with the government on an overall strategy for comprehensive adjustment of land use; (iv) recovery of apartment and shops sales for the Shandong Project. Income from the Shandong Project during the first half of the year mainly derived from rebounding sales in the housing market, representing an increase of 8.1 times compared to the same period of last year; (v) recovering and increasing sales of the retail spaces in the Taizhou Project and other projects, and the sales of carpark spaces performed the best. This was mainly due to the adoption of new sales strategy in strengthening investment solicitation, which enhanced the projects' image and value.

The following table shows revenue by operating segment for the Period:

	as of 30 June			
	2019		2018	
	(RMB million) (Unaudited)	**(%)**	(RMB million) (Unaudited)	(%)
Sales of properties	**73.1**	**70.3**	224.2	90.3
Rental income	**30.8**	**29.7**	24.0	9.7
Total revenue	**103.9**	**100.0**	248.2	100.0

Property sales

During the Period, the Group recorded property sales of approximately RMB73.1 million, representing an approximate 67.4% decrease from the approximate RMB224.2 million of the same period of last year. This was mainly due to a GFA delivered of 9,613.94 sq.m., which represented a decrease of approximately 27,785.72 sq.m. from approximately 37,399.66 sq.m. of the same period of last year. This was mainly caused by the decrease in GFA delivered from the Taizhou Project by 19,658.09 sq.m. compared to the same period last year, and the decrease in GFA delivered from the Hangzhou Project by approximately 7,267.77 sq.m. compared to the same period last year. The decrease in GFA delivered was also caused by the drop of approximately 4,941.94 sq.m. in GFA delivered from the Shanghai Project during the Period as compared with the corresponding period last year.

Property leasing

The Group's property leasing business consists of leasing Group's commercial properties held for investment and the sold commercial properties leased back from third parties by the Group. As of 30 June 2019, the actual area leased out was approximately 193,590.26 sq.m., representing approximately 89% of the Group's total investment properties held-for-lease and the total GFA of sold commercial properties acquired by leasing back from third parties.

During the Period, rental income amounted to approximately RMB30.8 million, representing an increase of approximately RMB6.8 million or 28.3% from approximately RMB24.0 million for the same period of last year, mainly due to increases in occupancy rate.

Gross profit

During the Period, gross profit amounted to approximately RMB21.3 million, representing a decrease of approximately RMB102.8 million or approximately 82.8% compared to RMB124.1 million for the same period of last year. Gross profit margin was approximately 20.5%, compared to approximately 50.0% in the same period of last year, which resulted in a 29.5% decrease. This was mainly due to a significant decrease in gross profit margin for the Shanghai Project during the Period in comparison to the same period last year. It is expected that the Group's gross profit margin will maintain a gradual uptrend in the second half of 2019.

Other income and revenue

During the Period, other income and revenue amounted to approximately RMB8.5 million, a significant increase of approximately RMB7.6 million compared to the approximate RMB0.9 million from the same period last year, which was mainly due to foreign exchange and government subsidy amounting to RMB8.3 million were recorded during the Period.

Sales and administration expenses

During the Period, sales and administration expenses amounted to approximately RMB53.0 million, representing a decrease of approximately RMB16.6 million or 23.8% compared to approximately RMB69.6 million for the same period last year. Distribution expenses decreased by approximately RMB10.0 million, mainly due to decreased advertising and sales commissions for the Hangzhou Project during the Period. Administrative expenses decreased by approximately RMB6.6 million compared with the same period last year.

Other expenses

During the Period, other expenses amounted to approximately RMB16.4 million, representing an increase of approximately RMB1.0 million or 6.5% compared to approximately RMB15.4 million for the same period last year. This was mainly due to assets impairment loss.

Operating loss

During the Period, the operating loss was approximately RMB17.0 million, representing a decrease of approximately RMB7.8 million or approximately 31.4% compared to the loss of approximately RMB24.8 million for the same period last year.

Change in fair value of investment properties

During the Period, the change in fair value of investment properties amounted to approximately RMB32.4 million, representing an increase of approximately RMB31.8 million compared to approximately RMB0.6 million from the same period last year. Such increase was mainly due to the appreciation of Taizhou and Chongqing property investments.

Net finance costs

During the Period, net interest costs amounted to approximately RMB2.1 million, representing a decrease of approximately RMB1.1 million or approximately 34.4% compared with approximately RMB3.2 million recorded for the same period last year. This was mainly due to the decrease of significant financing component.

Income tax expenses

During the Period, income tax expenses were approximately RMB28.0 million, representing a decrease of approximately RMB15.0 million or 34.9% than the income tax expense of approximately RMB43.0 million for the same period last year. This was mainly due to the decrease in land value-added tax.

Loss attributable to shareholders

During the Period, the loss attributable to shareholders amounted to approximately RMB6.5 million, representing a decrease of approximately RMB14.0 million or approximately 68.3% compared to the loss of approximately RMB20.5 million for the corresponding period last year. The basic loss per share was approximately RMB0.003, a slight decrease from approximate RMB0.011 for the same period last year.

Management Discussion and Analysis

(Including financial review)

Business performance

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

Property Project	Location	Project Type	GFA delivered (sq.m.)	Income (RMB million)	Average selling price (RMB/sq.m)
Taizhou Xinming Peninsular	Jiaojiang District, Taizhou City	Residential, Commercial	55.60	1.5	27,217
Xinming Internatiional Household Products Mall and Exhibition Center	Jiaojiang District, Taizhou City	Commercial	1,917.86	10.4	5,416
Shanghai Xinming • Children's City	Jiading District, Shanghai Municipality	Commercial	464.94	11.3	24,290
Hangzhou Xinming • Children's World	Hangzhou	Commercial	2,876.60	35.0	12,167
Chongqing Xinming • China South-western City Phase 1	Dazu District, Chongqing	Commercial	2,596.93	8.5	3,275
Xingmeng International Commercial City	Tengzhou City, Shandong Province	Commercial	1,702.01	6.4	3,748
Total			9,613.94	73.1	7,601

Land reserve

As of 30 June 2019, the Group's property portfolio included 16 property development projects in cities throughout China. These were at different stages of development, with total GFA amounting to approximately 1,012,782 sq.m., of which approximately 477,402 sq.m. were completed. Approximately 55,145 sq.m. were still in development, and approximately 480,235 sq.m. were being held for future development.

The table below sets forth a summary of our land reserve classified by geographical location as at 30 June 2019:

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 of total land reserve (%)	Equity interest attributable to the Group (%)	Project type
Taizhou	10	200,072	–	–	200,072	19.7	100	Residential, commercial
Shanghai	1	98,748	–	–	98,748	9.8	79	Commercial, office
Chongqing	3	88,537	25,516	301,155	415,208	41.0	95	Residential, commercial
Tengzhou	1	54,443	29,629	179,080	263,152	26.0	75	Residential, commercial
Hangzhou	1	35,602	–	–	35,602	3.5	100	Commercial
Total	16	477,402	55,145	480,235	1,012,782	100.0		

Since the publication of the Group's annual report for the year ended 31 December 2018, 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 of 30 June 2019, the Group's cash and bank deposits, including restricted cash, were approximately RMB213.2 million (31 December 2018: approximately RMB573.2 million), representing a decrease of approximately RMB360.0 million or approximately 62.8%, mainly due to interest expenses and payments of other borrowings.

During the Period, net cash generated from operating activities was approximately RMB508.8 million (for the six months ended 30 June 2018, approximately RMB79.2 million), representing an increase of RMB429.6 million. Net cash generated from investment activities was approximately RMB0.1 million (for the six months ended 30 June 2018, approximately RMB0.4 million). Net cash used in financing activities was approximately RMB333.5 million (for the six months ended 30 June 2018, net cash generated was approximately RMB139.7 million).

Trade receivables, prepayments, deposits and other receivables

As of 30 June 2019, the Group's total assets in trade receivables, prepayments, deposits and other receivables were approximately RMB279.0 million, representing an increase of approximately RMB147.1 million compared to approximately RMB131.9 million as of 31 December 2018, mainly due to the increase of other receivables and prepayments.

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

As of 30 June 2019, the Group's total trade payables, other payables and accruals and contract liabilities were approximately RMB1,033.2 million, representing a decrease of approximately RMB6.3 million compared to approximately RMB1,039.5 million as of 31 December 2018, mainly due to the decrease in other payables and accruals.

Assets and liabilities

As of 30 June 2019, the Group's total assets were approximately RMB6,705.8 million, representing a decrease of approximately RMB66.4 million compared to approximately RMB6,772.2 million as of 31 December 2018. Total current assets were approximately RMB3,447.2 million, representing approximately 51.4% (31 December 2018: approximately 52.3%) of total assets and a decrease of approximately RMB97.5 million compared to approximately RMB3,544.7 million as of 31 December 2018. However, total non-current assets were approximately RMB3,258.6 million, representing approximately 48.6% (31 December 2018: approximately 47.7%) of total assets and an increase of approximately RMB31.1 million compared to approximately RMB3,227.5 million as of 31 December 2018.

As of 30 June 2019, the Group's total liabilities were approximately RMB4,631.6 million, representing a decrease of approximately RMB49.4 million compared to approximately RMB4,681.0 million as of 31 December 2018. Total current liabilities were approximately RMB2,684.0 million, representing approximately 57.9% (31 December 2018: approximately 69.1%) of total liabilities and a decrease of approximately RMB549.0 million compared to approximately RMB3,233.0 million as of 31 December 2018. However, total non-current liabilities were approximately RMB1,947.6 million, representing approximately 42.1% (31 December 2018: approximately 30.9%) of total liabilities and an increase of approximately RMB499.6 million compared to approximately RMB1,448.0 million as of 31 December 2018.

As of 30 June 2019, the Group had net current assets of approximately RMB763.2 million, representing an increase of approximately RMB451.5 million compared to approximately RMB311.7 million as of 31 December 2018, mainly due to the decrease in other borrowings within one year.

Current ratio

As at 30 June 2019, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.28:1 (31 December 2018: 1.10:1).

Gearing ratio

As at 30 June 2019, the gearing ratio of the Group is calculated based on net debt divided by the sum of total equity and net debt. The Group's net debt consists of other borrowings, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratio was 45.3% (31 December 2018: 48.0%).

Capital structure

The Group's operations were financed mainly by shareholder equity, financing of loans from bank for the Group, convertible bonds issue and internal resources allocated to the operation of the Group. The Group will continue 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 the 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.

A total of 940,000,000 Shares held by Xinxing Company Limited were pledged to the subscriber of the convertible bonds. Xinxing Company Limited is an entity controlled by Mr Chen Chengshou ("Mr Chen"), Chairman of the Company, Executive Director and controlling shareholder. Ms Gao Qiaoqin ("Ms Gao") is the spouse of Mr Chen, and is thus taken to be interested in the same number of shares in which Mr Chen is interested in through Xinxing Company Limited. Mr Chen and Ms Gao also provide guarantee for the convertible bonds.

For so long as any convertible bonds remains outstanding, Mr Chen has undertaken to 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 of 30 June 2019, the Group's total other borrowings were approximately RMB1,926.0 million, representing a decrease of approximately RMB41.1 million compared to approximately RMB1,967.1 million as of 31 December 2018. Please refer to note 12 in the interim condensed consolidated financial statements for details.

The Group's approximately RMB452.0 million of borrowings repayable within one year represents a decrease of approximately RMB814.2 million compared to approximately RMB1,266.2 million as of 31 December 2018. Borrowings repayable after one year were approximately RMB1,474.0 million, representing an increase of approximately RMB773.2 million compared to approximately RMB700.8 million as of 31 December 2018.

During the Period, the Group's total borrowings belongs to borrowings with fixed interest rates.

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 had no plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and joint ventures

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

Guarantees on mortgage facilities

As of 30 June 2019, the Group provided guarantees for the mortgage loans given by certain purchasers of approximately RMB29.6 million (31 December 2018: approximately RMB28.0 million).

Asset guarantees

As of 30 June 2019, the Group had pledged or restricted deposits in the bank deposits of approximately RMB2.3 million (31 December 2018: approximately RMB537.7 million). In addition, a portion of the other borrowings of the Group were secured by certain Group properties in development, investment properties, and a 100% equity interest in certain Group subsidiaries. These were jointly guaranteed by (a) Mr. Chen Chengshou ("Mr. Chen"), the Group's controlling shareholder and an executive Director, (b) the daughter and son of Mr. Chen, (c) Ms. Gao Qiaoqin ("Ms. Gao"), a non-executive Director and (d) Xinming Group Limited, a related Group company, free of charge.

Capital expenditure

During the Period, the Group's total capital expenditure was approximately RMB0.01 million, mainly included construction facilities expenses (six months ended 30 June 2018: approximately RMB0.08 million).

Capital commitments

As at 30 June 2019, capital commitments related to activities of properties under development was approximately RMB413.6 million (31 December 2018: approximately RMB27.1 million).

Exposure to exchange rate fluctuations

The Group operates mainly in Reminbi, though certain Group bank deposits are denominated in Hong Kong dollars. Save as disclosed above, the Group is not exposed to any material exchange rate fluctuation risk and has not engaged in foreign currency hedging policies. However, the Group will closely monitor the exchange risk and may, as the case may be and depending on foreign currency trends, consider applying significant foreign currency hedging policies in future.

Employees

As of 30 June 2019, the Group had a total of 165 employees (30 June 2018: 208 in total, decreased by 43 employees), mainly due to the completion of Hangzhou and Taizhou Projects and a consequent reduction in demand for the operating team. Total employee costs during the Period amounted to approximately RMB14.5 million (six months ended 30 June 2018: approximately RMB20.4 million), representing a decrease of approximately RMB5.9 million. The Group continued to promote talent development by cultivating and recruiting personnel with sales and management experience, improving the allocation system of remuneration linked to performance, and maintaining harmonious labour relations. The remuneration of Group employees is based on their performance, experience and the prevailing market level of remuneration. The total remuneration of employees includes basic salary and cash bonus. The Group has also adopted share option and share incentive schemes.

EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred subsequent to 30 June 2019.

DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in securities

The Company's ordinary shares are listed on the Main Board of the Stock Exchange. As of 30 June 2019, 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 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

Director	Capacity/ Nature of interest	Number of shares/ underlying shares	Approximate percentage of the issued share capital of the Company (%)
Mr. Chen	Interest of controlled corporation (Note 1)	1,349,600,000(L)	71.84%
Ms. Gao	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. A total of 1,349,600,000 shares are registered in the name of Xinxing Company Limited, which is wholly owned by Mr. Chen. On 1 June 2018, the Company's convertible bonds amounting to HK$3 million were secured by 940,000,000 shares held by Xinxing Company Limited. Please refer to the "Convertible bonds" section for details.

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 and have not been fully vested.

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 and/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 shareholder interests in securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as of 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 their 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.

Save as disclosed above, as of 30 June 2019, the Company had not been notified by any persons, other than Directors or chief executives of the Company, who had interests and/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 adopted a share option scheme (the "Share Option Scheme") on 8 June 2015, which will be in force for a period of 10 years. Under the Scheme, eligible participants including Directors, full-time employees, advisers, suppliers and customers of 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 be more than 10% of the Shares in issue on the listing date.

As of the date of this report, the total number of shares to be issued under the Share Option Scheme is 188,000,000, representing 10% of the issued shares as of 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 a share award scheme (the "Scheme"), pursuant to which Bank of Communications Trustee Limited as trustee (the "Trustee") recognises the contributions of certain eligible participants and attracts suitable personnel for further development of the Group. The Scheme will remain in force for a period of 10 years and 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 2019, 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 did the trustee of the Share Award Scheme purchase 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, 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, 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 were performed by the same individual, Mr. Chen, and such arrangement was considered to be beneficial to the business prospects and management of the Group.

STRUCTURE OF BOARD OF DIRECTORS

As at 30 June 2019, the Board comprised six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Pursuant to the Articles of Association of the Company, all Directors shall be subject to retirement by rotation at the annual general meeting at least once every three years and shall be eligible for re-election.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, as 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.

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 2018 and up to the date of this report, the change of Directors' information is as follow:

Directors	Details of the change
Mr. Gu Jiong	Mr. Gu Jiong has started to serve as an independent non-executive director of Amlogic (Shanghai) Co., Ltd. since March 2017. The shares of the company have been listed for trading on the Shanghai Stock Exchange since August 2019, stock code: 688099.
	Started to serve as an independent non-executive director of Tu Yi Holding Company Limited (stock code: 1701) since March 2019.
	Started to serve as an independent non-executive director of Mulsanne Group Holding Limited (stock code: 1817) since April 2019.

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, including in relation to additional appointment or to fill up the casual vacancy of directorship, in light of the 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 no continuing connected transactions with certain connected persons, which are required to be disclosed.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend to the shareholders of the Company for the six months ended 30 June 2019.

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

Hangzhou, the PRC
29 August 2019

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

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	4	**103,936**	248,236
Cost of sales		**(82,592)**	(124,083)
Gross profit		**21,344**	124,153
Other income and gains		**8,494**	921
Selling and distribution costs		**(17,064)**	(27,153)
Administrative expenses		**(35,956)**	(42,462)
Impairment losses on financial assets		**2,228**	–
Other expenses		**(16,439)**	(15,444)
Changes in fair value of investment properties		**32,400**	600
Changes in fair value of convertible bonds		**18,169**	(19,204)
Finance costs		**(2,082)**	(3,222)
PROFIT BEFORE TAX	5	**11,094**	18,189
Income tax expense	6	**(28,057)**	(42,998)
LOSS FOR THE PERIOD		**(16,963)**	(24,809)
ATTRIBUTABLE TO:			
Owners of the parent		**(6,475)**	(20,514)
Non-controlling interests		**(10,488)**	(4,295)
		(16,963)	(24,809)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For loss for the period (RMB)		**(0.003)**	(0.011)
Diluted			
– For loss for the period (RMB)		**(0.012)**	(0.011)

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income *(Continued)*

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(16,963)**	(24,809)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods (net of tax):		
Equity investments designated at fair value through other comprehensive loss:		
Changes in fair value:	**–**	(84)
OTHER COMPREHENSIVE LOSS, NET OF TAX	**–**	(84)
TOTAL COMPREHENSIVE LOSS	**(16,963)**	(24,893)
ATTRIBUTABLE TO:		
Owners of the parent	**(6,475)**	(20,598)
Non-controlling interests	**(10,488)**	(4,295)
	(16,963)	(24,893)

Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,193**	5,852
Investment properties	9	**3,158,000**	3,125,600
Right-of-use assets		**715**	–
Deferred tax assets		**94,665**	96,045
Total non-current assets		**3,258,573**	3,227,497
CURRENT ASSETS			
Properties under development		**1,301,804**	1,124,891
Completed properties held for sale		**1,641,363**	1,691,874
Trade receivables	10	**310**	3,318
Prepayments, deposits and other receivables		**278,734**	128,612
Tax recoverable		**11,796**	22,757
Restricted deposits		**2,266**	537,739
Cash and cash equivalents		**210,938**	35,515
Total current assets		**3,447,211**	3,544,706
CURRENT LIABILITIES			
Trade payables	11	**264,610**	235,365
Other payables and accruals		**548,467**	586,422
Contract liabilities		**220,179**	217,762
Due to other related parties	14	**–**	5,877
Other borrowings	12	**452,011**	1,266,230
Financial liabilities at fair value through profit or loss	13	**266,744**	–
Lease liabilities current		**655**	–
Provisions		**584**	1,168
Tax payable		**930,724**	920,180
Total current liabilities		**2,683,974**	3,233,004
NET CURRENT ASSETS		**763,237**	311,702
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,021,810**	3,539,199

Interim Condensed Consolidated Statements of Financial Position *(Continued)*

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Other borrowings	12	**1,474,020**	700,844
Financial liabilities at fair value through profit or loss	13	**–**	284,913
Lease liabilities non-current		**92**	–
Deferred tax liabilities		**473,538**	462,286
Total non-current liabilities		**1,947,650**	1,448,043
NET ASSETS		**2,074,160**	2,091,156
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,880
Reserves		**1,979,481**	1,985,989
		1,994,361	2,000,869
Non-controlling interests		**79,799**	90,287
TOTAL EQUITY		**2,074,160**	2,091,156

Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2019

	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 2018 (Audited)	**14,880**	**496,155**	**81,491**	**(63,214)**	**4,533**	**(1,500)**	**1,468,524**	**2,000,869**	**90,287**	**2,091,156**
Adjustment on adoption of IFRS 16, net of tax (note 2.2)	-	-	-	-	-	-	(33)	(33)	-	(33)
Restated balance at 1 January 2019	**14,880**	**496,155**	**81,491**	**(63,214)**	**4,533**	**(1,500)**	**1,468,491**	**2,000,836**	**90,287**	**2,091,123**
Loss and total other comprehensive loss for the period	-	-	-	-	-	-	(6,475)	(6,475)	(10,488)	(16,963)
At 30 June 2019 (Unaudited)	**14,880**	**496,155**	**81,491**	**(63,214)**	**4,533**	**(1,500)**	**1,462,016**	**1,994,361**	**79,799**	**2,074,160**

* These reserve accounts comprise the consolidated reserves of RMB1,979,481,000 as at 30 June 2019 (31 December 2018: RMB1,985,989,000).

Interim Condensed Consolidated Statements of Changes in Equity *(Continued)*

For the six months ended 30 June 2019

	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	–	–	–	–	–	–	(8,897)	(8,897)	(1,821)	(10,718)
Adjustment on adoption of IFRS 9, net of tax	–	–	–	–	–	(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

Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	**11,094**	18,189
Adjustments for:		
Depreciation of property, plant and equipment	**651**	789
Depreciation of right-of-use assets	**308**	–
Changes in fair value of investment properties	**(32,400)**	(600)
Changes in fair value of convertible bonds	**(18,169)**	19,204
Foreign exchange gain or loss	**(8)**	(68)
Bank interest income	**(115)**	(540)
Provision for impairment of completed properties held for sale	**527**	–
Realization of onerous operating leases	**(659)**	(584)
Reversal of impairment of trade receivables	**(243)**	–
Reversal of impairment of financial assets included in prepayments and other receivables	**(1,985)**	–
Finance costs	**2,082**	3,222
	(38,917)	39,612
Decrease in trade receivables	**3,251**	65,479
Increase in prepayments, and other receivables	**(12,877)**	(41,636)
Increase/(decrease) in contract liabilities	**2,417**	(6,557)
Increase/(decrease) in trade payables	**29,245**	(42,115)
Increase in other liabilities	**–**	4,670
Increase in other payables and accruals	**22,618**	47,691
(Increase)/decrease in properties under development and completed properties held for sale	**(32,592)**	30,034
Decrease in amounts due from other related parties	**–**	(10,646)
Decrease in amounts due to other related parties	**(5,877)**	–
Decrease in restricted deposits	**535,473**	64
Tax refund	**10,426**	–
Cash generated from operations	**513,167**	86,596
Tax paid	**(4,346)**	(7,401)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**508,821**	79,195

Interim Condensed Consolidated Statements of Cash Flows *(Continued)*

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(8)**	(80)
Proceeds from disposal of items of property, plant and equipment	**16**	–
Bank interest income	**115**	540
NET CASH FLOWS FROM INVESTING ACTIVITIES	**123**	460
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	**–**	245,016
Interest paid	**(96,317)**	(138,367)
New other borrowings	**–**	458,906
(Increase)/decrease in other receivables	**(135,260)**	14,999
Decrease in other payables	**(60,573)**	(8,551)
Repayment of other borrowings	**(41,043)**	(432,286)
Principal portion of lease payments	**(336)**	–
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(333,529)**	139,717
NET INCREASE IN CASH AND CASH EQUIVALENTS	**175,415**	219,372
Cash and cash equivalents at beginning of year	**35,515**	655,256
Effect of foreign exchange rate changes, net	**8**	68
CASH AND CASH EQUIVALENTS AT END OF YEAR	**210,938**	874,696

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 PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

2. BASIS OF PREPARATION 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 information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards("IFRSs") effective as of 1 January 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases* and IFRIC-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases-Incentives* and SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

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

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

(a) Adoption of IFRS 16

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

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

(a) Adoption of IFRS 16 (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other borrowings.

The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB$'000 (Unaudited)
Assets	
Increase in right-of-use assets	1,023
Increase in total assets	1,023
Liabilities	
Increase in Lease liabilities current	671
Increase in Lease liabilities non-current	385
Increase in total liabilities	1,056
Decrease in retained earnings	(33)

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

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

(a) Adoption of IFRS 16 (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	23,509
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted operating lease commitments as at 1 January 2019	22,334
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(21,278)
Lease liabilities as at 1 January 2019	1,056

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

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

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

(a) Adoption of IFRS 16 (Continued)

Summary of new accounting policies (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

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

(a) Adoption of IFRS 16 (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follow:

	Right-of-use Assets Plant RMB'000	**Lease liabilities** RMB'000
As at 1 January 2019	1,023	1,056
Depreciation charge	(308)	–
Interest expense	–	27
Payment	–	(336)
As at 30 June 2019	715	747

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

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

(b) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. OPERATION SEGMENT INFORMATION

For the six months ended 30 June 2019

	Property Development RMB'000	Property Leasing RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	**73,078**	**30,858**	**–**	**103,936**
Revenue				**103,936**
Segment results:	**(14,572)**	**39,333**	**(13,667)**	**11,094**
Profit before tax				**11,094**

For the six months ended 30 June 2018

	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

3. OPERATION SEGMENT INFORMATION (Continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	Property Development RMB'000	Property Leasing RMB'000	Others RMB'000	Total RMB'000
Segment assets				
30 June 2019	6,377,412	1,780,430	3,758,635	11,916,477
Reconciliation:				
Elimination of intersegment receivables				(5,210,693)
Total assets				6,705,784
31 December 2018	6,304,222	1,747,527	4,037,958	12,089,707
Reconciliation:				
Elimination of intersegment receivables				(5,317,504)
Total assets				6,772,203
Segment liabilities				
30 June 2019	5,813,689	595,819	3,411,658	9,821,166
Reconciliation:				
Elimination of intersegment payables				(5,189,542)
Total liabilities				4,631,624
31 December 2018	5,691,349	591,649	3,698,485	9,981,483
Reconciliation:				
Elimination of intersegment payables				(5,300,436)
Total liabilities				4,681,047

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of properties	**73,078**	224,218
Revenue from other sources		
Rental income	**30,858**	24,018
	103,936	248,236

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2019

Segments	**Property development RMB'000**
Type of goods	
Sale of properties	**73,078**
Geographical market	
Mainland China	**73,078**
Timing of revenue recognition	
Revenue from sale of properties at a point in time	**73,078**
Revenue from contracts with customers	
External customers	**73,078**

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

For the six months ended 30 June 2018

Segments	Property development RMB'000
Type of goods	
Sale of properties	224,218
Geographical market	
Mainland China	224,218
Timing of revenue recognition	
Revenue from sale of properties at a point in time	224,218
Revenue from contracts with customers	
External customers	224,218

5. PROFIT BEFORE TAX

The Group's profit before tax for the six months ended 30 June 2019 and 2018 is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**65,066**	115,425
Cost of leasing properties	**17,526**	9,136
Reversal of impairment of account receivable and other receivables	**(2,228)**	–
Auditor's remuneration	**1,000**	750
Depreciation of property, plant and equipment	**651**	790
Depreciation of right-of-use assets	**308**	–
Change in fair value of investment properties (note 9)	**(32,400)**	(600)
Change in fair value of the convertible bonds (note 13)	**(18,169)**	19,204
Realisation of onerous operating leases	**(659)**	(584)
Foreign exchange gain	**5,804**	68
Bank interest income	**115**	540
Employee benefit expense:		
Wages and salaries	**11,673**	16,595
Pension scheme and social welfare	**2,843**	3,736

6. 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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	**3,627**	424
LAT	**11,798**	30,421
Deferred tax	**12,632**	12,153
Total tax charge for the period	**28,057**	42,998

7. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

8. 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 2018: 1,878,622,000) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB26,644,000, adjusted to reflect the fair value change on the convertible bonds of RMB18,169,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation of 2,094,449,000 shares, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of convertible bonds into ordinary shares of 215,827,000 shares.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2018 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.

9. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2019 (Audited)	3,125,600
Change in fair value of investment properties	32,400
At 30 June 2019 (Unaudited)	3,158,000

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 2019 and 31 December 2018, the Group's investment properties with values of RMB3,158,000,000 and RMB3,125,600,000, respectively, were pledged to secure other borrowings granted to the Group (note 12).

10. TRADE RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	**23,047**	26,298
Impairment	**(22,737)**	(22,980)
	310	3,318

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

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**310**	3,318

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
At beginning of year/period (Audited)	**22,980**	20,934
Impairment loss (reversal), net	**(243)**	2,046
At end of year/period (Unaudited)	**22,737**	22,980

11. TRADE PAYABLES

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Less than one year	**71,875**	125,515
Over one year	**192,735**	109,850
	264,610	235,365

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

12. OTHER BORROWINGS

	30 June 2019			31 December 2018		
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Current portion of long term other borrowings-secured	**7.15-9.00**	**2019**	**452,011**	7.71-10.41	2019	1,266,230
			452,011			1,266,230
Non-current						
Other borrowings-secured	**6.80-11.50**	**2020-2021**	**1,474,020**	12.18	2021	700,844
			1,474,020			700,844
			1,926,031			1,967,074
Analysed into:						
Other borrowings repayable:						
Repayable within one year			**452,011**			1,266,230
Repayable in the second year			**834,765**			40,000
Repayable in the third to fifth years			**639,255**			660,844
			1,926,031			1,967,074
			1,926,031			1,967,074

12. OTHER BORROWINGS (Continued)

The Group's other borrowings are secured by the pledges of the following assets with carrying values at 30 June 2019 and 31 December 2018:

		30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Equity interest in subsidiaries	(i)	**486,986**	439,715
Investment properties	(ii)	**3,158,000**	3,125,600
Completed properties held for sale	(iii)	**982,747**	627,422
Properties under development	(iv)	**368,225**	709,131

(i) As at 30 June 2019, the Group's other borrowings of RMB500,000,000 and RMB311,500,000 (as at 31 December 2018: RMB500,000,000 and nil) were secured by the 100% equity interests in Wenshang Times, 95% equity interests in Chongqing Xinming, subsidiaries of the Company.

(ii) As at 30 June 2019, the Group's other borrowings of RMB500,000,000, RMB477,755,000, RMB311,500,000 and RMB412,011,000 (as at 31 December 2018: RMB500,000,000, RMB495,000,000, RMB313,257,000 and RMB412,973,000) were secured by investment properties of Wenshang Times, Taizhou Investment, Chongqing Xinming and Shanghai Xinming, subsidiaries of the Company, respectively.

(iii) As at 30 June 2019, the Group's other borrowings of RMB224,765,000 and RMB311,500,000 (as at 31 December 2018: RMB392,594,000 and RMB407,360,000) were secured by completed properties held for sale of Hangzhou Xinming and Chongqing Xinming, Wenshang Times, subsidiaries of the Company, respectively.

(iv) As at 30 June 2019, the Group's other borrowings of RMB311,500,000 and nil (as at 31 December 2018: RMB407,360,000 and RMB218,906,000) were secured by properties under development of Chongqing Xinming and Shandong Xingmeng, subsidiaries of the Company, respectively.

(v) As at 30 June 2019, the Group's other borrowings of RMB500,000,000 (as at 31 December 2018: RMB500,000,000) 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. The Group's other borrowings of RMB636,776,000 (as at 31 December 2018: RMB658,818,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin. The Group's other borrowings of RMB477,755,000 (as at 31 December 2018: RMB495,000,000) 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, (iv) Miss Chen Xi and Mr Chen Junshi, the daughter and son of the Controlling Shareholder, Mr. Chen Chengshou, as set out in note 14(b)(iii).

13. 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, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou.

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 2019 (Audited)	284,913
Net gain from a fair value adjustment recognised in changes in fair value of financial liabilities in profit or loss	(18,169)
Interest expense	9,157
Interest paid	(9,157)
Carrying amount at 30 June 2019 (Unaudited)	266,744

The Convertible Bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou and the non-executive director, Ms. Gao Qiaoqin.

14. 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
Hangzhou Taoyuan Shanzhuang Property Development Limited	Controlled by the Controlling Shareholder
Xinming Group 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 2019 and 2018:

(b) Nature of transactions

Recurring transactions

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Purchase of construction materials and receiving services from other related parties		
Yuanyang Holdings Group Share Limited Company	**100**	19,540

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.

14. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Nature of transactions (Continued)

Recurring transactions *(Continued)*

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(ii) 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.

Non-recurring transactions

(iii) Guarantees provided for other borrowings by related parties.

As set out in note 12(v), as at 30 June 2019 the Group's other borrowings of RMB 500,000,000 (as at 31 December 2018: RMB500,000,000) 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. The Group's other borrowings of RMB 636,776,000 (as at 31 December 2018: RMB658,818,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin. The Group's other borrowings of RMB477,755,000 (as at 31 December 2018: RMB495,000,000) 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, (iv) Miss Chen Xi and Mr Chen Junshi, the daughter and son of the Controlling Shareholder, Mr. Chen Chengshou.

14. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Outstanding balances with related parties

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Due to other related parties		
Yuanyang Holdings Group Share Limited Company	**–**	5,877
	–	5,877

(d) Compensation of key management personnel of the Group

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Short term employee benefits	**1,243**	1,442
Pension scheme contributions	**159**	186
Total compensation paid to key management personnel	**1,402**	1,628

15. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Properties under development	**413,617**	27,073

16. 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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**29,562**	27,984

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 2019 and 31 December 2018 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.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Financial liabilities				
Other borrowings	**1,474,020**	700,844	**1,482,554**	718,840
Convertible bonds	**266,744**	284,913	**266,744**	284,913
	1,740,764	985,757	**1,749,298**	1,003,753

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 to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial controller and the audit committee. At each reporting date, the finance department 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 financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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:

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the non-current portion of 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 other borrowings as at 30 June 2019 and 31 December 2018 was assessed to be insignificant. The Convertible Bonds were recognised as financial liabilities designated upon initial recognition as at fair value through profit or loss. The Convertible Bonds was measured at fair value using the Binomial model method.

As at 30 June 2019, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instrument recognised at fair value.

Liabilities measured at fair value:

	Fair value measurement using significant unobservable inputs (Level 2)	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Financial liabilities at fair value through profit or loss	**266,744**	284,913

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2018: Nil).

18. 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 2019.

19. 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 29 August 2019.