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: 02699)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2016

- Turnover of the Group amounted to approximately RMB506.5 million, representing a decrease of approximately 48% as compared to the same period of last year.

- Gross profit of the Group amounted to approximately RMB261.7 million, representing an increase of approximately 1.9% as compared to the same period of last year.

- Profit attributable to the shareholders of the Company was approximately RMB43.0 million, representing a decrease of approximately 48.6% as compared to the same period of last year.

- Basic earnings per share was approximately RMB0.03.

- The board of directors of the Company did not recommend the payment of interim dividend as of 30 June 2016.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Xinming China Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 (the "Period") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), together with comparative figures for the corresponding period of 2015.

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

For the six months ended 30 June 2016

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At as 30 June 2016

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

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

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

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

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2016

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

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

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

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

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

2.1 Basis of presentation

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

2.2 New standards, interpretations and amendments adopted by the Group

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

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

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

Annual Improvements 2010-2012 Cycle

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

IFRS 2 Share-based Payment

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

- A performance condition must contain a service condition

- A performance target must be met while the counterparty is rendering service

- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group

- A performance condition may be a market or non-market condition

- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

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

IFRS 3 Business Combinations

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

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

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

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

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

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

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

IAS 24 Related Party Disclosures

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

Annual Improvements 2011-2013 Cycle

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

IFRS 3 Business Combinations

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

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

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

IFRS 13 Fair Value Measurement

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

IAS 40 Investment Property

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

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. SEGMENT INFORMATION

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

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

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

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

(d) the other segment engages in investment holding.

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

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

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

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

For the six months ended 30 June 2016 (Unaudited)

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

For the six months ended 30 June 2015 (Unaudited)

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. PROFIT BEFORE TAX

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

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

8. INCOME TAX

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

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

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

9. DIVIDENDS

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

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

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

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

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

12. INVESTMENT PROPERTIES

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

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

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

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

Fair value hierarchy

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

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

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

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

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

Fair value and fair value hierarchy

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

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

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

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

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

13. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

14. TRADE PAYABLES

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

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

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

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

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

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

The Group's borrowings are all denominated in RMB.

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

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

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

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

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

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

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

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

16. PROVISIONS

Onerous operating lease:

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

MANAGEMENT DISCUSSION AND ANALYSIS (INCLUDING FINANCIAL REVIEW)

RESULTS REVIEW

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

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

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

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

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

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

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

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

PROSPECTS

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

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

RESULTS OVERVIEW

Sales

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

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

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

Gross profit

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

Other income and revenue

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

Selling and administrative expenses

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

Other expenses

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

Operation profit

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

Change in fair value of investment properties

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

Net finance costs

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

Income tax expenses

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

Profit attributable to the shareholders

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

Business performance

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

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

Land reserve

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

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

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

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

Cash flows

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

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

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

Trade receivables, prepayments, deposits and other receivables

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

Trade payables, advances from customers and other payables

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

Assets and liabilities

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

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

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

Current ratio

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

Gearing ratio

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

Borrowings

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

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

Contingent liabilities

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

Assets guarantees

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

Capital expenditure

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

Capital commitments

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

Exposure to exchange rate fluctuations

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

Employees

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

Use of proceeds

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

Upon review of the corporate governance practice of the Company, the Board believed that the Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and complied with the code provisions of the CG Code during the Period. None of the Directors was aware of any information that would reasonably indicate that the Company was incompliant with the code provisions of the CG Code during the Period, except for the deviations as follows:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, Mr. Lo Wa Kei, Roy (being the chairman of the Audit Committee), Mr. Gu Jiong and Mr. Fong Wo, Felix. The Company's unaudited condensed consolidated interim results and financial report for the Period have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

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

EVENTS AFTER THE END OF THE PERIOD

No significant event took place subsequent to 30 June 2016.

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

Hangzhou, the PRC
29 August 2016

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Mr. Feng Cizhao and Mr. Wong Thian Tsu Michael; the non-executive Director is Ms. Gao Qiaoqin; and the independent non-executive Directors are Mr. Gu Jiong, Mr. Lo Wa Kei, Roy and Mr. Fong Wo, Felix.