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ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2017

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

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Xinming China Holdings Limited (the “Company” or “Xinming China”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 (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 2016.

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

For the six months ended 30 June 2017

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2017

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

	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)	<u>14,891</u>	<u>(610)</u>	<u>497,358</u>	<u>81,491</u>	<u>(28,267)</u>	<u>1,225,189</u>	<u>1,790,052</u>	<u>179,627</u>	<u>1,969,679</u>

* These reserve accounts comprise the consolidated reserves of RMB1,601,095,000 as at 30 June 2017 (31 December 2016: RMB1,745,275,000).

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2017

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. CORPORATE INFORMATION

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

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

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

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

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2016.

Going concern basis

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

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

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

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

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

Annual Improvements Cycle – 2014-2016

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

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

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

3. SEGMENT INFORMATION

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

- (a) the property development segment engages in the development and sale of properties;
- (b) the property leasing segment engages in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the management of the Group's developed; and;
- (d) the other segment engages in investment holding

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

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

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

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for six months ended 30 June 2016 and 2017.

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Property Development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:					
Sales to external customers	13,537	29,507	11,749	–	54,793
Revenue					<u>54,793</u>
Segment results:	(70,581)	(19,276)	2,038	(36,637)	(124,456)
Loss before tax					<u>(124,456)</u>
Segment assets	6,628,199	1,668,340	17,823	4,221,312	12,535,674
Reconciliation:					
Elimination of intersegment receivables					<u>(4,860,123)</u>
Total assets					<u>7,675,551</u>
Segment liabilities	6,440,658	495,970	45,673	3,002,472	9,984,773
Reconciliation:					
Elimination of intersegment payables					<u>(4,045,812)</u>
Total liabilities					<u>5,938,961</u>
Other segment information:					
Depreciation	1,313	44	15	36	1,408
Bank interest income	(198)	(22)	(1)	(343)	(564)
Finance costs	–	112	–	–	112
Provision for the onerous operating leases	–	35,084	–	–	35,084
Realisation of onerous operating leases	–	(551)	–	–	(551)
Fair value gains on investment properties	–	(13,338)	–	–	(13,338)
Capital expenditure	–	11	–	37	<u>48</u>

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

	Property Development <i>RMB '000</i>	Property leasing <i>RMB '000</i>	Property management <i>RMB '000</i>	Others <i>RMB '000</i>	Total <i>RMB '000</i>
Segment revenue:					
Sales to external customers	475,733	20,717	10,081	–	<u>506,531</u>
Revenue					<u><u>506,531</u></u>
Segment results:	190,726	(2,370)	535	(11,926)	<u>176,965</u>
Profit before tax					<u><u>176,965</u></u>
Segment assets	6,767,546	1,570,493	18,645	3,231,565	11,588,249
Reconciliation:					
Elimination of intersegment receivables					<u>(3,886,764)</u>
Total assets					<u><u>7,701,485</u></u>
Segment liabilities	5,587,659	494,796	63,846	847,254	6,993,555
Reconciliation:					
Elimination of intersegment payables					<u>(1,261,749)</u>
Total liabilities					<u><u>5,731,806</u></u>
Other segment information:					
Depreciation	1,810	46	23	12	1,891
Bank interest income	(104)	(1)	(2)	(2,665)	(2,772)
Finance costs	–	28	–	–	28
Provision for impairment of trade receivables	–	5,859	–	–	5,859
Realisation of onerous operating leases	–	(610)	–	–	(610)
Fair value gains on investment properties	–	(5,020)	–	–	(5,020)
Capital expenditure	179	–	57	26	<u><u>262</u></u>

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	13,611	503,521
Rental income	29,866	21,962
Property management service income	11,928	10,722
	<u>55,405</u>	<u>536,205</u>
Less: government surcharges	(612)	(29,674)
	<u>54,793</u>	<u>506,531</u>
	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	564	2,772
Government grants	188	100
Others	105	186
	<u>857</u>	<u>3,058</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

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

6. (LOSS)/PROFIT BEFORE TAX

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

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

7. INCOME TAX

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

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

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current tax:		
Income tax in the PRC for the period	20	38,195
LAT	1,122	70,094
Deferred tax	(6,042)	8,588
Total tax (credit)/charge for the period	(4,900)	116,877

8. DIVIDENDS

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

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

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

11. INVESTMENT PROPERTIES

	<i>RMB'000</i>	
At 1 January 2017 (Audited)		3,074,014
Change in fair value of investment properties		13,338
		<u>3,087,352</u>
At 30 June 2017 (Unaudited)		<u>3,087,352</u>
	30 June	31 December
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Carrying amount	<u>1,471,266</u>	<u>1,471,266</u>
Investment properties:		
At fair value	<u>3,087,352</u>	<u>3,074,014</u>

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

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

FAIR VALUE HIERARCHY

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

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for:				
31 December 2016 (Audited)				
Commercial properties	<u>–</u>	<u>–</u>	<u>3,074,014</u>	<u>3,074,014</u>
30 June 2017 (Unaudited)				
Commercial properties	<u>–</u>	<u>–</u>	<u>3,087,352</u>	<u>3,087,352</u>

As at 30 June 2017 and 31 December 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

	Commercial properties <i>RMB'000</i>
Carrying amount at 1 January 2017 (audited)	3,074,014
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	<u>13,338</u>
Carrying amount at 30 June 2017 (unaudited)	<u>3,087,352</u>

FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

12. TRADE RECEIVABLES

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

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

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

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

	30 June 2017 <i>RMB'000</i> (Unaudited)	31 December 2016 <i>RMB'000</i> (Audited)
Within one year	<u>51,774</u>	<u>81,756</u>

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

	<i>RMB'000</i>
As at 1 January 2017 and 31 December 2016 (Audited)	16,268
Impairment provision recognised	<u>—</u>
As at 30 June 2017 (Unaudited)	<u>16,268</u>

Included in the above provision for impairment of trade receivables is provision for the impaired trade receivables of RMB16,268,000 and RMB16,268,000 with the carrying amount before provision of RMB16,268,000 and RMB22,354,000, as at 30 June 2017 and 31 December 2016, respectively.

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

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

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

13. TRADE PAYABLES

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

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

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

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

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

The Group's interest-bearing bank loans and other borrowings are secured by the pledges of the following assets with carrying values at 30 June 2017 and 31 December 2016:

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

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

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

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

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

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

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

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

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

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

15. PROVISIONS

Onerous operating lease:

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

MANAGEMENT DISCUSSION AND ANALYSIS (INCLUDING FINANCIAL REVIEW)

RESULTS REVIEW

The Group's total revenue for the Period amounted to approximately RMB54.8 million, representing a decrease of approximately 89.2% from approximately RMB506.5 million for the corresponding period of last year.

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

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

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

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

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

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

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

In the first half of 2017, the Group recorded sales of properties of RMB13.5 million, representing a decrease of approximately 97.2% as compared to the same period of last year, which was mainly attributed to the facts that (i) the construction and the property transfer and delivery procedures of Hangzhou Xinming • Children's World project ("Hangzhou Xinming") are expected to be completed before December 2017. As at 30 June 2017, the advances received from customers of the Group amounted to approximately RMB1,411.0 million and the expected Gross Floor Area ("GFA") is approximately 71,859.0 sq. m.. Pursuant to the relevant accounting standards, the revenue from sales of property will generally be recognized upon the completion of the construction and delivery of properties to the purchasers. As a result, the Group has not recorded any revenue from such sales of properties during the six months ended 30 June 2017; (ii) a substantial decrease of approximately 62.7% in GFA sold for four properties projects including Xinming Lijiang Garden, Wenshang Times • Xinming Household Decorations and Fittings City, Xinming Apartment and Chongqing Xinming • China South-western City Phase 1 due to the drop in the demand in local housing market; and (iii) the decrease of approximately 99.3% in the delivered area of Shanghai Xinming • Children's World, a commercial project, over the corresponding period last year as a result of the static effect of the investment atmosphere on the commercial property market arising from the consultation work of the profit/loss protection for property purchasers launched by Shanghai government targeting property developers since January of this year. Therefore, during the Period, the Group delivered GFA of approximately 2,071.08 sq.m., representing a decrease of approximately 92.9% as compared to the same period of last year. However, the average selling price during the Period as a whole decreased by approximately 59.8% as compared to the same period of last year, which was mainly due to the decrease of approximately 99.2% over the corresponding period last year of property sales in commercial properties in Shanghai Xinming • Children's World with higher average selling price in Shanghai, which is a first-tier city in China. As at 30 June 2017, the property portfolio of the Group comprised 16 property development projects in various cities in the PRC. These projects are under various stages of development, with an aggregate GFA of approximately 1,353,033 sq.m., of which, approximately 519,603 sq.m. of the GFA was completed, approximately 364,106 sq.m. of the GFA was under development and approximately 469,324 sq.m. of the GFA was held for future development.

PROSPECTS

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

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

The Group has established a sound and comprehensive management mechanism and stringent internal control. The Group will make continuous improvements to our development and execution capabilities to ensure the stable and healthy development of our businesses, boost our capital utilization efficiency and accomplish the sales targets for this year. It is expected that the Group will maintain stable and positive business development in 2017.

RESULTS OVERVIEW

SALES

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

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

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

Gross profit

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

Other income and revenue

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

Selling and administrative expenses

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

Other expenses

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

Operation loss

During the Period, the operation loss amounted to approximately RMB119.6 million, representing a decrease of approximately RMB179.7 million or approximately 3.0 times as compared to the profit of approximately RMB60.1 million in the same period of last year.

Change in fair value of investment properties

During the Period, the change in fair value of investment properties amounted to approximately RMB13.3 million, representing an increase of approximately RMB8.3 million or approximately 166% as compared to approximately RMB5.0 million for the same period of last year, mainly due to the increase of approximately RMB1.5 million in aggregate for Taizhou Xinming Property • Red Star Macalline, the increase of approximately RMB1.8 million for Wenshang Times • Red Star Macalline and the increase of approximately RMB8.9 million of the investment property valuation for Shanghai Xinming Project.

Net finance costs

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

Income tax credit

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

Loss attributable to the shareholders

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

Business performance

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

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

Land reserve

As at 30 June 2017, the Group's property portfolio included 16 property development projects located in different cities throughout China. They were at different development stages, with total GFA amounting to approximately 1,353,033 sq.m., of which approximately 519,603 sq.m. was completed, approximately 364,106 sq.m. was under development, and approximately 469,324 sq.m. was held for future development.

The table below sets forth a summary of our land reserve classified by geographical location as at 30 June 2017:

Location	Project number	Saleable GFA remaining unsold/GFA held for investment (sq.m)	GFA under development (sq.m)	Planned GFA for future development (sq.m)	Total land reserve (sq.m)	Proportion to the total land reserve (%)	Equity interest attributable to the Group (%)	Project type
Taizhou	10	227,818	–	68,204	296,022	21.9	100	Residential, commercial, storage
Shanghai	1	106,987	–	–	106,987	7.9	79	Commercial, office
Chongqing	3	127,874	171,550	221,176	520,600	38.5	95	Residential, commercial
Tengzhou	1	56,924	29,629	179,944	266,497	19.7	75	Residential, commercial
Hangzhou	1	–	162,927	–	162,927	12.0	100	Commercial
Total	16	519,603	364,106	469,324	1,353,033	100.0		

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

PROSPECTS

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

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

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

Cash flows

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

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

Trade receivables, prepayments, deposits and other receivables

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

Trade payables, advances from customers and other payables

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

Assets and liabilities

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

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

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

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

Current ratio

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

Gearing ratio

As at 30 June 2017, the gearing ratio of the Group which is total bank borrowings and other borrowings less cash or cash equivalents as a percentage of total equity, was 46% (31 December 2016: 57%).

Capital structure

The Group's operations were financed mainly by shareholder's equity, financing of loans from bank for the Group and internal resources including cash generated from projects. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest bearing deposits. The Group's loans and cash and cash equivalents were mainly denominated in Renminbi.

Borrowings

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

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

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

Significant investments held

Except for investment in subsidiaries, the Group did not hold any significant investment in equity interest in any other company during the Period.

Future plans for material investment and capital assets

Save as disclosed above, the Group did not have other plans for material investments and capital assets as at the date of this announcement.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

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

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

Contingent liabilities

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

Assets guarantees

As at 30 June 2017, the Group has pledged or restricted deposits in the bank deposits of approximately RMBnil (31 December 2016: approximately RMB500.0 million). In addition, partial bank borrowings of the Group were secured by the Group's certain properties under development, investment properties and the 100% equity interest in certain subsidiaries of the Group, and jointly guaranteed by the controlling shareholder and executive Director of the Group, Mr. Chen Chengshou ("Mr. Chen"), the non-executive Director, Ms. Gao Qiaoqin ("Ms. Gao"), the Group's related company, Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, and other minority shareholders of certain subsidiaries of the Group free of charge.

Capital expenditure

During the Period, the Group's total capital expenditure was approximately RMB0.05 million, mainly included construction facilities expenses (six months ended 30 June 2016: approximately RMB0.3 million).

Capital commitments

As at 30 June 2017, the capital commitments related to activities of properties under development was approximately RMB409.6 million (31 December 2016: approximately RMB549.0 million).

Exposure to exchange rate fluctuations

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

Employees

As at 30 June 2017, the Group has a total of 379 employees (30 June 2016: total 455). The total employees cost during the Period amounted to approximately RMB18.0 million (six months ended 30 June 2016: approximately RMB21.0 million), representing a decrease of approximately RMB3.0 million, which was mainly due to the effective control of staffing cost during the Period by the Company and its subsidiaries. The Group continued to promote the development of talents, cultivating and recruiting excellent talents with sales and management experience, improving the allocation system of remuneration linked to performance and maintaining harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and cash bonus. Moreover, the Group has also adopted a share option scheme and a share award scheme.

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

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

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 non-compliant 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.

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 nonexecutive 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 8 September 2017 and will be dispatched to shareholders of the Company thereafter.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

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

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

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

Hangzhou, the PRC

30 August 2017

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.

** for identification purpose only.*