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 2018

INTERIM RESULTS HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB248.2 million, representing an increase of approximately 4.7 times as compared to the same period of last year.
- Gross profit of the Group amounted to approximately RMB124.2 million, representing an increase of approximately 4.2 times as compared to the same period of last year.
- Loss attributable to the Shareholders was approximately RMB20.5 million, representing a decrease of approximately 81.8% as compared to the same period of last year.
- Basic loss per Share was approximately RMB0.01.
- The Board of Directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2018.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xinming China Holdings Limited (the "**Company**" or "**Xinming China**") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 (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 2017.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
CONTINUING OPERATIONS			
REVENUE	*4*	**248,236**	43,214
Cost of sales		**(124,083)**	(19,504)
Gross profit		**124,153**	23,710
Other income and gains	*4*	**921**	852
Selling and distribution costs		**(27,153)**	(66,699)
Administrative expenses		**(42,462)**	(49,651)
Other expenses		**(34,648)**	(47,933)
Changes in fair value of investment properties		**600**	13,338
Finance costs	*5*	**(3,222)**	(112)
PROFIT/(LOSS) BEFORE TAX	*6*	**18,189**	(126,495)
Income tax (expense)/credit	*7*	**(42,998)**	4,900
LOSS AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**(24,809)**	(121,595)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	*8*	**–**	2,039
LOSS FOR THE PERIOD		**(24,809)**	(119,556)
ATTRIBUTABLE TO:			
Owners of the parent		**(20,514)**	(112,978)
Non-controlling interests		**(4,295)**	(6,578)
		(24,809)	(119,556)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For loss for the period (RMB)		**(0.01)**	(0.06)
– For loss from continuing operations (RMB)		**(0.01)**	(0.06)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018** *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**6,209**	6,918
Financial assets at fair value through other comprehensive income		**1,161**	–
Available-for-sale investments		–	1,500
Investment properties	*10*	**3,054,376**	3,053,776
Deferred tax assets		**88,233**	82,659
		3,149,979	3,144,853
CURRENT ASSETS			
Properties under development		**1,264,833**	1,031,980
Completed properties held for sale		**1,577,836**	1,693,261
Trade receivables	*11*	**8,594**	74,073
Prepayments, deposits and other receivables		**147,914**	121,401
Tax recoverable		**30,080**	30,366
Restricted deposits		**2,338**	2,402
Cash and cash equivalents		**874,696**	655,256
		3,906,291	3,608,739
CURRENT LIABILITIES			
Trade payables	*12*	**306,718**	348,833
Other payables and accruals		**596,007**	556,865
Advances from customers		–	386,927
Contract liabilities		**406,910**	–
Due to other related parties		**8,001**	18,647
Interest-bearing bank loans and other borrowings	*13*	**1,324,926**	1,112,201
Provisions	*14*	**1,098**	1,098
Tax payable		**905,227**	882,069
		3,548,887	3,306,640
NET CURRENT ASSETS		**357,404**	302,099
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,507,383**	3,446,952

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	*13*	**755,746**	941,850
Provisions	*14*	**516**	1,032
Financial liabilities at fair value through profit or loss	*15*	**264,220**	–
Other liabilities		**9,116**	4,446
Deferred tax liabilities		**431,732**	417,578
		1,461,330	1,364,906
NET ASSETS		**2,046,053**	2,082,046
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,880
Reserves		**1,923,724**	1,953,601
		1,938,604	1,968,481
Non-controlling interests		**107,449**	113,565
TOTAL EQUITY		**2,046,053**	2,082,046

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. CORPORATE INFORMATION

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

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

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

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

2.1 Basis of presentation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

IFRS 9 Financial Instruments

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

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

(a) Classification and measurement

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

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

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

(b) Impairment

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

(i) Revenue recognition

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

– provides all of the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

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

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

(iii) *Accounting for sales commission*

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

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

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

Amendments to IAS 40 Transfers of Investment Property

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

3. SEGMENT INFORMATION

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

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

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

(c) the other segment engages in investment holding

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

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

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

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

For the six months ended 30 June 2018 (Unaudited)

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

For the six months ended 30 June 2017 (Unaudited)

	Property Development *RMB'000*	Property Leasing *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	13,537	29,677	–	43,214
Revenue				43,214
Segment results:	(70,581)	(19,276)	(36,638)	(126,495)
Loss before tax				(126,495)
Segment assets	6,628,199	1,668,340	4,221,312	12,517,851
Reconciliation:				
Elimination of intersegment receivables				(5,764,259)
Total assets				6,753,592
Segment liabilities	6,440,658	495,970	3,002,472	9,939,100
Reconciliation:				
Elimination of intersegment payables				(5,267,554)
Total liabilities				4,671,546
Other segment information:				
Depreciation	1,313	44	36	1,393
Bank interest income	(198)	(22)	(343)	(563)
Finance costs	–	112	–	112
Provision for the onerous operating leases	–	35,084	–	35,084
Realisation of onerous operating leases	–	(551)	–	(551)
Fair value gains on investment properties	–	(13,338)	–	(13,338)
Capital expenditure	–	11	37	48

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of properties	**225,975**	13,611
Rental income	**24,164**	29,866
	250,139	43,477
Less: government surcharges	**(1,903)**	(263)
	248,236	43,214

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

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

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**115,425**	7,308
Cost of leasing properties	**8,658**	12,196
Auditor's remuneration	**750**	750
Depreciation	**790**	1,408
Change in fair value of investment properties (note 10)	**(600)**	(13,338)
Change in fair value of financial liabilities (note 15)	**19,204**	–
Provision for the onerous operating leases	**–**	35,084
Realisation of onerous operating leases	**(584)**	(551)
Employee benefit expense;		
Wages and salaries	**16,595**	14,914
Pension scheme and social welfare	**3,736**	3,136

7. INCOME TAX

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

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

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

8. DIVIDENDS

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

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

The calculation of the basic loss per Share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary Shares of 1,878,622,000 (six months ended 30 June 2017: 1,878,622,000) in issue during the period.

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

10. INVESTMENT PROPERTIES

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

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

As at 30 June 2018 and 31 December 2017, the Group's investment properties with values of RMB3,054,376,000 and RMB2,112,900,000, respectively, were pledged to secure general interest-bearing bank loans and other borrowings granted to the Group (note 13).

11. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

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

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

Receivables that were past due within one year but not impaired relate to a large number of diversified customers for whom there was no recent history of default. Based on past experience, the Directors 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.

12. TRADE PAYABLES

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

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

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

13. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2018			31 December 2017		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Other borrowings – secured	**9.00**	**2018**	**278,906**	9.00	2018	220,000
Current portion of long term bank loans-secured	**5.39**	**2019**	**30,000**	6.13	2018	40,000
Current portion of long term other borrowings – secured	**6.80-17.88**	**2019**	**1,016,020**	7.15-9.50	2018	852,201
			1,324,926			1,112,201
Non-current						
Bank loans – secured	**5.39-7.80**	**2021-2022**	**512,594**	6.13	2022	130,000
Other borrowings – secured	**8.00**	**2019**	**243,152**	6.80-8.00	2019	811,850
			755,746			941,850
			2,080,672			2,054,051

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Repayable within one year	**30,000**	40,000
Repayable in the second year	**30,000**	30,000
Repayable in the third to fifth years	**90,000**	100,000
	150,000	170,000
Other borrowings repayable:		
Repayable within one year	**1,294,926**	1,072,201
Repayable in the second year	**243,152**	811,850
Repayable in the third to fifth years	**392,594**	–
	1,930,672	1,884,051
	2,080,672	2,054,051

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

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

(i) The Group's other borrowings of RMB500,000,000 (2017: RMB500,000,000) were secured by the 100% equity interests in Taizhou Wenshang Times Property Limited (台州溫商時代置業有限公司) ("Wenshang Times"), a subsidiary of the Company.

(ii) The Group's interest-bearing bank loans of RMB150,000,000 (2017: RMB170,000,000) were secured by investment properties of Taizhou Xinming Property Investment Limited (台州新明置業投資有限公司) ("Taizhou Investment"), a subsidiary of the Company.

The Group's other borrowings of RMB500,000,000, RMB407,360,000 and RMB411,811,000 (2017: RMB500,000,000, RMB346,500,000 and nil) were secured by investment properties of Wenshang Times, Chongqing Xinming Property Company Limited (重慶新明置業股份有限公司) ("Chongqing Xinming") and Shanghai Xinming Global Property Limited (上海新明環球置業有限公司) ("Shanghai Xinming"), subsidiaries of the Company, respectively.

(iii) The Group's other borrowings of RMB392,594,000 and RMB407,360,000 (2017: RMB403,759,000 and RMB346,500,000) were secured by completed properties held for sale of Hangzhou Xinming Property Investment Limited (杭州新明置業投資有限公司) ("Hangzhou Xinming") and Chongqing Xinming, subsidiaries of the Company, respectively.

(iv) The Group's other borrowings of RMB218,906,000 and RMB407,360,000 (2017: RMB220,000,000 and RMB346,500,000) were secured by properties under development of Shandong Xingmeng Property Limited (山東興盟置業有限公司) ("Shandong Xingmeng") and Chongqing Xinming, subsidiaries of the Company, respectively.

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

14. PROVISIONS

Onerous operating lease:

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

15. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
(Including financial review)

BUSINESS REVIEW

The Group's total revenue for the Period amounted to approximately RMB248.2 million, representing an increase of approximately 4.7 times from approximately RMB43.2 million for the corresponding period of last year.

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

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

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

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

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

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

In the first half of 2018, the Group recorded property sales of approximately RMB224.2 million, a figure approximately 15.6 times greater than that of the same period last year, which was mainly attributed by approximately 10,144.37 sq. m. of the shops sold area at Hangzhou Xinming • Children's World, the sold area of Xinming • Children's World (the "**Shanghai Project**") increased by approximately 34.1 times compared with the corresponding period last year and sales of carpark spaces at Wenshang Times • Xinming Household Decorations gained RMB10.1 million. Therefore, the delivered gross floor area ("**GFA**") of approximately 37,399.66 sq. m. during the Period increased by approximately 17 times compared to the same period last year. However, the average selling price during the Period as a whole decreased by approximately 8.3% compared to the same period last year, mainly due to the commercial property sales at Shanghai Project decreased by approximately 20% compared to the same period last year as a result of the housing policy of Shanghai government, which lead to a low market sentiment and decrease in price. Besides, the loss for the Period as a result of the fair value of financial liabilities arising from the Company's issuance of convertible bonds was reflected in the profit and loss statement for the Period, such net loss amounted to RMB19.2 million. As at 30 June 2018, the Group's property portfolio comprised 16 development projects in various cities in the PRC. These projects are in various stages of development, and have an aggregate GFA of approximately 1,126,958 sq-m, of which approximately 524,658 sq-m had been completed. Approximately 201,180 sq-m of the GFA remained under development, and approximately 401,120 sq-m was retained for future development.

PROSPECTS

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

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

INDUSTRY REVIEW

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

RESULTS OVERVIEW

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

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

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

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

SALES

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

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

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

SALES OF PROPERTIES

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

Property Leasing

We carry out our property leasing business through leasing our commercial properties held for investment and leasing the sold commercial properties leased back from third parties by the Group. As of 30 June 2018, the actual area leased out was approximately 155,329.87 sq.m., representing approximately 80.3% of the Group's total investment properties held for lease and the sold commercial properties acquired by leasing back from third parties.

During the Period, rental income amounted to approximately RMB24.0 million, representing a decrease of approximately RMB5.5 million or 18.6% from approximately RMB29.5 million for the same period of last year, mainly due to the rent discount given by Wenshang Times • Red Star Macalline Household Products Market of Taizhou Project.

Gross profit

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

Other income and revenue

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

Selling and administrative expenses

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

Other expenses

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

Operation loss

During the Period, the operation loss amounted to approximately RMB24.8 million, representing a decrease of approximately RMB94.8 million or approximately 79.3% as compared to the loss of approximately RMB119.6 million in the same period of last year.

Change in fair value of investment properties

During the Period, the change in fair value of investment properties amounted to approximately RMB0.6 million, representing a decrease of approximately RMB12.7 million or 95.5% compared to approximately RMB13.3 million from the same period last year as the valuation assessment of investment properties in the first half of the year remained stable.

Net finance costs

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

Income tax expenses

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

Loss attributable to Shareholders

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

Business performance

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

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

Land reserve

As at 30 June 2018, the Group's property portfolio included 16 property development projects located in different cities throughout China. They were at different development stages, with total GFA amounting to approximately 1,126,958 sq.m., of which approximately 524,658 sq.m. was completed, approximately 201,180 sq.m. was under development, and approximately 401,120 sq.m. was held for future development.

The table below sets forth a summary of our land reserve classified by geographical location as at 30 June 2018:

Location	Project number	Saleable GFA remaining unsold/ GFA held for investment	GFA under development	Planned GFA for future development	Total land reserve	Proportion to the total land reserve	Equity interest attributable to the Group	Project type
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(%)*	
Taizhou	10	202,829	–	–	202,829	18.0	100	Residential, commercial
Shanghai	1	96,535	–	–	96,535	8.5	79	Commercial, office
Chongqing	3	127,720	171,551	221,176	520,447	46.2	95	Residential, commercial
Tengzhou	1	56,184	29,629	179,944	265,757	23.6	75	Residential, commercial
Hangzhou	1	41,390	–	–	41,390	3.7	100	Commercial
Total	16	524,658	201,180	401,120	1,126,958	100.0		

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

Trade receivables, prepayments, deposits and other receivables

As at 30 June 2018, the Group's total assets in trade receivables, prepayments, deposits and other receivables was approximately RMB156.5 million, representing a decrease of approximately RMB39.0 million compared to approximately RMB195.5 million as of 31 December 2017. The substantial decrease of approximately RMB65.5 million in the trade receivables was mainly due to the recovering the bank mortgage of the Hangzhou project. Guarantee deposits and tender bonds increased by approximately RMB34.9 million during the Period. Please refer to note 11 to the interim condensed consolidated financial statements for a detailed ageing analysis of the trade receivables.

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

As at 30 June 2018, the Group's total trade payables, advances from customers, other payables and contract liabilities was approximately RMB1,309.6 million, representing an increase of approximately RMB17.0 million compared to approximately RMB1,292.6 million as of 31 December 2017. This was mainly due to other payables increased of RMB39.1 million as new recurrent loans. In contrast, trade payables decreased RMB42.1 million as the payment of projects. A detailed trade payables analysis is set out in note 12 to the interim condensed consolidated financial information.

Assets and liabilities

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

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

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

Current ratio

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

Gearing ratio

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

Capital structure

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

Convertible bonds

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

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

Borrowings

As at 30 June 2018, the total bank and other borrowings of the Group was approximately RMB2,080.7 million, representing an increase of approximately RMB26.6 million compared to the approximately RMB2,054.1 million as at 31 December 2017. Please refer to note 13 to the interim condensed consolidated financial statements for detailed information.

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

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

Significant investments held

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

Future plans for material investment and capital assets

The Group did not have other plans for material investments and capital assets as at 30 June 2018.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

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

Contingent liabilities

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

Assets guarantees

As at 30 June 2018, the Group has pledged or restricted deposits in the bank deposits of approximately RMB2.3 million (31 December 2017: approximately RMB2.4 million). In addition, partial bank borrowings of the Group were secured by the Group's certain properties under development, investment properties and the 100% equity interest in certain subsidiaries of the Group, and jointly guaranteed by the Controlling Shareholder and executive Director of the Group, Mr. Chen, the non-executive Director, Ms. Gao, the Group's related company, Xinming Group Limited, and other minority Shareholders of certain subsidiaries of the Group free of charge.

Capital expenditure

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

Capital commitments

As at 30 June 2018, the capital commitments related to activities of properties under development was approximately RMB68.0 million (31 December 2017: approximately RMB37.6 million).

Exposure to exchange rate fluctuations

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

Employees

As at 30 June 2018, the Group has a total of 208 employees (30 June 2017: total 222). The total employees cost during the Period amounted to approximately RMB20.3 million (six months ended 30 June 2017: approximately RMB18.1 million), representing an increase of approximately RMB2.2 million, which was mainly due to the control of remuneration of employees during the Period by the Company and its subsidiaries. The Group continued to promote the development of talents, cultivating and recruiting excellent talents with sales and management experience, improving the allocation system of remuneration linked to performance and maintaining harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and cash bonus. Moreover, the Group has also adopted a share option scheme and a share award scheme.

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 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.

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.

EVENTS AFTER THE END OF THE PERIOD

No significant event took place subsequent to 30 June 2018.

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 on or before 30 September 2018 and will be dispatched to Shareholders of the Company thereafter.

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

Hangzhou, the PRC

30 August 2018

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.*