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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB1,348.8 million, representing a decrease of approximately 36.8% as compared with last year.
- Gross profit of the Group amounted to approximately RMB414.6 million, representing a decrease of approximately 44.8% as compared with last year.
- Profit attributable to the owners of the parent was approximately RMB367.6 million, representing an increase of approximately 11.3% as compared with last year.
- Basic earnings per share was approximately RMB0.30.
- The Board did not recommend the payment of final dividend for the year ended 31 December 2015.

Final Results

The board (the "Board") of directors (the "Directors") of Xinming China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2015, which was prepared in accordance to relevant requirements under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), together with comparative figures for 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
REVENUE	*4*	**1,348,818**	2,135,612
Cost of sales		**(934,266)**	(1,384,347)
Gross profit		**414,552**	751,265
Other income and gains	*4*	**16,131**	2,797
Selling and distribution costs		**(73,392)**	(86,847)
Administrative expenses		**(110,687)**	(93,973)
Other expenses		**(10,557)**	(11,249)
Changes in fair value of investment properties		**532,303**	16,864
Finance costs	*5*	**(1,778)**	(3,021)
PROFIT BEFORE TAX	*6*	**766,572**	575,836
Income tax expense	*7*	**(274,740)**	(264,801)
PROFIT FOR THE YEAR		**491,832**	311,035
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**491,832**	311,035
ATTRIBUTABLE TO:			
Owners of the parent		**367,622**	330,179
Non-controlling interests		**124,210**	(19,144)
		491,832	311,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and Diluted			
– For profit for the year (RMB)	*9*	**0.30**	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**13,147**	16,377
Investment properties	*11*	**2,975,565**	1,832,688
Deferred tax assets		**87,240**	110,022
		3,075,952	1,959,087
CURRENT ASSETS			
Properties under development		**1,526,546**	1,664,186
Completed properties held for sale		**1,605,549**	1,079,644
Trade receivables	*12*	**133,158**	5,097
Due from the Controlling Shareholder		**–**	4,042
Due from other related parties		**4,123**	3,492
Prepayments, deposits and other receivables		**263,795**	725,967
Tax recoverable		**22,272**	52,338
Restricted deposits		**501,328**	18,401
Cash and cash equivalents		**430,227**	40,301
		4,486,998	3,593,468
CURRENT LIABILITIES			
Trade payables	*13*	**1,070,249**	695,432
Other payables and accruals		**351,884**	324,700
Advances from customers		**213,032**	1,083,369
Due to other related parties		**14,346**	256,769
Interest-bearing bank loans and other borrowings	*14*	**405,080**	85,000
Provisions	*15*	**862**	21,149
Tax payable		**623,043**	598,671
		2,678,496	3,065,090
NET CURRENT ASSETS		**1,808,502**	528,378
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,884,454**	2,487,465

	Notes	**2015** RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	*14*	**2,593,000**	1,315,000
Provisions	*15*	**–**	3,161
Other liabilities		**9,635**	296
Deferred tax liabilities		**371,618**	228,108
		2,974,253	1,546,565
NET ASSETS		**1,910,201**	940,900
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,891**	–
Reserves		**1,732,729**	896,016
		1,747,620	896,016
Non-controlling interests		**162,581**	44,884
TOTAL EQUITY		**1,910,201**	940,900

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the parent							
	Issued capital	**Share premium***	**Merger reserve***	**Capital reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	–	–	685,353	–	484,346	1,169,699	64,028	1,233,727
Profit and total other comprehensive income for the year	–	–	–	–	330,179	330,179	(19,144)	311,035
Acquisition of subsidiaries from the then shareholder	–	–	(603,862)	–	–	(603,862)	–	(603,862)
At 31 December 2014 and 1 January 2015	–	–	81,491	–	814,525	896,016	44,884	940,900
Issue of shares	14,891	517,479	–	–	–	532,370	–	532,370
Share issuance expenses	–	(20,121)	–	–	–	(20,121)	–	(20,121)
Acquisition of non-controlling interests	–	–	–	(28,267)	–	(28,267)	(6,513)	(34,780)
Profit and total other comprehensive income for the year	–	–	–	–	367,622	367,622	124,210	491,832
At 31 December 2015	14,891	497,358	81,491	(28,267)	1,182,147	1,747,620	162,581	1,910,201

* These reserve accounts comprise the consolidated reserves of RMB1,732,729,000 (2014: RMB896,016,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**766,572**	575,836
Adjustments for:			
Depreciation		**3,987**	4,781
Changes in fair value of investment properties		**(532,303)**	(16,864)
Foreign exchange gain or loss		**(1,798)**	–
Bank interest income		**(518)**	(385)
Provision for impairment of completed properties held for sale		**6,174**	–
Realisation for onerous operating leases		**(19,039)**	(34,685)
(Reversal)/additional provision for onerous operating leases		**(6,187)**	9,838
Provision for impairment of trade receivables		**8,979**	–
Finance costs	*5*	**1,778**	3,021
		227,645	541,542
Increase in trade receivables		**(137,040)**	(5,097)
Decrease/(increase) in prepayments, deposits and other receivables		**543,529**	(219,350)
Decrease in advances from customers		**(870,337)**	(1,632,115)
Increase in trade payables		**374,817**	338,824
Increase/(decrease) in other liabilities		**9,339**	(54,726)
Increase/(decrease) in other payables and accruals		**92,365**	(139,911)
(Increase)/decrease in properties under development and completed properties held for sale		**(231,525)**	330,987
Increase in investment properties		**(610,574)**	–
Increase in restricted deposits		**(482,927)**	(7,817)
Cash used in operations		**(1,084,708)**	(847,663)
Tax paid		**(54,010)**	(87,378)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(1,138,718)**	(935,041)

	Note	**2015**	2014
	Note	***RMB'000***	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(767)**	(1,462)
Proceeds from disposal of items of property, plant and equipment		**11**	31
Bank interest income		**518**	385
Proceeds from disposal of available-for-sale investment		**–**	3,000
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		**(238)**	1,954
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**532,370**	–
Share issue expenses		**(20,121)**	–
Interest paid		**(162,912)**	(108,469)
New interest-bearing bank loans and other borrowings		**2,123,700**	1,025,000
(Increase)/decrease in other receivables		**(81,360)**	39,690
Decrease in other payables		**(65,181)**	(2,490)
Acquisition of non-controlling interests		**(34,780)**	–
(Increase)/decrease in amount due from other related parties		**(631)**	79,552
Decrease in amount due from the Controlling Shareholder		**4,042**	19,165
(Decrease)/increase in amount due to other related parties		**(242,423)**	249,528
Repayment of interest-bearing bank loans and other borrowings		**(525,620)**	(490,000)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**1,527,084**	811,976
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**388,128**	(121,111)
Cash and cash equivalents at beginning of year		**40,301**	161,412
Effect of foreign exchange rate changes, net		**1,798**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**430,227**	40,301

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. CORPORATE AND GROUP 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 address of the Company is 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 is mainly involved in property development, property leasing and the provision of property management services. 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.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"), International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties measured at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there is no acquisition of investment properties during the year.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new 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 principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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 leasing out 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 the Group's 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.

Year ended 31 December 2015

	Property development *RMB'000*	Property leasing *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,253,738	78,542	16,538	–	1,348,818
Revenue					1,348,818
Segment results:	259,295	525,893	(5,014)	(13,602)	766,572
Profit before tax					766,572
Segment assets	6,748,036	2,992,347	17,548	1,325,842	11,083,773
Reconciliation:					
Elimination of intersegment receivables					(3,520,823)
Total assets					7,562,950
Segment liabilities	5,659,193	481,697	63,284	862,110	7,066,284
Reconciliation:					
Elimination of intersegment payables					(1,413,535)
Total liabilities					5,652,749
Other segment information:					
Depreciation	3,853	81	49	4	3,987
Provision for impairment of completed properties held for sales	6,174	–	–	–	6,174
Provision for impairment of trade receivables	–	8,979	–	–	8,979
Realisation of onerous contracts	–	(19,039)	–	–	(19,039)
Bank interest income	(189)	(2)	(6)	(321)	(518)
Finance costs	–	1,778	–	–	1,778
Fair value gains on investment properties	–	(532,303)	–	–	(532,303)
Capital expenditure	595	99,813	36	93	100,537

Year ended 31 December 2014

	Property development *RMB'000*	Property leasing *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	2,050,485	66,546	18,581	–	2,135,612
Revenue					2,135,612
Segment results:	575,482	20,573	(5,154)	(15,065)	575,836
Profit before tax					575,836
Segment assets	4,840,370	1,896,097	21,893	747,777	7,506,137
Reconciliation:					
Elimination of intersegment receivables					(1,953,582)
Total assets					5,552,555
Segment liabilities	5,720,046	650,328	62,614	1,422,951	7,855,939
Reconciliation:					
Elimination of intersegment payables					(3,244,284)
Total liabilities					4,611,655
Other segment information:					
Depreciation	4,166	577	38	–	4,781
Realisation of onerous contracts	–	(34,685)	–	–	(34,685)
Bank interest income	(308)	(7)	(61)	(9)	(385)
Finance costs	–	3,021	–	–	3,021
Fair value gains on investment properties	–	(16,864)	–	–	(16,864)
Capital expenditure	998	303	151	10	1,462

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

Group

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**1,329,526**	2,174,447
Rental income	**82,222**	70,527
Property management service income	**18,568**	19,635
	1,430,316	2,264,609
Less: Government surcharges	**(81,498)**	(128,997)
	1,348,818	2,135,612
Other income and gains		
Exchange gain	**14,984**	*250*
Bank interest income	**518**	385
Government grants	**78**	2,140
Others	**551**	22
	16,131	2,797

5. FINANCE COSTS

An analysis of finance costs is as follows:

Group

	2015	2014
	RMB'000	*RMB'000*
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**143,976**	50,892
Interest on interest-bearing bank loans and other borrowings not wholly repayable within five years	**18,936**	57,577
Notional interest	**1,778**	3,021
Total interest expense on financial liabilities not at fair value through profit or loss	**164,690**	111,490
Less: Interest capitalised	**(162,912)**	(108,469)
	1,778	3,021

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

Group

	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold	**860,359**	1,328,594
Cost of property management service provided	**19,102**	18,671
Cost of leasing properties	**54,805**	37,082
Auditors' remuneration	**2,200**	2,392
Depreciation	**3,987**	4,781
Change in fair value of investment properties *(note 11)*	**(532,303)**	(16,864)
Provision for impairment of completed properties held for sale	**6,174**	–
Provision for impairment of trade receivables *(note 12)*	**8,979**	–
Realisation of onerous operating lease *(note 15)*	**(19,039)**	(34,685)
(Reversal)/additional provision for onerous operating lease *(note 15)*	**(6,187)**	9,838
Operating lease rental	**1,540**	974
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**36,210**	26,395
Pension scheme and social welfare	**14,250**	12,451

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. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the year.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008 (the "New Corporate Income Tax Law").

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

The major components of income tax expense are as follows:

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**16,603**	93,412
LAT	**91,845**	146,347
Deferred tax	**166,292**	25,042
Total tax charge for the year	**274,740**	264,801

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the year as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**766,572**	575,836
Tax at the statutory tax rate	**191,643**	143,959
Expenses not deductible for tax	**2,595**	2,031
Effect of unrecognised tax losses	**11,619**	9,051
Subtotal	**205,857**	155,041
LAT provision for the year	**38,862**	42,519
Prepaid LAT for the year	**52,983**	103,828
Deferred tax effect of LAT provision	**(9,716)**	(10,630)
Tax effect of prepaid LAT	**(13,246)**	(25,957)
Total tax charge at Group's effective rate	**274,740**	264,801

As at 31 December 2015, deferred tax assets have not been recognised in respect of tax losses amounting to RMB46,476,000 (2014: RMB36,204,000), as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

8. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. (2014: Nil)

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,639,205,479 (2014: 1,351,895,604) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

The calculations of the basic and diluted earnings per share are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**491,832**	311,035

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earning per share calculation	**1,639,205,479**	1,351,895,604
Basic and diluted earnings per share (RMB)	**0.3**	0.23

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year include the 470,000,000 ordinary shares issued in connection with the listing of the Company's ordinary shares on the Stock Exchange on 6 July 2015.

10. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired assets with a cost of RMB767,000 (year ended 31 December 2014: RMB1,462,000), including property, plant and machinery in the People's Republic of China (the"PRC"). No property, plant and equipment were pledged as security for interest-bearing bank loans granted to the Group (year ended 31 December 2014: nil).

11. INVESTMENT PROPERTIES

	Completed	**Under construction**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2014	1,815,824	–	1,815,824
Change in fair value of investment properties	16,864	–	16,864
At 31 December 2014 and 1 January 2015	1,832,688	–	1,832,688
Transfer from properties under development	–	610,574	610,574
Transfer	408,192	(408,192)	–
Change in fair value of investment properties	427,485	104,818	532,303
At 31 December 2015	2,668,365	307,200	2,975,565

	2015	2014
	RMB'000	*RMB'000*
Carrying amount	**1,318,079**	821,638
Investment properties:		
At fair value	**2,975,565**	1,832,688

The Group's investment properties consist of commercial properties completed and under construction in Mainland China. The fair value of the Group's investment properties was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer. The investment properties are leased to third parties under operating leases.

As at 31 December 2015 and 2014, the Group's investment properties with a value of RMB2,975,565,000 and RMB1,832,688,000, 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)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for:				
31 December 2015				
Commercial properties	–	–	2,975,565	2,975,565
31 December 2014				
Commercial properties	–	–	1,832,688	1,832,688

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

	Commercial properties
	RMB'000
Carrying amount at 1 January 2014	1,815,824
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	16,864
Carrying amount at 31 December 2014	1,832,688
Transfer from properties under development	610,574
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	532,303
Carrying amount at 31 December 2015	2,975,565

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Commercial properties	**Valuation techniques**	**Significant unobservable inputs**	**Range** *(weighted average)*
Year ended 31 December 2015	Income method	Market month rental rate *(RMB/sq.m)*	0.49-5.79
		Term yield	5.50%-6.00%
		Reversionary yield	5.00%-7.00%
		Long term vacancy rate	2.00%-5.00%
Year ended 31 December 2014	Income method	Market month rental rate *(RMB/sq.m)*	0.49-4.10
		Term yield	5.50%-6.00%
		Reversionary yield	6.00%-7.00%
		Long term vacancy rate	3.00%-5.00%

The investment properties under construction have been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans.

The investment properties completed or close to completion have been valued by using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

12. TRADE RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade receivables	**143,567**	6,527
Less: Impairment	**(10,409)**	(1,430)
	133,158	5,097

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

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

An aged analysis of the trade receivables as at 31 December 2015 and 2014, based on the invoice date, and net of provision for doubtful debts, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within 1 year	**133,158**	5,097

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

	2015 *RMB'000*	2014 *RMB'000*
At beginning and end of year	**1,430**	1,430
Impairment for trade receivables	**8,979**	–
	10,409	1,430

Included in the above provision for impairment of trade receivables is provision for the impaired trade receivables of RMB10,409,000 (2014: RMB1,430,000) with a carrying amount before provision of RMB19,388,000 (2014: RMB6,527,000).

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**114,944**	–
Past due within one year but not impaired	**18,214**	5,097
	133,158	5,097

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. 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 there 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 as at the end of each of the year based on the invoice date is as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than one year	**1,058,143**	684,526
Over one year	**12,106**	10,906
	1,070,249	695,432

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

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

		2015	2014
		RMB'000	*RMB'000*
Bank loans, secured		**1,457,080**	600,000
Other borrowings, secured	*(i)*	**1,541,000**	800,000
Bank loans and other borrowings		**2,998,080**	1,400,000
Repayable within one year		**405,080**	85,000
Repayable in the second year		**1,205,000**	295,000
Repayable in the third to fifth years		**1,318,000**	930,000
Repayable beyond five years		**70,000**	90,000
		2,998,080	1,400,000
Analysed into:			
Current		**405,080**	85,000
Non-current		**2,593,000**	1,315,000
		2,998,080	1,400,000

(i) The other borrowings represent borrowings from third-party financial institutions, which bear interest at rates from 9.0% to 9.5% (2014: from 9.0% to 9.6%) per annum.

The Group's borrowings are all denominated in RMB.

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

Year ended 31 December 2015	2.42%-9.50%
Year ended 31 December 2014	6.40%-10.30%

The Group's interest-bearing bank loans and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the year as follows:

		2015	2014
		RMB'000	*RMB'000*
Equity interests in a subsidiary	*(ii)*	**299,532**	290,038
Investment properties		**2,975,565**	1,832,688
Completed properties held for sale	*(iii)*	**155,036**	-
Pledged deposits	*(iv)*	**500,000**	-
Properties under development		**1,381,368**	1,056,334

(ii) The Group's other borrowings of RMB150,000,000, RMB500,000,000 and Nil (2014: RMB150,000,000, RMB500,000,000 and RMB150,000,000) were secured by the 100% equity interest of Taizhou Xinming Property Investment Limited, Tai Zhou Wenshang Times Property Limited ("Wenshang Times") and Shangdong Xingmeng Property Limited ("Shangdong Xingmeng"), subsidiaries of the Company, respectively.

(iii) The Group's other borrowings of RMB198,000,000 (2014: nil) were guaranteed by completed properties held for sale of Shandong Xingmeng, a subsidiary of the Company.

(iv) The Group's interest-bearing bank loans of RMB485,000,000 (2014: nil) were guaranteed by pledged deposits of Xinming China Investments Limited.

(v) The Group's interest-bearing bank loans and other borrowings of RMB2,513,080,000 (2014: RMB1,400,000,000) were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the non-controlling shareholders of Chongqing Xinming Property Company Limited, a subsidiary of the company (2014: jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, the non-executive director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited and Mr. Gao Liku, Ms. Hao Fang and Hangzhou Gaochuan Co., Ltd., the non-controlling shareholders of Shandong Xingmeng, a subsidiary of the company).

15. PROVISIONS

Onerous operating leases:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**24,310**	46,136
(Reversal)/additional provision	**(6,187)**	9,838
Realisation	**(19,039)**	(34,685)
Increase in discounted amounts arising from the passage of time	**1,778**	3,021
At 31 December	**862**	24,310
Analysed into:		
Current	**862**	21,149
Non-current	**–**	3,161

Onerous contracts provision

The Group sold certain of the commercial properties at market prices, and then leased back from the owners for the purpose of leasing them out to third party tenants. Pursuant to the payment terms of these contracts, the unavoidable costs of meeting the obligations have exceeded the economic benefits expected to be received as at 31 December 2015 and 2014. A provision has been made for these onerous contracts based on the estimated minimum net cost of exiting from the contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

(Including financial review)

Results Review

Overview

During the year ended 31 December 2015 (the "Year under Review"), the Group recorded a total revenue of approximately RMB1,348.8 million, a decrease of 36.8% year-on-year from RMB2,135.6 million in 2014. The recorded sales of properties and Gross Floor Area ("GFA") delivered were approximately RMB1,253 million and approximately 145,980 sq.m., representing a decrease of 39% and 37% for the year ended 31 December 2015, respectively. The average selling price for the contracted sales was 8,595 per sq.m., representing a decrease of approximately 3% year-on-year.

Profit attributable to the owner of the parent during the year was approximately RMB367.6 million, an increase of approximately 11.3% as compared to approximately RMB330.2 million in 2014. The increase in profit was mainly attributable to the substantial increase in fair value gain of the investment properties of Shanghai Xinming • Children's World and Chongqing Xinming • China South-western city this year. Earnings per share were approximately RMB0.30.

The Board does not recommend the payment of final dividends for the Year under Review.

Property Sales

During the Year under Review, the Group recorded property sales (net of government surcharges) of approximately RMB1,253.8 million, a decrease of approximately 38.9% as compared to approximately RMB2,050.5 million in 2014. Total GFA delivered during the Year under Review was approximately 145,980 sq.m., representing a decrease of approximately 37% from previous year. During the Year under Review, we delivered properties in several residential and commercial projects including Taizhou Xinming Lijiang Garden, Wenshang Times-Xinming Household Decorations and Fittings City, and Wenshang Times-Xinming Apartment in Taizhou, Chongqing Xinming-China South-western City in Chongqing and Shanghai Xinming • Children's World. The average selling price was 8,595 per sq.m., a decrease of approximately 3% as compared to that of previous year. Property sales remained the largest revenue source to the Group, representing 93% of its total revenue. Property sales decreased during the Year under Review, mainly due to China's economic slowdown. The Chinese property market faces uncertainties, which affect the Group's annual property sales.

Property Leasing

We conducted our property leasing business through Leasing of our investment properties and Leasing of properties owned by third party purchasers of our commercial properties. As at 31 December 2015, the actual area of our investment properties leased out was approximately 126,160 sq.m., representing approximately 90.0% of the Group's total investment properties held-for-lease.

During the Year under Review, the rental income was approximately RMB78.5 million, an increase of approximately 18.0% as compared to RMB66.5 million in previous year mainly due to increase in occupancy rates of Wenshang Times • Red Star Macalline Household Products Market and Taizhou Xinming Property • Red Star Macalline.

Property Management

The Group provides property management services to the owners of residential properties developed by the Group through Zhejiang Xinming Property Services Limited* (浙江新明物業服務有限公司) until the owners of such development projects are allowed by the law to select their own property management companies.

During the Year under Review, revenue from the provision of property management services was approximately RMB16.5 million, a decrease of 11.3% as compared to RMB18.6 million of previous year, mainly due to reduction of the number of property management service projects during the Year under Review.

Land Reserve

The table below sets forth a summary of our land reserves as at 31 December 2015 by geographic location:

	Saleable GFA Remaining Unsold/GFA held for investment *(sq.m.)*	**GFA Under Development** *(sq.m.)*	**Planned GFA of Future Development** *(sq.m.)*	**Total Land Reserves** *(sq.m.)*	**% of Total Land Reserves** *(%)*
Taizhou	164,249	–	68,204	232,453	16.3
Shanghai	186,261	–	–	186,261	13.0
Chongqing	108,636	171,550	221,176	501,362	35.0
Tengzhou	62,664	–	285,333	347,997	24.3
Hangzhou	–	162,927	–	162,927	11.4
TOTAL	521,810	334,477	574,713	1,431,000	100.0

In 2015, the Group newly acquired one land project with a total GFA of approximately 177,469 sq.m. Total land costs for acquiring this land project was approximately RMB97.3 million.

As at 31 December 2015, 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 1,431,000 sq.m., of which approximately 521,810 sq.m. was completed, approximately 334,477 sq.m. was under development, and approximately 574,713 sq.m. was held for future development.

*   *For identification purpose only*

Prospects

Looking ahead into 2016, we believe the Chinese economy will continue to face strong headwinds, as the central government leads domestic economy to the new normal condition through economic restructuring while maintaining its stable growth. In order to safeguard the stability of domestic economy, the government is expected to loosen monetary policy at appropriate times. Despite various uncertainties ahead, there are still plenty of opportunities for China's property market, in particular the child-centric property sector is expected to receive a strong boost from the implementation of "two-child policy".

In addition, the Group has leveraged its sound business sense and sharp insight to formulate the "one body, four prongs" business strategy, which features the expansion of branding of "Chinese Bambino (中童巴比尼)" business, to be complemented by a development fund, trade fairs and exhibitions, cultural and e-commerce businesses tailor-made for Chinese children. We are planning to create a complete value chain for our maternity-baby-children business in China, thereby capturing massive opportunities brought about by the two-child policy.

In March 2016, the trade fair for the "Chinese Bambino (中童巴比尼)" project was successfully held in Shanghai, which attracted representatives from nearly 300 maternity-baby-children business operators to attend. The Group concluded cooperation agreements with several famous brands from Europe and Asia, and also entered into solid negotiation and contract-signing process with a number of top-tier and second-tier domestic and foreign brands. The trade fair produced fruitful results and laid a solid foundation for the rapid development of our child-centric property business, "Chinese Bambino (中童巴比尼)" project.

Going forward, the Group shall implement various measures to control costs, enhance efficiency, and accelerate inventory turnover and cash return. Moreover, we will seize the market opportunities brought about by favorable policies and seek to actively expand new land investment projects with promising growth potential in more diversified regions, so as to further expand our commercial property development business and enrich our project mix. At the same time, we will focus on the development of commercial complexes targeted at addressing the spending needs of the maternity, babies and children.

Financial Review

Revenue

The Group's revenue is primarily generated from property sales, property leasing and property management services, which contributed about 93.0%, 5.8% and 1.2% respectively to the revenue of 2015. The Group's revenue decreased by RMB786.8 million, or 36.8%, to RMB1,348.8 million for 2015 from RMB2,135.6 million for 2014. This decrease was primarily attributable to the slowdown of economy in China and a decrease in revenue from the sales of properties as a result of the reduced GFA of properties delivered.

Cost of sales

The Group's cost of sales decreased by RMB450.0 million, or 32.5%, to RMB934.3 million for 2015 from RMB1,384.3 million for 2014. The decrease was primarily attributable to decrease in the total GFA of properties delivered as compared with last year, which led to the decrease in the cost of property sales.

Gross profit

During the Year under Review, the gross profit amounted to approximately RMB414.6 million, representing a decrease of approximately RMB336.7 million or 44.8% as compared to RMB751.3 million in the last year; the gross profit margin was approximately 30.7%, representing a decrease of approximately 4.5% as compared to approximately 35.2% in the last year. It was mainly due to the higher cost of land acquisition for three major property projects we delivered this year. Higher land price of the Wenshang Times' projects in Taizhou city was recorded at RMB2,389 per sq.m. as compared to RMB907 per sq.m. for Taizhou Xinming Peninsular which was substantially delivered in 2014.

Other income and revenue

Other income and revenue during the Year under Review amounted to approximately RMB16.1 million, increased by approximately RMB13.3 million or 475% as compared to approximately RMB2.8 million, which was mainly due to the increase of foreign exchange gain of RMB14.7 million.

Selling and administrative expenses

During the Year under Review, the selling and distribution costs amounted to approximately RMB73.4 million, representing a decrease of approximately RMB13.4 million or 15.4% as compared to approximately RMB86.8 million in the last year. The proportion of selling and distribution costs to the sales increased to approximately 5.4% from approximately 4.1% of the last year, mainly due to the decrease of approximately RMB12 million from advertisement and market promotion expense as compared with last year. On the contrary, administrative expense increased by approximately RMB16.7 million as compared with last year, mainly due to the increase of approximately RMB2.6 million in employee benefit cost, increase of approximately RMB1 million in the adjustment of project water and electricity charge and increase of approximately RMB11 million in the listing preparation expense.

Operation profit

During the Year under Review, the operation profit amounted to approximately RMB766.6 million, representing an increase of approximately RMB190.8 million or approximately 33.1% as compared to approximately RMB575.8 million in the last year.

Change in fair value of investment properties

During the Year under Review, the change in fair value of investment properties amounted to approximately RMB 532.3 million, representing an increase of approximately RMB515.4 million or 30.5 times compared to approximately RMB16.9 million for the last year, mainly due to appreciation of investment properties evaluation of Shanghai Xinming • Children's World and Chongqing Xinming • China South-western city.

Finance costs

During the Year under Review, the net interest costs amounted to approximately RMB1.8 million, representing a decrease of approximately RMB1.2 million or approximately 40.0% as compared to approximately RMB3.0 million of last year, mainly due to the decrease of notional interest.

Income tax expenses

During the Year under Review, the income tax expenses amounted to approximately RMB274.7 million, representing an increase of approximately RMB9.9 million or approximately 3.7% as compared to approximately RMB264.8 million in the last year, mainly due to the increase in deferred income tax. On the contrary, the income tax and land appreciation tax decreased by approximately RMB131.3 million.

Profit attributable to the shareholders

During the Year under Review, the profit attributable to the shareholders amounted to approximately RMB367.6 million, representing an increase of approximately RMB37.4 million or approximately 11.3% as compared to approximately RMB330.2 million of last year. The basic earnings per share increased from approximately RMB0.23 per share of last year to approximately RMB0.3 per share.

Cash flows

As at 31 December 2015, cash and cash equivalents of the Group, including restricted cash, were approximately RMB931.6 million (31 December 2014: approximately RMB58.7 million), representing a substantial increase of approximately RMB872.9 million or 14.9 times, which was mainly due to the increase in bank loans. The Group was listed on the Stock Exchange on 6 July 2015 (the "Listing Date") and the net proceeds raised from the issuance of shares was approximately HK$623.0 million.

During the Year under Review, the net cash used in operating activities was approximately RMB1,138.7 million (year ended 31 December 2014: net cash used of approximately RMB935.0 million). The net cash used in investing activities was approximately RMB0.2 million (year ended 31 December 2014: net cash generated of approximately RMB2.0 million). The net cash generated from financing activities was approximately RMB1,527.1 million (year ended 31 December 2014: net cash generated of approximately RMB812.0 million).

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

Borrowings

As at 31 December 2015, the total bank borrowings of the Group and other borrowings were approximately RMB2,998.1 million, representing an increase of approximately RMB1,598.1 million as compared to the approximately RMB1,400.0 million as at 31 December 2014.

The borrowings repayable within one year of the Group was approximately RMB405.1 million, representing an increase of approximately RMB320.1 million as compared to approximately RMB85 million as at 31 December 2014. Borrowings repayable above one year was approximately RMB2,593.0 million, representing an increase of approximately RMB1,278.0 million as compared to approximately RMB1,315.0 million as at 31 December 2014.

Trade receivables, prepayments, deposits and other receivables

As at 31 December 2015, the total assets of trade receivables, prepayments, deposits and other receivables of the Group were approximately RMB397.0 million, representing a decrease of approximately RMB334.1 million as compared to approximately RMB731.1 million as at 31 December 2014. The increase of approximately RMB128.1 million in the trade receivables was mainly due to the rental fee remedied by tenants to Wenshang Times • Red Star Macalline Household Products Market, Xinming International Household Products Mall and Xinming International Logistic Centre, and receivables arising from sale of properties in Shanghai Xinming • Children's World. Besides, guarantee deposit and tender bond decreased by approximately RMB408.6 million.

Trade payables, advances from customers and other payables

As at 31 December 2015, the total trade payables, advances from customers and other payables of the Group was approximately RMB1,635.2 million, representing a decrease of approximately RMB468.3 million as compared to approximately RMB2,103.5 million as at 31 December 2014. The decrease was mainly due to the decrease in advances from customers of approximately RMB870.3 million in association with the increase in trade payables of approximately RMB374.8 million.

Assets and liabilities

As at 31 December 2015, the total assets of the Group were approximately RMB7,563.0 million, representing an increase of approximately RMB2,010.4 million as compared to approximately RMB5,552.6 million as at 31 December 2014. The total current assets were approximately RMB4,487.0 million, representing approximately 59.3% (31 December 2014: approximately 64.7%) of the total assets, increased by approximately RMB893.5 million as compared to approximately RMB3,593.5 million as at 31 December 2014. However, the total non-current assets were approximately RMB3,076.0 million, representing approximately 40.7% (31 December 2014: approximately 35.3%) of the total assets, increased by approximately RMB1,116.9 million as compared to approximately RMB1,959.1 million as at 31 December 2014.

As at 31 December 2015, the total liabilities of the Group were approximately RMB5,652.7 million, representing an increase of approximately RMB1,041.0 million as compared to approximately RMB4,611.7 million as at 31 December 2014. The total current liabilities were approximately RMB2,678.5 million, representing approximately 47.4% (31 December 2014: approximately 66.5%) of the total liabilities, decreased by approximately RMB386.6 million as compared to approximately RMB3,065.1 million as at 31 December 2014. However, the total non-current liabilities were approximately RMB2,974.3 million, representing approximately 52.6% (31 December 2014: approximately 33.5%) of the total liabilities, increased by approximately RMB1,427.7 million as compared to approximately RMB1,546.6 million as at 31 December 2014.

As at 31 December 2015, the net current assets of the Group were approximately RMB1,808.5 million, representing an increase of approximately RMB1,280.1 million as compared to approximately RMB528.4 million as at 31 December 2014.

Current ratio

As at 31 December 2015, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.7:1 (31 December 2014: 1.2:1).

Gearing ratio

As at 31 December 2015, the gearing ratio of the Group which is total bank borrowings and other borrowings as a percentage of total equity, was 157.0% (31 December 2014: 148.8%).

Contingent liabilities

Guarantees on mortgage facilities

As at 31 December 2015, the Group provided guarantees over the mortgage loans given by certain purchasers of approximately RMB15.2 million (31 December 2014: approximately RMB191.0 million).

Assets guarantees

As at 31 December 2015, the Group has pledged and restricted deposits in the bank deposits of approximately RMB501.3 million (31 December 2014: approximately RMB18.4 million). In addition, partial bank borrowings of the Group were secured by the Group's certain properties under development, completed properties held for sale, investment properties and the 100% equity interest in certain subsidiaries of the Group, and jointly guaranteed by the controlling shareholder of the Group, Mr. Chen Chengshou ("Mr. Chen"), the non-executive Director, Ms. Gao Qiaoqin, the Group's related company, Xinming Group Limited, and other minority shareholders of certain subsidiaries of the Group free of charge. The guarantees provided by the controlling shareholder of the Group, Mr. Chen, and his respective close associates for the bank loans and other borrowings were discharged prior to the listing by replacing such guarantees with the guarantee provided by the Group and/or financing from the independent third parties, including the bank loans.

Capital expenditure

During the Year under Review, the Group's total capital expenditure was approximately RMB100.5 million, mainly included construction facilities expenses (31 December 2014: approximately RMB1.5 million).

Capital commitments

As at 31 December 2015, the capital commitments related to activities of properties under development was approximately RMB1,309.2 million (31 December 2014: approximately RMB731.0 million).

Exposure to exchange rate fluctuations

The Group operates mainly in Renminbi, and certain bank deposits of the Group are dominated in Hong Kong dollars. 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 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 31 December 2015, the Group has a total of 464 employees (31 December 2014: total 503 employees). The Group continued to promote the upgrading of talents, cultivating and recruiting excellent talents with sales and management experience, improving the allocation system of remuneration linked to performance and maintaining harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and cash bonus. Moreover, the Group has also adopted a share option scheme and a share award scheme.

Use of proceeds

The Group's business objectives and planned use of proceeds as stated in the prospectus dated 23 June 2015 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of the Company's shares (the "Global Offering") were approximately HK$623.0 million. During the period from the Listing Date to the date of this announcement, the net proceeds from the Global Offering had been applied as follows:

Business objectives as stated in the Prospectus	Actual net proceeds	Amount utilized up to 31 December 2015	Balance as at 31 December 2015
	RMB'000	*RMB'000*	*RMB'000*
Development for existing projects	363,417	(327,175)	36,242
Development for potential projects	103,833	(83,178)	20,655
General working capital purposes	51,917	(51,917)	–
	519,167	(462,270)	56,897

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the Listing Date up to the date of this announcement.

MATERIAL EVENT AFTER THE REPORTING PERIOD

There is no material event after 31 December 2015.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules since the Listing Date.

Upon review of the corporate governance practice of the Company, the Board believed that the Company has applied the principles in the CG Code and complied with the code provisions of the CG Code during the Year under Review. None of the Directors was aware of any information that would reasonably indicate that the Company was during the Year under Review incompliant with the code provisions of the CG Code, except for the deviation as follows:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive 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 does 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. Vesting the roles of both chairman and CEO in Mr. Chen has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and CEO of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

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 of all the Directors, each of them has confirmed that they complied with the required standards set out in the Model Code during the Year under Review.

REVIEW OF ANNUAL RESULTS

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

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year under Review as set out in this announcement have been agreed by the Group's auditor, Ernst & Young to the amounts set out in the Group's audited consolidated financial statements for the Year under Review.

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

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.xinm.com.cn. The 2015 annual report will be dispatched to shareholders in due course and will be available on the above websites in due course.

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

Hangzhou, PRC
30 March 2016

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Ms. Quan Xiaolin, Mr. Zhou Yongkui and Mr. Feng Cizhao; 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.