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 2016

ANNUAL RESULTS HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB660.0 million, representing a decrease of approximately 51.1% as compared with last year.
- Gross profit of the Group amounted to approximately RMB348.8 million, representing a decrease of approximately 15.9% as compared with last year.
- Profit attributable to the owners of the parent was approximately RMB10.2 million, representing a decrease of approximately 97.2% as compared with last year.
- Basic earnings per share was approximately RMB0.01.
- The Board did not recommend the payment of final dividend for the year ended 31 December 2016.

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 2016, 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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
REVENUE	*4*	**660,049**	1,348,818
Cost of sales		**(311,259)**	(934,266)
Gross profit		**348,790**	414,552
Other income and gains	*4*	**5,893**	16,131
Selling and distribution costs		**(94,250)**	(73,392)
Administrative expenses		**(84,791)**	(110,687)
Other expenses		**(28,526)**	(10,557)
Changes in fair value of investment properties		**59,396**	532,303
Finance costs	*5*	**(55)**	(1,778)
PROFIT BEFORE TAX	*6*	**206,457**	766,572
Income tax expense	*7*	**(179,437)**	(274,740)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,020**	491,832
ATTRIBUTABLE TO:			
Owners of the parent		**10,211**	367,622
Non-controlling interests		**16,809**	124,210
		27,020	491,832
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	*9*	**0.01**	0.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**9,656**	13,147
Investment properties	11	**3,074,014**	2,975,565
Deferred tax assets		**82,182**	87,240
		3,165,852	3,075,952
CURRENT ASSETS			
Properties under development		**2,085,458**	1,526,546
Completed properties held for sale		**1,305,659**	1,605,549
Trade receivables	12	**81,756**	133,158
Due from other related parties		**27,872**	4,123
Prepayments, deposits and other receivables		**210,172**	263,795
Tax recoverable		**41,726**	22,272
Restricted deposits		**503,082**	501,328
Cash and cash equivalents		**465,613**	430,227
		4,721,338	4,486,998
CURRENT LIABILITIES			
Trade payables	13	**708,389**	1,070,249
Other payables and accruals		**430,851**	351,884
Advances from customers		**652,021**	213,032
Due to other related parties		**9,768**	14,346
Interest-bearing bank loans and other borrowings	14	**1,544,545**	405,080
Provisions	15	**1,097**	862
Tax payable		**708,205**	623,043
		4,054,876	2,678,496
NET CURRENT ASSETS		**666,462**	1,808,502
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,832,314**	4,884,454

	Notes	**2016**	2015
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	*14*	**1,464,914**	2,593,000
Provisions	*15*	**2,408**	–
Other liabilities		**17,158**	9,635
Deferred tax liabilities		**407,294**	371,618
		1,891,774	2,974,253
NET ASSETS		**1,940,540**	1,910,201
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,891
Reserves		**1,745,275**	1,732,729
		1,760,155	1,747,620
Non-controlling interests		**180,385**	162,581
TOTAL EQUITY		**1,940,540**	1,910,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the parent								
	Issued capital	Share premium*	Merger reserve*	Capital reserve*	Reserve regarding share award scheme*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 and 1 January 2016	**14,891**	**497,358**	**81,491**	**(28,267)**	**-**	**1,182,147**	**1,747,620**	**162,581**	**1,910,201**
Acquisition of non-controlling interests	**-**	**-**	**-**	**(995)**	**-**	**-**	**(995)**	**995**	**-**
Share repurchased	**(11)**	**(1,203)**	**-**	**-**	**-**	**-**	**(1,214)**	**-**	**(1,214)**
Equity-settled share award scheme	**-**	**-**	**-**	**-**	**4,533**	**-**	**4,533**	**-**	**4,533**
Profit and total other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**10,211**	**10,211**	**16,809**	**27,020**
At 31 December 2016	**14,880**	**496,155**	**81,491**	**(29,262)**	**4,533**	**1,192,358**	**1,760,155**	**180,385**	**1,940,540**

* These reserve accounts comprise the consolidated reserves of RMB1,745,275,000 (2015: RMB1,732,729,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**206,457**	766,572
Adjustments for:			
Depreciation		**3,908**	3,987
Changes in fair value of investment properties		**(59,396)**	(532,303)
Foreign exchange gain or loss		**(1,105)**	(1,798)
Bank interest income		**(3,469)**	(518)
Provision for impairment of completed properties held for sale		**14,843**	6,174
Realisation of onerous operating leases		**(270)**	(19,039)
Additional/(reversal of) provision for onerous operating leases		**2,858**	(6,187)
Provision for impairment of trade receivables		**5,859**	8,979
Finance costs	5	**55**	1,778
Equity-settled share award expense		**4,533**	–
		174,273	227,645
Decrease/(increase) in trade receivables		**45,543**	(137,040)
Decrease in prepayments, deposits and other receivables		**79,926**	543,529
Increase/(decrease) in advances from customers		**438,989**	(870,337)
(Decrease)/increase in trade payables		**(361,860)**	374,817
Increase in other liabilities		**7,523**	9,339
Increase in other payables and accruals		**140**	92,365
Increase in properties under development and completed properties held for sale		**(105,329)**	(231,525)
Increase in investment properties		**(17,702)**	(610,574)
Increase in amounts due from other related parties		**(23,749)**	–
Decrease in amounts due to other related parties		**(4,578)**	–
Increase in restricted deposits		**(1,754)**	(482,927)
Cash from/(used in) operations		**231,422**	(1,084,708)
Tax paid		**(72,997)**	(54,010)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**158,425**	(1,138,718)

	Note	**2016**	2015
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(560)**	(767)
Proceeds from disposal of items of property, plant and equipment		**143**	11
Bank interest income		**3,469**	518
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**3,052**	(238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	532,370
Share issue expenses		**–**	(20,121)
Share repurchased		**(1,214)**	–
Interest paid		**(189,887)**	(162,912)
New interest-bearing bank loans and other borrowings		**726,460**	2,123,700
Increase in other receivables		**(26,303)**	(81,360)
Increase/(decrease) in other payables		**78,828**	(65,181)
Acquisition of non-controlling interests		**–**	(34,780)
Increase in amounts due from other related parties		**–**	(631)
Decrease in an amount due from the Controlling Shareholder		**–**	4,042
Decrease in amounts due to other related parties		**–**	(242,423)
Repayment of interest-bearing bank loans and other borrowings		**(715,080)**	(525,620)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(127,196)**	1,527,084
NET INCREASE IN CASH AND CASH EQUIVALENTS		**34,281**	388,128
Cash and cash equivalents at beginning of year		**430,227**	40,301
Effect of foreign exchange rate changes, net		**1,105**	1,798
CASH AND CASH EQUIVALENTS AT END OF YEAR		**465,613**	430,227

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

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

2.1 BASIS OF PREPARATION

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, accounting principles generally accepted in Hong Kong and the disclosure requirements 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 2016. 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 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 new and revised standards for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs

Except for the amendments to IFRS 10, IFRS 12 and IAS 28 (2011), amendments to IFRS 11, IFRS 14, amendments to IAS 16 and IAS 41, amendments to IAS 27 (2011), and certain amendments included in the Annual Improvements 2012-2014 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) 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 amendments have had no significant impact on the Group's financial statements.

(b) 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 applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its noncurrent assets.

(c) *Annual Improvements to IFRSs 2012-2014 Cycle* issued in September 2014 sets out amendments to a number of IFRSs. Details of the amendments are as follows:

    1. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in IFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

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.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[2]
IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]
Amendments to IAS 7	*Disclosure Initiative*[1]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but is available for adoption

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

Other than as further explained below regarding the impact of IFRS 9, IFRS15 and IFRS 16, the Group expects that the adoption of the new and revised IFRSs will have no significant financial effect on the Group's results of operations and financial position.

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. The Group is currently assessing the impact of the standard.

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 April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases – Incentives* and SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

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 properties; and;

(d) the others 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. The adjusted profit or loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, dividend income, fair value gains or losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

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 2016

	Property development *RMB'000*	Property leasing *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**593,104**	**49,576**	**17,369**	**–**	**660,049**
Revenue					**660,049**
Segment results:	**206,877**	**50,598**	**(1,153)**	**(49,865)**	**206,457**
Profit before tax					**206,457**
Segment assets	**5,936,600**	**1,666,787**	**18,266**	**3,652,460**	**11,274,113**
Reconciliation:					
Elimination of intersegment receivables					**(3,386,923)**
Total assets					**7,887,190**
Segment liabilities	**5,591,600**	**529,819**	**48,155**	**2,398,884**	**8,568,458**
Reconciliation:					
Elimination of intersegment payables					**(2,621,808)**
Total liabilities					**5,946,650**
Other segment information:					
Depreciation	**3,693**	**92**	**46**	**77**	**3,908**
Provision for impairment of completed properties held for sale	**14,843**	**–**	**–**	**–**	**14,843**
Provision for impairment of trade receivables	**–**	**5,859**	**–**	**–**	**5,859**
Realisation of onerous contracts	**–**	**(270)**	**–**	**–**	**(270)**
Bank interest income	**(246)**	**(22)**	**(3)**	**(3,198)**	**(3,469)**
Finance costs	**–**	**55**	**–**	**–**	**55**
Fair value gain on investment properties	**–**	**(59,396)**	**–**	**–**	**(59,396)**
Capital expenditure	**198**	**17,702**	**68**	**294**	**18,262**

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 sale	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

Geographical information

Since the Group solely operates business in the People's Republic of China ("PRC") and all of the non-current assets of the Group are located in the PRC, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of properties sold, after allowances for returns and trade discounts; the value of services rendered; and gross rental income received and receivable from investment properties during the year.

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

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**607,452**	1,329,526
Rental income	**51,123**	82,222
Property management service income	**18,833**	18,568
	677,408	1,430,316
Less: Government surcharges	**(17,359)**	(81,498)
	660,049	1,348,818
Other income and gains		
Exchange gain	**1,325**	14,984
Bank interest income	**3,469**	518
Government grants	**100**	78
Others	**999**	551
	5,893	16,131

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	RMB'000	*RMB'000*
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**187,734**	143,976
Interest on interest-bearing bank loans and other borrowings not wholly repayable within five years	**2,153**	18,936
Notional interest	**55**	1,778
Total interest expense on financial liabilities not at fair value through profit or loss	**189,942**	164,690
Less: Interest capitalised	**(189,887)**	(162,912)
	55	1,778

6. PROFIT BEFORE TAX

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

	2016 *RMB'000*	2015 *RMB'000*
Cost of properties sold	**263,696**	860,359
Cost of property management service provided	**16,419**	19,102
Cost of leasing properties	**31,144**	54,805
Auditors' remuneration	**2,200**	2,200
Depreciation	**3,908**	3,987
Minimum lease payments under operating leases	**1,602**	1,540
Subtotal	**318,969**	941,993
Employee benefit expense (excluding directors' remuneration)		
Wages and salaries	**34,264**	38,153
Equity-settled share award expense	**4,159**	–
Pension scheme and social welfare	**11,016**	12,037
Subtotal	**49,439**	50,460
Impairment of completed properties held for sale	**14,843**	6,174
Impairment of trade receivables *(note 12)*	**5,859**	8,979
Additional/(reversal of) provision for onerous operating leases *(note 15)*	**2,858**	(6,187)
Realisation of onerous operating leases *(note 15)*	**(270)**	(19,039)
Changes in fair value of investment properties *(note 11)*	**(59,396)**	(532,303)
Foreign exchange differences, net	**(1,105)**	(1,798)
Gain on disposal of property, plant and equipment	**(197)**	(400)

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"). Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

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:

	2016	2015
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**33,715**	16,603
LAT	**104,988**	91,845
Deferred tax	**40,734**	166,292
Total tax charge for the year	**179,437**	274,740

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

	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**206,457**	766,572
Tax at the statutory tax rate	**52,237**	191,643
Expenses not deductible for tax	**7,303**	2,595
Tax losses and temporary differences not recognised	**41,156**	11,619
Subtotal	**100,696**	205,857
LAT provision for the year	**41,775**	38,862
Prepaid LAT for the year	**63,213**	52,983
Deferred tax effect of LAT provision	**(10,444)**	(9,716)
Tax effect of prepaid LAT	**(15,803)**	(13,246)
Total tax charge at the Group's effective rate	**179,437**	274,740

For the year ended 31 December 2016, deferred tax assets in respect of tax losses and temporary differences amounting to RMB166,600,000 (2015: RMB46,476,000) have not been recognised, 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. (2015: nil).

9. EARNINGS 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 1,879,303,490 (2015: 1,639,205,479) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

The calculation of the basic earnings per share is based on:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**10,211**	367,622

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,879,303,490**	1,639,205,479

10. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired assets with a cost of RMB560,000 (year ended 31 December 2015: RMB767,000), 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 2015: nil).

11. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	*RMB'000*	*RMB'000*
At 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
Additions	–	17,702	17,702
Transfer from completed properties held for sale	21,351	–	21,351
Transfer	324,902	(324,902)	–
Change in fair value of investment properties	59,396	–	59,396
At 31 December 2016	3,074,014	–	3,074,014

	2016	2015
	RMB'000	*RMB'000*
Carrying amount	**1,471,266**	1,432,213
Investment properties:		
At fair value	**3,074,014**	2,975,565

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 2016, the Group's investment properties with a value of RMB3,074,014,000 (2015: RMB2,975,565,000) 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:

Recurring fair value measurement for:	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
31 December 2016				
Commercial properties	**–**	**–**	**3,074,014**	**3,074,014**
31 December 2015				
Commercial properties	–	–	2,975,565	2,975,565

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 2015	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
Additions	17,702
Transfer from completed properties held for sale	21,351
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	59,396
Carrying amount at 31 December 2016	3,074,014

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 2016	Income method	Market month rental rate *(RMB/sq.m)*	0.49-5.69
		Term yield	5.00%-6.00%
		Reversionary yield	5.00%-7.00%
		Long term vacancy rate	2.00%-8.00%
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%

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 flows 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

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**98,024**	143,567
Impairment	**(16,268)**	(10,409)
	81,756	133,158

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

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

An aging 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:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**81,756**	133,158

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

	2016	2015
	RMB'000	*RMB'000*
At beginning and end of year	**10,409**	1,430
Impairment for trade receivables	**5,859**	8,979
	16,268	10,409

Included in the above provision for impairment of trade receivables is provision for the impaired trade receivables of RMB16,268,000 (2015:RMB10,409,000) with a carrying amount before provision of RMB22,354,000 (2015: RMB19,388,000).

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

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**75,670**	114,944
Past due within one year but not impaired	**6,086**	18,214
	81,756	133,158

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 aging analysis of the outstanding trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Less than one year	**414,184**	1,058,143
Over one year	**294,205**	12,106
	708,389	1,070,249

The trade payables are unsecured and interest free.

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2016			2015		
	Effective interest (%)	**Maturity**	***RMB'000***	Effective interest (%)	Maturity	*RMB'000*
Current						
Bank loans – secured	**6.83-12.50**	**2017**	**239,000**	–	–	–
Other borrowings – secured	**9.00-17.40**	**2017**	**258,000**	–	–	–
Current portion of long term bank loans – secured	**1.88-6.13**	**2017**	**849,545**	6.33-7.06	2016	255,080
Current portion of long term other borrowings – secured	**9.00**	**2017**	**198,000**	9.00	2016	150,000
			1,544,545			405,080
Non-current						
Bank loans – secured	**5.23-6.13**	**2018-2022**	**290,000**	2.42-7.06	2017-2022	1,202,000
Other borrowings – secured	**9.48-9.50**	**2018-2019**	**1,174,914**	9.00-9.50	2017-2019	1,391,000
			1,464,914			2,593,000
			3,009,459			2,998,080
Analysed into:						
Bank loans repayable:						
Repayable within one year			**1,088,545**			255,080
Repayable in the second year			**100,000**			1,007,000
Repayable in the third to fifth years			**130,000**			125,000
Repayable beyond five years			**60,000**			70,000
			1,378,545			1,457,080
Other borrowings repayable:						
Repayable within one year			**456,000**			150,000
Repayable in the second year			**674,914**			198,000
Repayable in the third to fifth years			**500,000**			1,193,000
			1,630,914			1,541,000
			3,009,459			2,998,080

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

		2016	2015
		RMB'000	*RMB'000*
Equity interests in subsidiaries	*(i)*	**135,007**	299,532
Investment properties	*(ii)*	**3,074,014**	2,975,565
Completed properties held for sale	*(iii)*	**540,591**	155,036
Pledged deposits	*(iv)*	**500,000**	500,000
Properties under development	*(v)*	**1,172,808**	1,381,368

(i) The Group's other borrowings of RMB500,000,000, RMB198,000,000 and nil (2015: RMB500,000,000, nil and RMB150,000,000) were secured by the 100% equity interests in Taizhou Xinming Property Investment Limited ("Taizhou Investment"), Taizhou Wenshang Times Property Limited ("Wenshang Times") and Hangzhou Xinming Property Limited ("Hangzhou Xinming"), subsidiaries of the Company, respectively.

The Group's interest-bearing bank loans of RMB150,000,000 (2015: nil) was secured by the 79% equity interest in Shanghai Xinming Global Property Limited ("Shanghai Xinming"), a subsidiary of the Company.

(ii) The Group's interest-bearing bank loans of RMB360,000,000, RMB245,545,000 and RMB210,000,000 (2015:RMB250,000,000, RMB392,000,000 and RMB215,000,000) were secured by investment properties of Taizhou Investment, Shanghai Xinming and Chongqing Xinming Property Company Limited ("Chongqing Xinming"), subsidiaries of the Company, respectively.

The Group's other borrowings of RMB500,000,000 and nil (2015: RMB500,000,000 and RMB150,000,000) were secured by investment properties of Wenshang Times and Taizhou Investment, subsidiaries of the Company, respectively.

(iii) The Group's other borrowings of RMB198,000,000 and RMB89,000,000 (2015: RMB198,000,000 and nil) were secured by completed properties held for sale of Shandong Xingmeng Property Limited ("Shandong Xingmeng") and Wenshang Times, subsidiaries of the Company, respectively.

(iv) The Group's interest-bearing bank loans of RMB485,000,000 (2015: RMB485,000,000) was secured by pledged deposits of Xinming China Investment Limited.

(v) The Group's interest-bearing bank loans of RMB210,000,000 (2015: RMB330,080,000) were secured by properties under development of Chongqing Xinming, a subsidiary of the Company.

The Group's other borrowings of RMB198,000,000 and RMB734,914,000 (2015: RMB198,000,000 and RMB693,000,000) were secured by properties under development of Shandong Xingmeng and Hangzhou Xinming, subsidiaries of the Company, respectively.

(vi) The Group's interest-bearing bank loans and other borrowings of RMB2,524,460,000 (2015: RMB2,513,080,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group and (iv) Mr. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the non-controlling shareholders of Chongqing Xinming, a subsidiary of the Company (2015: 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. Shen Ming, Dongguan City Ouhai Shiye Co., Ltd., Dongguan City Senxin Apparel Co., Ltd. and Zhejiang Xingji Elevators Co., Ltd., the non-controlling shareholders of Chongqing Xinming, a subsidiary of the Company).

15. PROVISIONS

Onerous operating leases:

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**862**	24,310
Additional/(reversal of) provision	**2,858**	(6,187)
Realisation	**(270)**	(19,039)
Increase in discounted amounts arising from the passage of time	**55**	1,778
At 31 December	**3,505**	862
Analysed into:		
Current	**1,097**	862
Non-current	**2,408**	–

Onerous contract provision

The Group sold certain of the commercial properties at market prices, and then lease back from the owners for the purpose of leasing them out to third party tenants. Pursuant to the payment terms of these contracts from 1 July 2014 to 30 June 2019, the unavoidable costs of meeting the obligations have exceeded the economic benefits expected to be received as at 31 December 2016 and 2015. 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)

Business Review

During the Year ended 31 December 2016 (the "Year under Review"), the Group recorded a total revenue of approximately RMB660.0 million, representing a decrease of RMB688.8 million or approximately 51.1% from approximately RMB1,348.8 million of 2015. The annual contracted sales and contracted Gross Floor Area ("GFA") sold were approximately RMB593.1 million and 34,478.7 square meters, representing a decrease of approximately RMB659.9 million or approximately 52.7% and a decrease of approximately 111,501.3 square meters compared to approximately RMB1,253 million and approximately 145,980 square meters in 2015, respectively. The average selling price for contracted sales was RMB17,202.1 per square meter, representing an increase of 100.1% year-on-year, which was mainly due to the effect of the increase in the average selling price of Shanghai Xinming • Children's World.

Profit attributable to the shareholders of the Company amounted to approximately RMB10.2 million, representing a decrease of approximately 97.2% from a profit of approximately RMB367.6 million in 2015. It is mainly attributable to the decrease of change in fair value of investment properties and the provision for impairment of the completed properties for sale. Profit per share were approximately RMB0.01.

The Directors did not recommend the payment of final dividend for the year ended 31 December 2016.

As at 31 December 2016, total assets of the Group amounted to approximately RMB7,887.2 million (31 December 2015: approximately RMB7,563.0 million); total liabilities were approximately RMB5,946.7 million (31 December 2015: approximately RMB5,652.7 million); total equity was approximately RMB1,940.5 million (31 December 2015: approximately RMB1,910.2 million); and net assets per share were approximately RMB1.03 (31 December 2015: approximately RMB1.02).

Property Development

As at 31 December 2016, the Group's property portfolio comprised 16 property development projects with an aggregate GFA of approximately 2,268,690 sq.m. under various stages of development in various cities in the PRC.

Property Sales

During the Year under Review, the Group recorded property sales (net of government subcharges) of approximately RMB593.1 million, a decrease of approximately 52.7% as compared to approximately RMB1,253.8 million of 2015. Total GFA delivered during the Year under Review was approximately 34 thousand square meters, representing a decrease of approximately 76.4% in comparison to 2015. Major projects delivered during the Year under Review include Shanghai Xinming • Children's World. The average selling price was RMB17,202.1 per square meter, representing an increase of approximately 100.1% compared to that of last year, which was mainly due to the effect of the increase in the average selling price of Shanghai Xinming • Children's World. Property sales remained the largest revenue source to the Group, representing 89.9% of its total revenue. Property sales decreased during the Year under Review, mainly due to the decrease in revenue from property sales caused by the decrease in contracted GFA in Taizhou and Chongqing.

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 at 31 December 2016, the actual area leased out was approximately 181,053 square meters, representing approximately 83% of the Group's total investment properties held-for-lease and the sold commercial properties acquired by leasing back from third parties.

During the Year under Review, the rental income was approximately RMB49.6 million, representing a decrease of approximately 36.8% as compared to RMB78.5 million in 2015, mainly due to the decrease in rental income resulted from the reduction of rentable area as the maturity of the leased back shopping malls of Taizhou Property (台州置業).

Property Management

The Group provides property management services to the owners of residential properties developed by the Group through 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 law to select their own property management companies.

During Year under Review, revenue from the provision of property management services (net of government surcharges) was approximately RMB17.4 million, an increase of 5.5% as compared to RMB16.5 million in 2015, mainly due to the increase of the properties number and GFA under management.

Land Reserves

As at 31 December 2016, the Group's property portfolio included 16 property development projects located in a number of cities throughout China. Each property were at different stages of development on that date, but total GFA amount to approximately 1,349,446 square meters, of which approximately 516,016 square meters was completed, approximately 364,106 square meters was under development, and approximately 469,324 square meters was held for future development.

The following table summarizes the Group's land reserve by geographical location as at 31 December 2016:

Location	Saleable GFA remaining unsold/ GFA held for investment *(sq.m.)*	GFA under development *(sq.m.)*	Planned GFA for future development *(sq.m.)*	Total land reserve *(sq.m.)*	Proportion to the total land reserve *(%)*
Taizhou	229,040	–	68,204	297,244	22.0
Shanghai	102,063	–	–	102,063	7.6
Chongqing	127,989	171,550	221,176	520,715	38.6
Tengzhou	56,924	29,629	179,944	266,497	19.7
Hangzhou	–	162,927	–	162,927	12.1
Total	516,016	364,106	469,324	1,349,446	100.0

Prospect

In 2017, making progress while ensuring stability will be the keynote of economy in China, and more proactive and effective fiscal policies will be unveiled and implemented. Deepening the supply-side structural reform and vigorously revitalizing the real economy will create a good environment for steady development of the real estate market. While hot-spot cities will resume their steady development, the keynote of de-stocking will still prevail in most third-tier and fourth-tier cities. Furthermore, considering that the real estate is being transformed from extensive development to refined development, there is undoubtedly an immense room for development in this industry.

Aiming to be an outstanding operator that operates the whole of the maternity, baby and child ("MBC") supply chain, the Group will continue to devote great efforts to building commercial complexes focused on marketing of maternity, baby and child supplies. "Chinese Bambino" high-quality products and services for MBC will be released through construction with merchants mainly comprise Japanese domestic brands and in-depth partnering with numerous well-known merchants at home and abroad.

The Group will actively expand the application of O2O mode. In details, no effort will be spared to build a national top-ranking service platform branded by "Chinese Bambino" for operation of MBC supplies chain through "online + offline" two-way interaction, by using offline resources of "Chinese Bambino". The O2O platform will enhance the ability of "Chinese Bambino" to attract high-value members, optimize seller-customer communication and improve the performance of the merchants thereon, thereby maximizing the returns on marketing and investment.

The Group will steadily carry forward the projects "Chinese Bambino (Shanghai)" and "Chinese Bambino (Hangzhou)", so as to lay a firm foundation for attracting the brand in first-tier and second-tier cities and other high-growth regions.

In addition, the Group will actively explore ways of diversified development, and expand its business to the financial sector by purchasing all the shares of Mainland Securities Limited (a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to carry out Type 1 (dealing in securities) regulated activities) ("Mainland Securities"), thereby creating more room for future growth.

Financial Review

Revenue

The Group's revenue is primarily generated from property sales, property leasing and property management services, which contributed about 89.9%, 7.5% and 2.6%, respectively, to the revenue of 2016. The Group's revenue decreased by RMB688.8 million, or 51.1%, to RMB660.0 million for 2016 from RMB1,348.8 million for 2015.

With the slowdown of economy in China, oversupply in domestic commercial property market and the shock effect from e-commerce, the property investment in domestic commercial property from investors or end-users decreased. The decrease in revenue was mainly due to the decrease in revenue from properties sales as a result of the reduced GFA of properties delivered in Taizhou and Chongqing.

Cost of sales

The Group's cost of sales decreased by RMB623.00 million, or 66.7%, to RMB311.3 million for 2016 from RMB934.3 million for 2015. The decrease was primarily attributable to the decrease in the total GFA of properties delivered during the Year under Review 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 RMB348.8 million, representing a decrease of approximately RMB65.8 million or 15.9% as compared to RMB414.6 million in the last year; the gross profit margin was approximately 52.8%, representing an increase of approximately 22.1% as compared to approximately 30.7% in the last year. It was mainly due to the higher selling price of major property project in Shanghai delivered during the Year under Review.

Other income and gains

Other income and gains during the Year under Review amounted to approximately RMB5.9 million, decreased by approximately RMB10.2 million or 63.4% as compared to approximately RMB16.1 million in the last year, which was mainly due to the decrease of foreign exchange gain as compared to that of last year.

Selling and administrative expenses

During the Year under Review, the selling and administrative expenses amounted to approximately RMB179.0 million, representing a decrease of approximately RMB5.1 million or approximately 2.8% as compared to approximately RMB184.1 million in the last year. The proportion of selling and distribution costs to the sales increased to approximately 14.3% from approximately 5.4% of the last year, mainly due to the increase of approximately RMB20.9 million from advertisement, sales commission and market promotion expense as compared with last year and the decrease in the revenue from properties sales. On the contrary, administrative expense decreased by approximately RMB25.9 million as compared with last year, mainly due to the decrease in listing preparation expense of approximately RMB18.7 million and office expenses of approximately RMB2.5 million last year.

Other expenses

Other expenses during the Year under Review was approximately RMB28.5 million, representing an increase of approximately RMB17.9 million as compared to approximately RMB10.6 million in the last year, which was mainly because that provision of impairment for the completed properties held for sale of Wenshang Times and Tengzhou projects increased by approximately RMB8.7 million during the Year under Review.

Change in fair value of investment properties

During the Year under Review, the gain on change in fair value of investment properties amounted to approximately RMB59.4 million, representing a decrease of approximately RMB472.9 million or 88.8% compared to the gain on change in fair value of investment properties of approximately RMB532.3 million for the last year, mainly due to decrease in the fair value of investment properties of Chongqing Xinming • China South-western city.

Finance costs

During the Year under Review, the net interest costs amounted to approximately RMB0.1 million, representing a decrease of approximately RMB1.7 million or approximately 94.4% as compared to approximately RMB1.8 million of last year. The decrease of the financial cost was mainly due to the decrease of notional interest.

Operation profit

During the Year under Review, the operation profit amounted to approximately RMB206.5 million, representing a decrease of approximately RMB560.1 million or approximately 73.1% as compared to approximately RMB766.6 million in the last year. The decrease was mainly due to the decrease in the revenue from properties sales and the fair value of investment properties as compared to that of last year.

Income tax expenses

During the Year under Review, the income tax expenses amounted to approximately RMB179.4 million, representing a decrease of approximately RMB95.3 million or approximately 34.7% as compared to approximately RMB274.7 million in the last year, mainly due to the significant decrease in change of deferred tax of RMB125.6 million. On the contrary, the income tax and land appreciation tax increased by approximately RMB30.3 million.

Profit attributable to the shareholders

During the Year under Review, the profit attributable to the shareholders amounted to approximately RMB10.2 million, representing a decrease of approximately RMB357.4 million or approximately 97.2% as compared to last year. The basic profit per share amounted to approximately RMB0.01 per share, as compared to the basic profit per share of approximately RMB0.30 per share of last year.

Cash flows

As at 31 December 2016, cash and bank deposits of the Group, including restricted cash, were approximately RMB968.7 million (31 December 2015: approximately RMB931.6 million), representing an increase of approximately RMB37.1 million or 4%.

During the Year under Review, the net cash generated from operating activities was approximately RMB158.4 million (financial year ended 31 December 2015: net cash used of approximately RMB1,138.7 million). The net cash generated from investing activities was approximately RMB3.0 million (financial year ended 31 December 2015: net cash used of approximately RMB0.2 million). The net cash used in financing activities was approximately RMB127.2 million (financial year ended 31 December 2015: net cash generated of approximately RMB1,527.1 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 2016 and for the exclusive management and operation agreement entered into by the Company, in the period from 1 January 2017 to 1 July 2019, we would have a maximum net cash outflow of approximately RMB14 million and RMB20 million for years 2018 and 2019, respectively, and net cash inflow of approximately RMB10 million for 2017. 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 2016, the total bank loans and other borrowings of the Group were approximately RMB3,009.5 million, representing an increase of approximately RMB11.4 million as compared to approximately RMB2,998.1 million as at 31 December 2015.

The borrowings repayable within one year of the Group was approximately RMB1,544.5 million, representing an increase of approximately RMB1,139.4 million as compared to approximately RMB405.1 million as at 31 December 2015. Borrowings repayable after one year was approximately RMB1,464.9 million, representing a decrease of approximately RMB1,128.1 million as compared to approximately RMB2,593.0 million as at 31 December 2015.

Trade receivables, prepayments, deposits and other receivables

As at 31 December 2016, the total assets of trade receivables, prepayments, deposits and other receivables of the Group were approximately RMB291.9 million, representing a decrease of approximately RMB105.1 million as compared to approximately RMB397.0 million as at 31 December 2015. Of which, the decrease of approximately RMB80.2 million in the deposits and other receivables was mainly due to the decrease in sales deposits for Shanghai Xinming • Children's World. On the contrary, other tax recoverable increased by approximately RMB14.9 million.

Trade payables, advances from customers and other payables

As at 31 December 2016, the total trade payables, advances from customers and other payables of the Group was approximately RMB1,791.3 million, representing a decrease of approximately RMB156.1 million as compared to approximately RMB1,635.2 million as at 31 December 2015. The decrease was mainly due to the decrease in trade payables of approximately RM361.9 million.

Assets and liabilities

As at 31 December 2016, the total assets of the Group were approximately RMB7,887.2 million, representing an increase of approximately RMB324.2 million as compared to approximately RMB7,563.0 million as at 31 December 2015. The total current assets were approximately RMB4,721.3 million, representing approximately 59.9% (31 December 2015: approximately 59.3%) of the total assets, increased by approximately RMB234.3 million as compared to approximately RMB4,487.0 million as at 31 December 2015. However, the total non-current assets were approximately RMB3,165.9 million, representing approximately 40.1% (31 December 2015: approximately 40.7%) of the total assets, increased by approximately RMB89.9 million as compared to approximately RMB3,076.0 million as at 31 December 2015.

As at 31 December 2016, the total liabilities of the Group were approximately RMB5,946.7 million, representing an increase of approximately RMB294.0 million as compared to approximately RMB5,652.7 million as at 31 December 2015. The total current liabilities were approximately RMB4,054.9 million, representing approximately 68.2% (31 December 2015: approximately 47.4%) of the total liabilities, increased by approximately RMB1,376.4 million as compared to approximately RMB2,678.5 million as at 31 December 2015. However, the total non-current liabilities were approximately RMB1,891.8 million, representing approximately 31.8% (31 December 2015: approximately 52.6%) of the total liabilities, decreased by approximately RMB1,082.5 million as compared to approximately RMB2,974.3 million as at 31 December 2015.

As at 31 December 2016, the net current assets of the Group were approximately RMB666.5 million, representing a decrease of approximately RMB1,142.0 million as compared to approximately RMB1,808.5 million as at 31 December 2015, mainly due to the increase in the bank loans due with one year.

Current ratio

As at 31 December 2016, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.16:1 (31 December 2015: 1.7:1).

Gearing ratio

As at 31 December 2016, the gearing ratio of the Group which is total bank loans and other borrowings as a percentage of total equity, was 155.1% (31 December 2015: 157.0%).

Guarantees on mortgage facilities

As at 31 December 2016, the Group provided guarantees over the mortgage loans given by certain purchasers of approximately RMB17.8 million (31 December 2015: approximately RMB15.2 million).

Assets guarantees

As at 31 December 2016, the Group has pledged and restricted deposits in the bank deposits of approximately RMB500.0 million (31 December 2015: approximately RMB500.0 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 ("Ms. Gao"), the Group's related company, Xinming Group Limited, and other minority shareholders of certain subsidiaries of the Group free of charge. As at 31 December 2016, the pledged assets secured certain borrowings granted to the Group was RMB5,422.4 million (31 December 2015: approximately RMB5,311.0 million).

Capital expenditure

During the Year under Review, the Group's total capital expenditure was approximately RMB21.9 million, mainly included construction facilities expenses (31 December 2015: approximately RMB100.5 million).

Capital commitments

As at 31 December 2016, the capital commitments related to activities of properties under development was approximately RMB549.0 million (31 December 2015: approximately RMB1,309.2 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 and remuneration policy

As at 31 December 2016, the Group has a total of 463 employees (31 December 2015: total 443 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. No share option was granted, exercised or cancelled by the Company since the adoption of the share option scheme.

Use of proceeds

The Group's business objectives and planned use of proceeds as stated in the prospectus dated 23 June 2015 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of the Company's shares (the "Global Offering") were approximately HK$623.2 million (approximately RMB519.17 million). During the period from 6 July 2015 (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 2016**	**Balance as at 31 December 2016**
	RMB'000	*RMB'000*	*RMB'000*
Development for existing projects	363,417	(363,417)	–
Development for potential projects	103,833	(103,833)	–
General working capital purposes	51,917	(51,917)	–
	519,167	(519,167)	–

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

During the year, the Company repurchased a total of 1,378,000 shares on the Stock Exchange at an aggregate consideration of HK$1,418,740 (excluding expenses). The buy-backs were effected by the Directors for the enhancement of shareholders' value and the net asset value of the Company and/or its earnings per share. Details of the buy-backs are as follows:

Month	**Total number of The ordinary shares**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
June 2016	678,000	1.20	1.01	720,960
July 2016	700,000	1.06	0.90	697,780
	1,378,000			1,418,740

678,000 shares bought back in June 2016 were cancelled on delivery of the share certificates in July 2016. 700,000 shares bought back in July 2016 were cancelled on delivery of the share certificates in August 2016. The aggregate consideration of HK$1,418,740 (excluding expenses) was debited to Group's issued capital by approximately RMB11,000 and share premium by approximately RMB1,203,000.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

MATERIAL EVENT AFTER THE REPORTING PERIOD

On 24 February 2017, the Company entered into a Share Purchase Agreement with Mr. Loong Ping Tong, Peter ("Mr. Loong") to acquire the entire equity interest in Mainland Securities held by Mr. Loong with a consideration of HK$18 million. The acquisition is subject to the satisfaction of certain precedent conditions. If the acquisition is completed, it will be beneficial to the expansion of the business scope of the Group and the diversification of the Group's operational risks. Please refer to the voluntary announcement of the Company dated 24 February 2017 for more details.

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 believes 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 2016 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 and Chief Executive Officer

Hangzhou, PRC
30 March 2017

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