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 2017

ANNUAL RESULTS HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB1,888.2 million, representing a significant increase of approximately 193.8% as compared with last year.
- Gross profit of the Group amounted to approximately RMB719.9 million, representing a significant increase of approximately 107.0% as compared with last year.
- Profit attributable to the owner of the parent was approximately RMB242.3 million, representing a significant increase of approximately 22.8 times as compared with last year.
- Basic earnings per share was approximately RMB0.13.
- The Board did not recommended the payment of final dividend for the year ended 31 December 2017.

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 2017, 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 represented comparative figures for the corresponding period in 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000* (Represented)
CONTINUING OPERATIONS			
REVENUE	4	**1,888,193**	642,680
Cost of sales		**(1,168,338)**	(294,840)
Gross profit		**719,855**	347,840
Other income and gains	4	**163,308**	5,815
Selling and distribution costs		**(172,762)**	(94,250)
Administrative expenses		**(80,321)**	(82,722)
Other expenses		**(107,364)**	(28,414)
Changes in fair value of investment properties		**28,159**	59,396
Finance costs	5	**(6,626)**	(55)
PROFIT BEFORE TAX	6	**544,249**	207,610
Income tax expense	7	**(317,441)**	(179,437)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**226,808**	28,173
DISCONTINUED OPERATION			
Profit/(loss) and total comprehensive income/(loss) for the period from a discontinued operation	9	**1,842**	(1,153)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**228,650**	27,020
ATTRIBUTABLE TO:			
Owners of the parent		**242,278**	10,211
Non-controlling interests		**(13,628)**	16,809
		228,650	27,020
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
– For profit for the year (RMB)		**0.13**	0.01
– For profit from continuing operations (RMB)		**0.13**	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,918**	9,656
Available-for-sale investment		**1,500**	–
Investment properties	11	**3,053,776**	3,074,014
Deferred tax assets		**82,659**	82,182
		3,144,853	3,165,852
CURRENT ASSETS			
Properties under development		**1,031,980**	2,085,458
Completed properties held for sale		**1,693,261**	1,305,659
Trade receivables	12	**74,073**	81,756
Due from other related parties		**–**	27,872
Prepayments, deposits and other receivables		**121,401**	210,172
Tax recoverable		**30,366**	41,726
Restricted deposits		**2,402**	503,082
Cash and cash equivalents		**655,256**	465,613
		3,608,739	4,721,338
CURRENT LIABILITIES			
Trade payables	13	**348,833**	708,389
Other payables and accruals		**556,865**	430,851
Advances from customers		**386,927**	652,021
Due to other related parties		**18,647**	9,768
Interest-bearing bank loans and other borrowings	14	**1,112,201**	1,544,545
Provisions	15	**1,098**	1,097
Tax payable		**882,069**	708,205
		3,306,640	4,054,876
NET CURRENT ASSETS		**302,099**	666,462
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,446,952**	3,832,314

	Notes	**2017** *RMB'000*	2016 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	14	**941,850**	1,464,914
Provisions	15	**1,032**	2,408
Other liabilities		**4,446**	17,158
Deferred tax liabilities		**417,578**	407,294
		1,364,906	1,891,774
NET ASSETS		**2,082,046**	1,940,540
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**14,880**	14,880
Reserves		**1,953,601**	1,745,275
		1,968,481	1,760,155
Non-controlling interests		**113,565**	180,385
TOTAL EQUITY		**2,082,046**	1,940,540

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 2016 and 2017. As disclosed in note 9, the Group discontinued its business of provision of property management services on 26 July 2017. 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, 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 2017. 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 revised standards for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements. Disclosure has been made upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] 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 described below:

The IASB issued amendments to IFRS 2 in June 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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 will adopt IFRS 9 from 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and 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 will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade and bills receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.The Group has determined that, due to the nature of its trade and bills receivables, and other receivables, no significant impairment provision is needed upon the initial adoption of the standard.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and 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 previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

IFRS 15, issued in May 2014, 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. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. 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 plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of IFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have a material impact on the Group's financial statements from 2018 onwards. During the year ended 31 December 2017, the Group has performed a preliminary detailed assessment on the impact of the adoption of IFRS 15. Based on the assessment, the Group anticipates that the adoption of IFRS15 is unlikely to have an significant impact on the revenue recognition except for the presentation and disclosure as follows:

The Group's principal activities consist of property development, property leasing and the provision of property management services in 2016 and 2017. On 26 July 2017, the Group discountinued its business of provision of property management services. The expected impacts arising from the adoption of IFRS 15 on the Group are summarised as follows:

(a) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

IFRS 16, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 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, or relates to a class of property, plant and equipment to which the revaluation model is applied. 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. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group does not expect the adoption of IFRS 16 would result in a significant impact on the Group's financial position or performance. The Group is currently considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted.

Amendments to IAS 40, issued in December 2016, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC Interpretation 22, issued in December 2016, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC Interpretation 23, issued in June 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii)the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's financial statements.

3. SEGMENT INFORMATION

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

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

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

(c) the others segment engages in investment holding.

The Group discontinued its business of provision of property management services on 26 July 2017. The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 2017

	Property development *RMB'000*	Property leasing *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**1,834,741**	**53,452**	**–**	**1,888,193**
Revenue from continuing operations				**1,888,193**
Segment results:	**515,075**	**53,858**	**(24,684)**	**544,249**
Profit before tax from continuing operations				**544,249**
Segment assets	**6,135,117**	**1,671,375**	**3,720,935**	**11,527,427**
Reconciliation:				
Elimination of intersegment receivables				**(4,773,835)**
Total assets				**6,753,592**
Segment liabilities	**5,728,569**	**578,916**	**3,127,981**	**9,435,466**
Reconciliation:				
Elimination of intersegment payables				**(4,763,920)**
Total liabilities				**4,671,546**
Other segment information:				
Depreciation	**2,427**	**79**	**41**	**2,547**
Provision for impairment of properties under development	**36,259**	**–**	**–**	**36,259**
Provision for impairment of trade receivables	**–**	**4,666**	**–**	**4,666**
Realisation of onerous operating leases	**–**	**(1,599)**	**–**	**(1,599)**
Bank interest income	**(554)**	**(38)**	**12**	**(580)**
Finance costs	**6,402**	**224**	**–**	**6,626**
Fair value gain on investment properties	**–**	**(28,159)**	**–**	**(28,159)**
Capital expenditure	**8**	**11**	**93**	**112**

Year ended 31 December 2016 (Represented)

	Property development *RMB'000*	Property leasing *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	593,104	49,576	–	642,680
Revenue from continuing operations				642,680
Segment results:	206,877	50,598	(49,865)	207,610
Profit before tax from continuing operations				207,610
Segment assets	5,936,600	1,666,787	3,652,460	11,255,847
Reconciliation:				
Elimination of intersegment receivables				(3,386,923)
Assets related to a discontinued operation				18,266
Total assets				7,887,190
Segment liabilities	5,591,600	529,819	2,398,884	8,520,303
Reconciliation:				
Elimination of intersegment payables				(2,621,808)
Liabilities related to a discontinued operation				48,155
Total liabilities				5,946,650
Other segment information:				
Depreciation	3,693	92	77	3,862
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 operating leases	–	(270)	–	(270)
Bank interest income	(246)	(22)	(3,198)	(3,466)
Finance costs	–	55	–	55
Fair value gain on investment properties	–	(59,396)	–	(59,396)
Capital expenditure	198	17,702	294	18,194

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, geographical segment information in accordance with IFRS 8 *Operating Segments* is not presented.

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:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**1,847,087**	607,390
Rental income	**53,911**	51,135
	1,900,998	658,525
Less: Government surcharges	**(12,805)**	(15,845)
	1,888,193	642,680
Other income and gains		
Gain on disposal of an investment property	**90,336**	–
Gain on disposal of properties under development	**43,961**	–
Gain on disposal of a subsidiary	**28,046**	–
Bank interest income	**580**	3,466
Government grants	**188**	100
Exchange gain	**–**	1,325
Others	**197**	924
	163,308	5,815

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on interest-bearing bank loans and other borrowings wholly repayable within five years	**146,302**	187,734
Interest on interest-bearing bank loans and other borrowings not wholly repayable within five years	**–**	2,153
Notional interest	**224**	55
Total interest expense on financial liabilities not at fair value through profit or loss	**146,526**	189,942
Less: Interest capitalised	**(139,900)**	(189,887)
	6,626	55

6. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of properties sold	**1,147,259**	263,696
Cost of leasing properties	**21,079**	31,144
Auditor's remuneration	**2,350**	2,200
Depreciation	**2,547**	3,862
Minimum lease payments under operating leases	**1,481**	1,602
	1,174,716	302,504
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**27,942**	34,264
Equity-settled share award expense	**–**	4,159
Pension scheme and social welfare	**9,294**	11,016
	37,236	49,439
Impairment of properties under development	**36,259**	–
Impairment of completed properties held for sale	**–**	14,843
Impairment of trade receivables (note 12)	**4,666**	5,859
Additional provision for onerous operating leases (note 15)	**–**	2,858
Realisation of onerous operating leases (note 15)	**(1,599)**	(270)
Changes in fair value of investment properties (note 11)	**(28,159)**	(59,396)
Foreign exchange differences, net	**932**	(1,325)
Gain on disposal of items of property property, plant and equipment	**(15)**	(197)
Gain on disposal of an investment property	**(90,336)**	–
Gain on disposal of properties under development	**(43,961)**	–
Gain on disposal of a subsidiary	**(28,046)**	–

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 profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate 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:

	2017 *RMB'000*	2016 *RMB'000*
Current tax:		
Income tax in the PRC for the year	**113,697**	33,715
LAT	**193,937**	104,988
Deferred tax	**9,807**	40,734
Total tax charge for the year from continuing operations	**317,441**	179,437
Total tax charge for the year from a discontinued operation	**–**	–
	317,441	179,437

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:

	2017 *RMB'000*	2016 *RMB'000*
Profit before tax from continuing operations	**544,249**	207,610
Profit/(loss) before tax from a discontinued operation	**1,842**	(1,153)
	546,091	206,457
Tax at the statutory tax rate	**137,121**	52,237
Expenses not deductible for tax	**1,663**	7,303
Tax losses utilised from previous periods	**(461)**	–
Tax losses and temporary differences not recognised	**33,664**	41,156
Subtotal	**171,987**	100,696
LAT provision for the year	**72,172**	41,775
Prepaid LAT for the year	**121,765**	63,213
Deferred tax effect of LAT provision	**(18,042)**	(10,444)
Tax effect of prepaid LAT	**(30,441)**	(15,803)
Tax charge at the Group's effective rate	**317,441**	179,437
Tax charge from continuing operations at the effective rate	**317,441**	179,437
Tax charge from a discontinued operation at the effective rate	**–**	–

For the year ended 31 December 2017, deferred tax assets in respect of tax losses and temporary differences amounting to RMB137,054,000 (2016: RMB166,600,000) 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 corporation (2016: nil).

9. DISCONTINUED OPERATION

On 20 July 2017, the Company announced the decision of its board of directors to dispose of Zhejiang Xinming Property Services Limited ("Xinming Property") engages in the provision of property management service. The Group has decided to cease its property management service business because it plans to focus its resources on its property development and property investment. The disposal of Xinming Property has been completed on 26 July 2017. With Xinming Property being classified as a discontinued operation, the property management service business is no longer included in the note for operating segment information.

The results of Xinming Property for the period are presented below:

	From 1 Jan 2017 to 26 July 2017	2016
	RMB'000	*RMB'000*
Revenue	**12,586**	17,369
Cost of sales	**(8,679)**	(16,419)
Other income and gains	**5**	78
Administrative expenses	**(1,997)**	(2,069)
Other expenses	**(73)**	(112)
PROFIT/(LOSS) FOR THE PERIOD/YEAR FROM THE DISCONTINUED OPERATION	**1,842**	(1,153)

The net cash flows incurred by Xinming Property are as follows:

	From 1 Jan 2017 to 26 July 2017 *RMB'000*	2016 *RMB'000*
Operating activities	**(330)**	341
Investing activities	**(68)**	–
Net cash (outflow)/inflow	**(398)**	341
Earnings/(loss) per share:		
Basic and diluted, from the discontinued operation (RMB)	**0.10 cents**	(0.06) cents

The calculations of basic earnings/(loss) per share from the discontinued operation are based on:

	From 1 Jan 2017 to 26 July 2017	2016
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation (RMB)	**1,842,000**	(1,153,000)
Weighted average number of ordinary shares in issue during the period/year used in the basic earnings/(loss) per share calculation	**1,878,622,000**	1,879,303,490

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

The calculation of the basic earnings per share amounts 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 1,878,622,000 (2016: 1,879,303,490) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

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

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**240,436**	11,364
From a discontinued operation	**1,842**	(1,153)
	242,278	10,211

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,878,622,000**	1,879,303,490
Basic and diluted per share (RMB per share)	**0.13**	0.01

11. INVESTMENT PROPERTIES

	Completed *RMB'000*	Under construction *RMB'000*	Total *RMB'000*
At 1 January 2016	2,668,365	307,200	2,975,565
Additions	–	17,702	17,702
Transfer from properties under development	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
Disposals	(48,397)	–	(48,397)
Change in fair value of investment properties	28,159	–	28,159
At 31 December 2017	3,053,776	–	3,053,776

The Group's investment properties consist of commercial properties completed 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 2017, the Group's investment properties with a value of RMB2,112,900,000 (2016: RMB3,074,014,000) were pledged to secure general interest-bearing bank loans and other borrowings granted to the Group (note 14).

On 9 August 2017, Taizhou Xinming Property Investment Limited ("Taizhou Investment"), a wholly-owned subsidiary of the Company, and Taizhou Housing Expropriation Department ("城市房屋徵收與補償管理辦公室") entered into an agreement, pursuant to which, Taizhou Investment agreed to sell Xinming International Logistic Centre ("新明國際物流中心"), one of its investment properties, to Taizhou Housing Expropriation Department. The total consideration amounts to RMB171,281,000 which is the compensation for the land use right and building with net book value of RMB48,397,000 at the date of disposal, relocation cost of RMB24,392,000 and other relevant tax of RMB8,156,000.

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 2017				
Commercial properties	**–**	**–**	**3,053,776**	**3,053,776**
31 December 2016				
Commercial properties	–	–	3,074,014	3,074,014

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 2016	2,975,565
Addition	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
Disposal	(48,397)
Net gain from a fair value adjustment recognised in changes in fair value of investment properties in profit or loss	28,159
Carrying amount at 31 December 2017	3,053,776

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 2017	Income method	Market monthly rental rate (RMB/sq.m.)	2.64-5.83
		Term yield	5.00%-5.50%
		Reversionary yield	5.00%-6.00%
		Long term vacancy rate	3.00%-8.00%
Year ended 31 December 2016	Income method	Market monthly 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%

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

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**95,007**	98,024
Impairment	**(20,934)**	(16,268)
	74,073	81,756

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:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**74,073**	81,756

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

	2017	2016
	RMB'000	*RMB'000*
At beginning and end of year	**16,268**	**10,409**
Impairment of trade receivables	**4,666**	**5,859**
	20,934	**16,268**

Included in the above provision for impairment of trade receivables is a provision for the impaired trade receivables of RMB20,934,000 (2016: RMB16,268,000) with a carrying amount before provision of RMB22,525,000 (2016: RMB22,354,000).

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

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**72,482**	75,670
Past due within one year but not impaired	**1,591**	6,086
	74,073	81,756

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:

	2017	2016
	RMB'000	*RMB'000*
Less than one year	**121,785**	414,184
Over one year	**227,048**	294,205
	348,833	708,389

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

14. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2017			2016		
	Effective interest rate (%)	***Maturity***	***RMB'000***	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	6.83-12.50	2017	239,000
Other borrowings – secured	**9.00**	**2018**	**220,000**	9.00-17.40	2017	258,000
Current portion of long term bank loans – secured	**6.13**	**2018**	**40,000**	1.88-6.13	2017	849,545
Current portion of long term other borrowings – secured	**7.15-9.50**	**2018**	**852,201**	9.00	2017	198,000
			1,112,201			1,544,545
Non-current						
Bank loans – secured	**6.13**	**2022**	**130,000**	5.23-6.13	2018-2022	290,000
Other borrowings – secured	**6.80-8.00**	**2019**	**811,850**	9.48-9.50	2018-2019	1,174,914
			941,850			1,464,914
			2,054,051			3,009,459
Analysed into:						
Bank loans repayable:						
Repayable within one year			**40,000**			1,088,545
Repayable in the second year			**30,000**			100,000
Repayable in the third to fifth years			**100,000**			130,000
Repayable beyond five years			**–**			60,000
			170,000			1,378,545
Other borrowings repayable:						
Repayable within one year			**1,072,201**			456,000
Repayable in the second year			**811,850**			674,914
Repayable in the third to fifth years			**–**			500,000
			1,884,051			1,630,914
			2,054,051			3,009,459

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 2017 and 2016:

		2017	2016
		RMB'000	*RMB'000*
Equity interests in subsidiaries	(i)	**397,938**	872,080
Investment properties	(ii)	**2,112,900**	3,074,014
Completed properties held for sale	(iii)	**571,939**	540,591
Pledged deposits	(iv)	**–**	500,000
Properties under development	(v)	**811,735**	1,172,808

(i) The Group's other borrowings of RMB500,000,000 and nil (2016: RMB500,000,000 and RMB198,000,000) were secured by the 100% equity interests in Taizhou Wenshang Times Property Limited ("Wenshang Times") and Taizhou Investment, subsidiaries of the Company, respectively.

None of the Group's interest-bearing bank loans (2016: RMB150,000,000) 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 RMB170,000,000, nil and nil (2016:RMB360,000,000, RMB210,000,000 and RMB234,545,000) 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 RMB346,500,000 (2016:RMB500,000,000 and nil) were secured by investment properties of Wenshang Times and Chongqing Xinming, subsidiaries of the Company, respectively.

(iii) The Group's other borrowings of RMB403,759,000, RMB346,500,000, nil and nil (2016: Nil, nil, RMB198,000,000 and RMB89,000,000) were secured by completed properties held for sale of Hangzhou Xinming Property Investment Limited ("Hangzhou Xinming"), Chongqing Xinming, Shandong Xingmeng Property Limited ("Shandong Xingmeng") and Wenshang Times, subsidiaries of the Company, respectively.

(iv) None of the Group's interest-bearing bank loans (2016: RMB485,000,000) was secured by pledged deposits of Xinming China Investment Limited.

(v) None of the Group's interest-bearing bank loans (2016: RMB210,000,000) were secured by properties under development of Chongqing Xinming, a subsidiary of the Company.

The Group's other borrowings of RMB220,000,000, RMB346,500,000 and nil (2016: RMB198,000,000, nil and RMB734,914,000) were secured by properties under development of Shandong Xingmeng, Chongqing Xinming and Hangzhou Xinming, subsidiaries of the Company, respectively.

(vi) The Group's interest-bearing bank loans and other borrowings of RMB2,054,051,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group (iv) Mr. Fan Guangpei, the non-controlling shareholder of Shandong Xingmeng, a subsidiary of the Company (2016: RMB2,524,460,000 were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited and Hangzhou Taoyuan Shanzhuang Property Development Limited, related parties of the Group 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:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**3,505**	862
Additional provision	**–**	2,858
Realisation	**(1,599)**	(270)
Increase in discounted amounts arising from the passage of time	**224**	55
At 31 December	**2,130**	3,505
Analysed into:		
Current	**1,098**	1,097
Non-current	**1,032**	2,408

Onerous contract provision

The Group has sold certain of the commercial properties at market prices, and then leases 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. A provision has been made for these onerous contracts based on the estimated minimum net cost of exiting from the contracts as at 31 December 2017 and 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

(Including financial review)

Business Review

The Group ceased to carry on property management business following the completion of disposal of Zhejiang Xinming Property Services Limited* ("浙江新明物業服務有限公司") ("Xinming Property") on 19 July 2017. As a result, the operation results of property management business have been classified as discontinued operation during the year and the financial figures in 2016 have been represented accordingly.

During the year ended 31 December 2017 (the "Year under Review"), the Group recorded a total revenue of approximately RMB1,888.2 million, representing a significant increase of RMB1,245.5 million or approximately 193.8% from approximately RMB642.7 million of 2016. The annual sales and delivered gross floor area sold were approximately RMB1,834.7 million and 101,825 sq.m., representing an increase of approximately RMB1,241.6 million or approximately 209.3% and an increase of approximately 67,346 sq.m. compared to approximately RMB593.1 million and approximately 34,479 sq.m., respectively of 2016. The average selling price for sales was RMB18,018.7 per sq.m., representing an increase of 4.7% year-on-year, which was mainly due to the completed construction and the completion of property transfer and delivery procedures of Hangzhou Xinming • Children's World project before December 2017.

Profit attributable to the shareholders of the Company amounted to approximately RMB242.3 million, representing a significant increase of approximately 22.8 times from a profit of approximately RMB10.2 million in 2016. Basic earnings per share were approximately RMB0.13.

The Board did not recommend the payment of final dividend for the year ended 31 December 2017.

As at 31 December 2017, total assets of the Group amounted to approximately RMB6,753.6 million (31 December 2016: approximately RMB7,887.2 million); total liabilities were approximately RMB4,671.6 million (31 December 2016: approximately RMB5,946.7 million); total equity was approximately RMB2,082.0 million (31 December 2016: approximately RMB1,940.5 million); and net assets per share were approximately RMB1.11 (31 December 2016: approximately RMB1.03).

Property Development

During the Year under Review, the two property projects assets of the Group comprising Xinming international logistics center and the commercial building project at No. 8, North Section, Taizhou boulevard, Jiaojiang District, Taizhou, have all been sold and delivered to the buyers.

As at 31 December 2017, the Group's property portfolio had 16 property development projects with an aggregate GFA of approximately 2,164,451 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 of approximately RMB1,834.7 million, representing a significant increase of approximately 209.3% as compared to approximately RMB593.1 million of 2016. Total GFA delivered during the Year under Review was approximately 101,825 sq.m., representing a significant increase of approximately 195.3% as compared to 2016, which was mainly Hangzhou Xinming • Children's World. The average selling price of property was approximately RMB18,018.7 per sq.m., representing a slightly increase in average price of approximately 4.7% compared to that of last year, which was mainly due to the respectively higher average selling price of Hangzhou Xinming Children's World and representing approximately 96.1% of the total sales amounts of the Group. Property sales remained the largest revenue source to the Group, representing approximately 97.2% of its total revenue. Property sales increased during the Year under Review, mainly due to the completed construction and the completion of property transfer and delivery procedures of Hangzhou Xinming • Children's World project before December 2017.

Property Leasing

The Group carries out 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 2017, the actual area leased out was approximately 142,698 square meters, representing approximately 72% 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 RMB53.5 million, representing an increase of approximately 7.9% as compared to RMB49.6 million in 2016, mainly because the lease period of Chongqing Xinming EasyHome project started from September in 2016, while the lease period in 2017 was for a term of an entire year.

Discontinued Operation

The Group provides property management services to the owners of residential properties developed by the Group through Xinming Property until the owners of such development projects are allowed by law to select their own property management companies.

The Company announced on 20 July 2017 that it would sell 100% equity of Xinming Property to Hangzhou Lanlv Investment Advisory Company Limited (as an independent third party) at a nominal value of RMB1. For details, please refer to the relevant announcement published on the website of the Stock Exchange on 21 July 2017. The principal activities of the Group, after disposal of Xinming Property, consist of property development, property sales and property leasing. Details of the results of the discontinued business from 1 January 2017 to 26 July 2017 are set out in the note 9 to the consolidated financial statements.

Land Reserves

As at 31 December 2017, the Group's property portfolio included 16 property development projects located in a number of cities throughout China. These projects was at different stages of development, but total GFA amounted to approximately 1,143,268 square meters, of which approximately 540,968 square meters was completed, approximately 201,180 square meters was under development, and approximately 401,120 square meters was held for future development.

The following table summarizes the Group's land reserve by geographical location as at 31 December 2017:

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	204,340	–	–	204,340	17.9%
Shanghai	100,974	–	–	100,974	8.8%
Chongqing	127,752	171,551	221,176	520,479	45.5%
Tengzhou	56,368	29,629	179,944	265,941	23.3%
Hangzhou	51,534	–	–	51,534	4.5%
Total	540,968	201,180	401,120	1,143,268	100.0%

Prospects

Looking forward to 2018, keeping the economic operation at a reasonable range is the key note of China's economy. It is expected that China's economic operation will stabilize and persevere in the supply-side structural reform. Effort is put into the economic structure optimization and the promotion to the continuation of the conversion of old and new power.

In 2018, it is expected that due to the short-term control policies, the housing demand in first-tier cities and some second-tier cities will be effectively contained and the market prices stabilized. Third-tier cities market transactions are more active. The key note of real estate market regulation will continue. There are still many uncertainties in the macroeconomic environment. The real estate market is still in the downward cycle. There are many factors which affect the development of the domestic real estate market trends. At the same time, the central government emphasizes the properties of housing and the market demand for boutique housing. Xinming China actively adjusts business strategy. The development focus of the year will shift from commercial real estate to more other types of residential housing. The Group's revenue base will grow steady in the future. The direction of development is still to maintain the tone of the field of children's real estate.

Financial Review

Revenue

The Group's revenue is primarily generated from property sales and property leasing services, which contributed approximately 97.2% and 2.8%, respectively, to the revenue of 2017. The Group's revenue increased by approximately RMB1,245.5 million, or approximately 193.8%, to approximately RMB1,888.2 million for 2017 from approximately RMB642.7 million for 2016. Property sales remained the largest revenue source of the Group. Property sales increased mainly due to the completion of construction and the property transfers delivery procedures of Hangzhou Xinming • Children's World project before the end of December 2017.

Cost of sales

The Group's cost of sales increased by RMB873.5 million, or 296.3%, to RMB1,168.3 million for 2017 from RMB294.8 million for 2016. The increase was primarily attributable to the increase in the total GFA of properties delivered during the Year under Review as compared with last year, which led to the respective increase in the cost of sales.

Gross profit

During the Year under Review, the gross profit amounted to approximately RMB719.9 million, representing an increase of approximately RMB372.1 million or 107.0% as compared to RMB347.8 million in the last year. The gross profit margin was approximately 38.1%, representing a decrease of approximately 16.0% as compared to approximately 54.1% in the last year. The decrease in gross profit margin was mainly due to the sales of property in Hangzhou delivered during the Year under Review, the gross profit margin of which was approximately 36.9%.

Other income and gains

Other income and gains during the Year under Review amounted to approximately RMB163.3 million, increased by approximately RMB157.5 million or 27.2 times as compared to approximately RMB5.8 million in the last year, which was mainly because the total gain on disposal of Xinming Property, a then wholly-owned subsidiary of the Company, and Taizhou Logistics Center Land (legal construction area 20,853 sq. m., total land area 63,074 sq. m.) and Jiaojiang Bridge East Land (land area 16,236 sq. m.) in the sum of approximately RMB162.3 million during the Year under Review.

Selling and administrative expenses

During the Year under Review, the selling and administrative expenses amounted to approximately RMB253.1 million, representing an increase of approximately RMB76.1 million or approximately 43.0% as compared to approximately RMB177.0 million in the last year mainly due to increase in sales commission. The increase in sales commission was due to the increase of approximately 1.9 times in sales as compared with last year, but the impact was partially offset by the decline in the proportion of the commission. Administrative expense slightly decreased by approximately RMB2.4 million as compared with last year, mainly because of the better control of administrative expenses by the Company.

Other expenses

Other expenses during the Year under Review was approximately RMB107.4 million, representing an increase of approximately RMB79.0 million as compared to approximately RMB28.4 million in the last year, which was mainly because that during the Year under Review, provision of impairment for the under development property of Block 4 Phase 1 of Chongqing South-western City increased by approximately RMB36.3 million in total and Taizhou Xinming Property Investment Limited paid the property owners an expense in the sum of approximately RMB45.1 million.

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 RMB28.2 million, representing a decrease of approximately RMB31.2 million or 52.5% compared to the gain on change in fair value of investment properties of approximately RMB59.4 million for the last year, mainly due to the decrease in fair value gains of the investment property Shanghai Xinming • Children's World.

Finance costs

During the Year under Review, the net interest costs amounted to approximately RMB6.6 million, representing a significant increase of approximately RMB6.5 million as compared to approximately RMB0.1 million of last year. The increase of the financial cost was mainly due to the increase of interest as a result of the fact that interest expense of the delivered Shanghai Xinming • Children's World cannot be capitalised.

Operation profit

During the Year under Review, the operation profit amounted to approximately RMB544.2 million, representing an increase of approximately RMB336.6 million or approximately 162.1% as compared to approximately RMB207.6 million in the last year. The increase was mainly due to the increase in the revenue from property sales.

Income tax expenses

During the Year under Review, the income tax expenses amounted to approximately RMB317.4 million, representing a significant increase of approximately RMB138.0 million or approximately 76.9% as compared to approximately RMB179.4 million in the last year, mainly due to the increase of income tax and land appreciation tax RMB168.9 million. On the contrary, the change of deferred tax significantly decreased by approximately RMB30.9 million.

Profit attributable to the shareholders

During the Year under Review, the profit attributable to the shareholders amounted to approximately RMB242.3 million, representing an increase of approximately RMB232.1 million or approximately 22.8 times as compared to RMB10.2 million in the corresponding period of last year. The basic earnings per share amounted to approximately RMB0.13 per share, as compared to the basic earnings per share of approximately RMB0.01 per share of last year.

Cash flows

As at 31 December 2017, cash and bank deposits of the Group, including restricted cash, were approximately RMB657.7 million (31 December 2016: approximately RMB968.7 million), representing a decrease of approximately RMB311.0 million or 32.1% mainly due to repayment of bank loan.

During the Year under Review, the net cash generated from operating activities was approximately RMB1,001.0 million (financial year ended 31 December 2016: net cash generated of approximately RMB158.2 million). The net cash generated from investing activities was approximately RMB218.3 million (financial year ended 31 December 2016: net cash generated of approximately RMB3.2 million). The net cash used in financing activities was approximately RMB1,029.6 million (financial year ended 31 December 2016: net cash used of approximately RMB127.2 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 2017 and for the exclusive management and operation agreement entered into by the Company, in the period from 1 January 2018 to 1 July 2019, The Group would have a maximum net cash outflow of approximately RMB14 million and RMB20 million for years 2018 and 2019, respectively. 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 which we had entered into as at 31 December 2015.

Borrowings

As at 31 December 2017, the total bank loans and other borrowings of the Group were approximately RMB2,054.1 million, representing a decrease of approximately RMB955.4 million as compared to approximately RMB3,009.5 million as at 31 December 2016.

The borrowings repayable within one year of the Group was approximately RMB1,112.2 million, representing a decrease of approximately RMB432.3 million as compared to approximately RMB1,544.5 million as at 31 December 2016. Borrowings repayable after one year was approximately RMB941.9 million, representing a decrease of approximately RMB523.1 million as compared to approximately RMB1,465.0 million as at 31 December 2016.

Trade receivables, prepayments, deposits and other receivables

As at 31 December 2017, the total assets of trade receivables, prepayments, deposits and other receivables of the Group were approximately RMB195.5 million, representing a decrease of approximately RMB96.4 million as compared to approximately RMB291.9 million as at 31 December 2016, mainly due to the decrease in other receivables as a result of the recovery of borrowings.

Trade payables, advances from customers and other payables

As at 31 December 2017, the total trade payables, advances from customers and other payables of the Group was approximately RMB1,292.6 million, representing a decrease of approximately RMB498.7 million as compared to approximately RMB1,791.3 million as at 31 December 2016. The decrease was mainly because the project payment has been paid in accordance with the contracts without delay, and the corresponding decrease in trade payables of approximately RMB359.6 million.

Assets and liabilities

As at 31 December 2017, the total assets of the Group were approximately RMB6,753.6 million, representing a decrease of approximately RMB1,133.6 million as compared to approximately RMB7,887.2 million as at 31 December 2016. The total current assets were approximately RMB3,608.7 million, representing approximately 53.4% (31 December 2016: approximately 59.9%) of the total assets, decreased by approximately RMB1,112.6 million as compared to approximately RMB4,721.3 million as at 31 December 2016. However, the total non-current assets were approximately RMB3,144.9 million, representing approximately 46.6% (31 December 2016: approximately 40.1%) of the total assets, decreased by approximately RMB21.0 million as compared to approximately RMB3,165.9 million as at 31 December 2016.

As at 31 December 2017, the total liabilities of the Group were approximately RMB4,671.6 million, representing a decrease of approximately RMB1,275.1 million as compared to approximately RMB5,946.7 million as at 31 December 2016. The total current liabilities were approximately RMB3,306.7 million, representing approximately 70.8% (31 December 2016: approximately 68.2%) of the total liabilities, decreased by approximately RMB748.2 million as compared to approximately RMB4,054.9 million as at 31 December 2016. However, the total non-current liabilities were approximately RMB1,364.9 million, representing approximately 29.2% (31 December 2016: approximately 31.8%) of the total liabilities, decreased by approximately RMB526.9 million as compared to approximately RMB1,891.8 million as at 31 December 2016.

As at 31 December 2017, the net current assets of the Group were approximately RMB302.1 million, representing a decrease of approximately RMB364.4 million as compared to approximately RMB666.5 million as at 31 December 2016.

Current ratio

As at 31 December 2017, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 1.09:1 (31 December 2016: 1.16:1).

Gearing ratio

As at 31 December 2017, the gearing ratio of the Group which is total bank loans and other borrowings as a percentage of total equity, was 98.7% (31 December 2016: 155.1%). The significant decrease was mainly due to the repayment of loans within one year.

Guarantees on mortgage facilities

As at 31 December 2017, the Group provided guarantees over the mortgage loans of certain purchasers of approximately RMB19.1 million (31 December 2016: approximately RMB17.8 million).

Assets guarantees

As at 31 December 2017, the Group has pledged and restricted deposits in the bank deposits of nil (31 December 2016: approximately RMB500.0 million). In addition, partial bank borrowings of the Group were secured by the Group's certain properties under development, completed properties held for sale, investment properties and the 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. Details of the asset guarantees are set out in the note 14 to the consolidated financial statements.

Capital expenditure

During the Year under Review, the Group's total capital expenditure was approximately RMB0.1 million, mainly included construction facilities expenses (31 December 2016: approximately RMB18.2 million).

Capital commitments

As at 31 December 2017, the capital commitments related to activities of properties under development was approximately RMB37.6 million (31 December 2016: approximately RMB549.0 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 was not exposed 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 2017, the Group has a total of 222 employees (31 December 2016: total 463 employees). During the Year under Review, the number of employees decreased significantly due to the disposal of Xinming Property to third party. 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.

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 listed securities of the Company during the Year under Review.

MATERIAL EVENT AFTER THE REPORTING PERIOD

There is no other material events after the reporting period.

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 2017 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
29 March 2018

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