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: 2699)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS HIGHLIGHTS

- Revenue of the Group amounted to approximately RMB86.8 million, representing a decrease of approximately 79.4% as compared with last year.
- Gross profit of the Group amounted to approximately RMB20.7 million, representing a decrease of approximately 61.3% as compared with last year.
- Loss attributable to the owners of the Company was approximately RMB542.5 million (2023: approximately RMB526.1 million).
- Basic loss per share attributable to owners of the Company was approximately RMB0.289 (2023: approximately RMB0.281).
- The Board did not recommend the payment of final dividend for the year ended 31 December 2024.

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Xinming China Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2024 ("Year under Review") which was prepared in accordance with 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 the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	4	**86,843**	422,580
Cost of sales		**(66,176)**	(369,140)
Gross profit		**20,667**	53,440
Other income and gains and losses	5	**21**	(6,186)
Selling and distribution costs		**(3,577)**	(4,496)
Administrative expenses		**(19,821)**	(33,165)
Other expenses		**(473,844)**	(440,315)
Loss on court-ordered sale of completed properties held for sale	6	**(3,319)**	(34,641)
Changes in fair value of investment properties	10	**(12,270)**	(17,900)
Changes in fair value of convertible bonds	15	**(9,463)**	(3,814)
Finance costs	6	**(96,663)**	(77,079)
Loss before income tax	6	**(598,269)**	(564,156)
Income tax credit (expenses)	7	**8,578**	(28,475)
Loss for the year		**(589,691)**	(592,631)
Other comprehensive expense item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**(57)**	–
Total comprehensive expense for the year		**(589,748)**	(592,631)
Loss for the year attributable to:			
Owners of the Company		**(542,523)**	(526,121)
Non-controlling interests		**(47,168)**	(66,510)
		(589,691)	(592,631)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(542,580)**	(526,121)
Non-controlling interests		**(47,168)**	(66,510)
		(589,748)	(592,631)
Loss per share attributable to owners of the Company	9		
Basic and Diluted *(RMB)*		**(0.289)**	(0.281)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**668**	684
Investment properties	10	**905,930**	918,200
Deferred tax assets		**227,863**	210,093
		1,134,461	1,128,977
Current assets			
Properties under development		**402,000**	441,699
Completed properties held for sale		**557,470**	601,487
Trade receivables	11	**3,201**	1,426
Prepayments, other receivables and other assets	12	**45,505**	40,233
Restricted deposits		**1,412**	520
Cash and cash equivalents		**662**	1,335
		1,010,250	1,086,700
Current liabilities			
Trade payables	13	**459,566**	483,698
Other payables and accruals		**2,487,619**	1,873,330
Contract liabilities		**171,213**	194,332
Interest-bearing bank and other borrowings	14	**1,212,708**	1,279,465
Tax payable		**905,002**	903,384
Convertible bonds	15	**282,125**	272,662
		5,518,233	5,006,871
Net current liabilities		**(4,507,983)**	(3,920,171)
Total assets less current liabilities		**(3,373,522)**	(2,791,194)
Non-current liabilities			
Deferred tax liabilities		**175,742**	168,322
NET LIABILITIES		**(3,549,264)**	(2,959,516)

	2024	2023
	RMB'000	*RMB'000*
EQUITY		
Issued capital	**14,880**	14,880
Reserves	**(3,259,346)**	(2,770,911)
	(3,244,466)	(2,756,031)
Non-controlling interests	**(304,798)**	(203,485)
TOTAL DEFICIT	**(3,549,264)**	(2,959,516)

NOTES

1. GENERAL 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. In the opinion of the directors of the Company, the ultimate holding company is Xinxing Company Limited and the ultimate controlling shareholder is Mr. Chen Chengshou (the "Controlling Shareholder"). The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, properties development and properties leasing.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Going concern

The Group incurred a net loss of approximately RMB589,691,000 for the year ended 31 December 2024. At 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB4,507,983,000.

At 31 December 2024, the Group's borrowings of approximately RMB1,212,708,000 and convertible bonds of approximately RMB282,125,000 were overdue pursuant to the relevant borrowing agreements.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings. As of the date of this announcement, there is no other court proceedings relating to the outstanding borrowings of the Group.

(ii) continuously negotiating with various financial institutions and potential lenders/investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future. As of the date of this announcement, the Company negotiated with current and other banks and financial institutions using the lands held by the Group as guarantees on the additional financing.

(iii) accelerating the pre-sale and sale of properties under development and completed properties, such as Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. The sale of the phase 4 of Shandong Project was commenced since September 2023. Majority of the net proceeds from Shandong Project has been and will be used for the repayment of the outstanding borrowing.

(iv) actively procuring and formulating the preliminary terms with large property developer to sale individual property development project or whole commercial property at an appropriate price. The Company has been negotiating with certain potential purchaser regarding the sale of the whole Shanghai property development project. The management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.

(v) actively accelerate the de-stocking of its properties. The Company sells the residential property in Shandong and the whole or portion of commercial properties in Taizhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group's operation and effective from the current year.

Adoption of new/revised IFRSs

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Fiance Arrangements*

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

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

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

(b) the properties 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.

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 profits or loss, which is a measure or adjusted profit or loss before income tax.

No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

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

Year ended 31 December 2024

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Others** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue				
Sales to external customers	**85,371**	**1,472**	**–**	**86,843**
Segment results	**(335,157)**	**(142,458)**	**(120,654)**	**(598,269)**
Loss before income tax				**(598,269)**
Other segment information				
Bank interest income	**(6)**	**–**	**–**	**(6)**
Changes in fair value of investment properties	**–**	**12,270**	**–**	**12,270**
Changes in fair value of convertible bonds	**–**	**–**	**9,463**	**9,463**
Depreciation of property, plant and equipment	**9**	**4**	**–**	**13**
Finance costs	**96,663**	**–**	**–**	**96,663**
Impairment of completed properties held for sale	**7,050**	**–**	**–**	**7,050**
Impairment of properties under development	**5,699**	**–**	**–**	**5,699**
Impairment of trade receivables, net	**8,273**	**–**	**–**	**8,273**
Impairment of financial assets included in prepayments, other receivables and other assets, net	**18,567**	**–**	**–**	**18,567**
Interest penalties	**303,625**	**–**	**62,583**	**366,208**

Year ended 31 December 2023

	Property development *RMB'000*	Property leasing *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Segment revenue				
Sales to external customers	418,920	3,660	–	422,580
Segment results	(425,929)	(19,212)	(119,015)	(564,156)
Loss before income tax				(564,156)
Other segment information				
Bank interest income	(12)	(156)	(10)	(178)
Changes in fair value of investment properties	–	17,900	–	17,900
Depreciation of property, plant and equipment	12	1	1	14
Finance costs	70,848	–	6,231	77,079
Impairment of completed properties held for sale	19,474	–	–	19,474
Impairment of properties under development	107,040	–	–	107,040
Impairment of trade receivables, net	185	–	–	185
Impairment of financial assets included in prepayments, other receivables and other assets, net	2,571	–	–	2,571
Interest penalties	213,620	–	101,239	314,859

Geographical information

Since the Group solely operates business in the PRC and almost all of the Group's non-current assets are located in the PRC, geographical segment information in accordance with IFRS 8 Operating Segments is not presented.

Information about major customers

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

4. REVENUE

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within IFRS 15		
Sales of properties	**85,371**	418,920
Revenue from other sources		
Gross rental income from investment property operating leases		
– other lease payments, including fixed payments	**1,472**	3,660
	86,843	422,580

(a) Disaggregated revenue information

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	2024	2023
	RMB'000	*RMB'000*
Geographical region:		
– The PRC	**85,371**	418,920
Timing of revenue recognition:		
– at a point in time	**85,371**	418,920
Type of transaction price:		
– fixed price	**85,371**	418,920

The amount of revenue recognised for the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is approximately RMB77,801,000 (2023: RMB404,192,000).

(b) Performance obligations

Information about the Group's performance obligations in respect of sales of properties is summarised below:

The performance obligation is satisfied when customers obtain the physical possession or the legal title of the completed properties and the Group has right to payment and the collection of the consideration is probable.

5. OTHER INCOME AND GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**6**	178
Government grants	**5**	22
Others	**–**	116
	11	316
Gains and losses		
Exchange losses, net	**–**	(6,505)
Other gain, net	**10**	3
	10	(6,502)
	21	(6,186)

6. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	2024	2023
	RMB'000	*RMB'000*
Finance costs		
Interest on interest-bearing bank and other borrowings	**114,071**	102,121
Total interest expenses	**114,071**	102,121
Less: Interest capitalised	**(17,408)**	(25,042)
Total finance costs	**96,663**	77,079

This is stated after charging (crediting):

	2024	2023
	RMB'000	*RMB'000*
Staff costs (excluding directors' emoluments)		
Salaries, allowances and benefits-in-kind	**6,918**	11,518
Contribution to defined contribution plans	**1,656**	1,714
	8,574	13,232
Other items		
Auditor's remuneration		
– Audit services	**1,692**	1,743
Cost of properties sold	**65,534**	367,253
Cost of leasing properties	**642**	1,887
Depreciation of property, plant and equipment	**13**	14
Impairment of financial assets, net (included in "other expenses")		
– Impairment of trade receivables, net	**8,273**	185
– Impairment of financial assets included in prepayments, other receivables and other assets, net	**18,567**	2,571
	26,840	2,756
Loss on court-ordered sale of completed properties held for sale *(Note)*	**3,319**	34,641
Impairment of properties under development (included in "other expenses")	**5,699**	107,040
Impairment of completed properties held for sale (included in "other expenses")	**7,050**	19,474
Interest penalties (included in "other expenses")	**366,208**	314,859
Lease payments not included in the measurement of lease liabilities	**257**	412

Note: During the year ended 31 December 2023, another auction in respect of the land use right of Hangzhou Xinming, in respect of another 28 immovable properties located at Xinming Commercial Centre had been taken place and the said land use right had been sold in the said auction for an amount of RMB56,328,000 which is same as the aggregate reserve price to repay the Total Outstanding Loan and accordingly the loss on court-ordered sale of approximately RMB34,641,000 was charged to profit or loss for the year ended 31 December 2023.

During the year ended 31 December 2024, an auction in respect of certain completed properties held for sale of Taizhou Xinming has taken place and the said completed properties held for sale had been sold in the said auction for an amount of RMB2,114,000 which is same as the aggregate reserve price and accordingly the loss on court-ordered sale of approximately RMB3,319,000 was charged to profit or loss for the year ended 31 December 2024.

7. INCOME TAX CREDIT (EXPENSES)

	2024	2023
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax – current year	**–**	–
Land appreciation tax ("LAT")	**1,772**	31,325
	1,772	31,325
Deferred tax		
Origination and reversal of temporary differences	**(10,350)**	(2,850)
Total income tax (credit) expense for the year	**(8,578)**	28,475

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 operated. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group's entities incorporated in the Cayman Islands and the BVI 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 ended 31 December 2024 and 2023.

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25% the years ended 31 December 2024 and 2023.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

According to the requirements of the Provisional Regulations of the PRC on 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 the PRC 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.

8. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Loss:		
Loss attributable to owners of the Company, used in basic and diluted loss per share calculation	**(542,523)**	(526,121)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive loss per share	**1,878,622,000**	1,878,622,000

Diluted loss per share is same as basic loss per share as there were no potential ordinary shares outstanding during the year ended 31 December 2023 and 2024.

The computation of diluted loss per share does not assume the exercise of the outstanding share options since the assumed exercise would result in decrease in loss per share for the year ended 31 December 2022.

10. INVESTMENT PROPERTIES

	RMB'000
Fair value	
At 1 January 2023	936,100
Changes in fair value	(17,900)
At 31 December 2023 and 1 January 2024	918,200
Changes in fair value	(12,270)
At 31 December 2024	**905,930**

The Group's investment properties consist of commercial properties completed in the PRC. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by independent professionally qualified valuers at approximately RMB905,930,000 (2023: RMB918,200,000). For each financial reporting period, the Group's senior management may decide, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for annual financial reporting.

At 31 December 2024, the Group's investment properties with aggregate values of approximately RMB792,847,000 (2023: RMB918,200,000) were pledged to secure interest-bearing bank 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:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for commercial properties:				
At 31 December 2024	**–**	**–**	**905,930**	**905,930**
At 31 December 2023	–	–	918,200	918,200

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.

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Valuation techniques	**Significant unobservable inputs**	**Range**	
		2024	2023
Direct comparable method	Unit rate per gross floor area *(RMB per square meter)*	**5,000–8,000**	5,262–6,594

A significant increase (decrease) in the estimated unit rate per gross floor area would result in a significant increase (decrease) in the fair value of the investment properties.

11. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**11,474**	28,734
Less: Allowance for impairment	**(8,273)**	(27,308)
	3,201	1,426

Trade receivables represent rentals receivable from tenants which are normally payable on demand and sales income receivables from customers which are payable 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.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**3,201**	1,426

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the reporting period	**27,308**	27,123
Increase in allowance, net	**8,273**	185
Written off	**(27,308)**	–
At the end of the reporting period	**8,273**	27,308

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2024	**Expected credit loss rate**	**Gross carrying amount**	**Expected credit losses**
	%	***RMB'000***	***RMB'000***
Past due			
Within 1 year	**72.10**	**11,474**	**8,273**

At 31 December 2023	Expected credit loss rate	Gross carrying amount	Expected credit losses
	%	*RMB'000*	*RMB'000*
Past due			
Within 1 year	45.36	2,610	1,184
More than 1 year	100.00	26,124	26,124
	95.04	28,734	27,308

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**2,397**	3,152
Other tax recoverable	**2,123**	2,123
Deposits and other receivables	**174,186**	167,970
	178,706	173,245
Less: Allowance for impairment	**(133,201)**	(133,012)
	45,505	40,233

Deposits and other receivables mainly represent deposits with suppliers. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied for where there were no comparable companies at 31 December 2024 was 76.5% (2023: 79.2%).

The movements in allowance for impairment are as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the reporting period	**133,012**	130,441
Increase in impairment	**18,567**	2,571
Written off	**(18,378)**	–
At the end of the reporting period	**133,201**	133,012

13. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Less than one year	**16,842**	131,593
Over one year	**442,724**	352,105
	459,566	483,698

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate	**Maturity**		Effective interest rate	Maturity	
	%		***RMB'000***	%		*RMB'000*
Current						
Current portion of interest-bearing borrowings, secured	**3.00–15.60**	**On demand or within one year**	**1,212,708**	6.80–11.50	On demand or within one year	1,279,465

	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Interest-bearing borrowings repayable within one year	**1,212,708**	1,279,465

At 31 December 2024, the Group's borrowings amounting approximately RMB1,209,000,000 (2023: RMB1,279,465,000) were overdue pursuant to the relevant agreements which constituted events of defaults.

In connection with the default and cross-default (if applicable), the Group was subject to penalties of approximately RMB1,028,095,000 (2023: RMB1,175,760,000) which were included in the other payables and accruals at 31 December 2024.

The Group's borrowings are secured by the pledges of the following assets 31 December 2024 and 2023 as follows:

(i) At 31 December 2024, the Group's borrowings of approximately RMB216,847,000 (2023: RMB239,606,000) were secured by the 100% equity interest in 台州溫商時代置業有限公司 (Taizhou Wenshang Times Property Limited*) ("Wenshang Times"), a subsidiary of the Company.

    At 31 December 2024, the Group's borrowings of approximately RMB879,877,000 (2023: RMB875,000,000) were secured by the Group's investment properties with aggregate carrying values of approximately RMB792,847,000 (2023: RMB918,200,000).

(ii) At 31 December 2024, the Group's borrowings of approximately RMB216,847,000 (2023: RMB239,606,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) a subsidiary of the Company, and (iv) Xinming Group Limited, a related party of the Group.

    At 31 December 2024, the Group's borrowings of approximately RMB532,152,000 (2023: RMB584,858,000) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, and (iii) a subsidiary of the Company.

    At 31 December 2024, the Group's borrowings of approximately RMB460,000,000 (2023: RMB455,000,000) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group, (iv) Miss Chen Xi and Mr. Chen Junshi, the daughter and the son of the Controlling Shareholder, Mr. Chen Chengshou, and (v) a subsidiary of the Company.

15. CONVERTIBLE BONDS

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK$300,000,000 (equivalent to approximately RMB252,604,000) (the "Convertible Bonds") at the price of 100% of their principal amount. The Convertible Bonds were redeemable at the option of the bondholders at a price of HK$1.39 per bond on 1 June 2020. The convertible bonds bore interest at the rate of 6.5% plus 1% handling fee per annum (the "Coupon Rate") and were payable in arrears every six months.

The convertible bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and the non-executive director, Ms. Gao Qiaoqin, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou.

The Convertible Bonds were matured on 31 May 2020 and the outstanding principal amount was not yet settled up to 31 December 2024.

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

	Convertible bonds *RMB'000*
At 1 January 2023	268,848
Charge in fair value	3,814
At 31 December 2023	272,662
Charge in fair value	9,463
At 31 December 2024	**282,125**

At 31 December 2024 and 2023, the Group's Convertible Bonds were valued by management of the Group by using discounted cash flow method with the following key assumptions:

Discount rate	Coupon Rate

The fair value of the Convertible Bonds was categorised into level 3 fair value hierarchy as defined in IFRS 13, Fair Value Measurement. The significant unobservable input into this valuation approach is the discount rate. An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the Convertible Bonds.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2024.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple material uncertainties relating to going concern

As set out in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB589,691,000 for the year ended 31 December 2024. At 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB4,507,983,000. In addition, at 31 December 2024, the Group's borrowings of approximately RMB1,212,708,000 and the convertible bonds issued by the Group amounting approximately RMB282,125,000 were overdue pursuant to the borrowing agreements which constituted events of defaults. These conditions, together with other matters disclosed in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The Management has been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple material uncertainties, including (i) successfully negotiating with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default; (ii) successfully negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) successfully negotiating with various financial institutions and potential lenders/investors to identify various options for additionally financing the Group's working capital and commitments in the foreseeable future; (iv) successfully accelerating the pre-sale and sale of properties under development and completed properties and speeding up the collection of outstanding sales proceeds, and controlling costs and capital expenditure so as to generate adequate net cash inflows; and (v) successfully procuring and negotiating the preliminary terms with large property development enterprises for the sale of individual property development project at a price deemed appropriate.

Accordingly, we were unable to obtain sufficient appropriate audit evidence about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Details of the Audit Modification and the Management's Position, View and Assessment on the Relevant Audit Modification

In view of the detailed conditions set out in the note 2 to the consolidated financial statement for the year ended 31 December 2024 in this announcement, the auditor is of the view that, there's significant uncertainties that may cast significant doubt regarding the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is subject to the Group's ability to generate sufficient financial and operating cash flows. As at 31 December 2024, the Group's certain borrowings amounted to approximately RMB1,212,708,000 and convertible bonds amounted to approximately RMB282,125,000 were overdue in accordance with repayment schedules pursuant to the borrowing agreements. In view of these circumstances, in assessing whether the Group will have sufficient financial resources to continue as a going concern, the management of the Group (the "Management") has taken into full consideration of the future liquidity and performance of the Group and its available sources of finance. To mitigate the liquidity pressure and improve the cash flow position of the Group, the Management has adopted and will continue to implement various measures mentioned in this announcement. Therefore, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

The Management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no actions will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings. As of 31 December 2024, the outstanding amount of the total principal is RMB1,212.7 million. According to the recent negotiations with various financial institutions and the current market situation, the Management considers that after repayment or waive of overdue interests, the financial institutions will be willing to extend the current repayment schedule of outstanding borrowings and waive the penalty interest.

The Action Plan in Response to the Audit Modification of the Group and the Impact of the Audit Modification on the Financial Position of the Company

In response to the uncertainties that may cast doubt regarding the Group's ability to continue as a going concern and for the purpose of the removal of the Audit Modification, the Company has adopted and intends to continue the implementation of the following measures, including but not limited to:

(i) continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings. As of the date of this announcement, there is no other court proceedings relating to the outstanding borrowings of the Group.

(ii) continuously negotiating with various financial institutions and potential lenders/investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future. As of the date of this announcement, the Company negotiated with current and other banks and financial institutions using the lands held by the Group as guarantees on the additional financing.

(iii) accelerating the pre-sale and sale of properties under development and completed properties, such as Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. The sale of the phase 4 of Shandong Project was commenced since September 2023. Majority of the net proceeds from Shandong Project has been and will be used for the repayment of the outstanding borrowing.

(iv) actively procuring and formulating the preliminary terms with large property developer to sale individual property development project or whole commercial property at an appropriate price. The Company has been negotiating with certain potential purchaser regarding the sale of the whole Shanghai property development project. The management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.

(v) actively accelerate the de-stocking of its properties. The Company sells the residential property in Shandong and the whole or portion of commercial properties in Taizhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

China's property investment dropped 10.6% in 2024 and overall property sales slumped 12.9% as reported by National Bureau of Statistics data. Therefore, the Group failed to implement its previous plans effectively, including accelerating the sale of its properties under development or completed properties as expected to repay the borrowings during the year ended 31 December 2024. However, despite of the global economic downturn, deceleration of geopolitical relationships and the drag on China's overall economic recovery, it is expected that the targeted policies and initiatives introduced by PRC policymakers during 2024 and in early 2025 will stabilise the PRC property market and prevent further declines. The PRC property market will then gradually see signs of recovery.

In the best case scenario, assuming (i) the Company could successfully sell the whole or portion of commercial properties in Taizhou and Shanghai as a package; (ii) the Company is able to successfully extend the repayment schedules of existing borrowings; and (iii) financial institutions are willing to waive penalty after repayment of overdue principal and/or interest, it will be able to fully repay all overdue interests and principal. Even if the Company could not sell the whole or portion of commercial properties in Taizhou and Shanghai as a package, assuming (i) the Company is able to sell its residential properties in Shandong and commercial properties in Taizhou and Shanghai to individual customers; (ii) the Company is able to sell whole of commercial properties in Shanghai as a package; (iii) the Company is able to successfully extend the repayment schedules of existing borrowings; and (iv) financial institutions are willing to waive penalty after repayment of overdue principal and/or interest, the Company will be able to fully repay the overdue interest and principal of the borrowings.

Therefore, the Directors are of the view that the action plan of the Group is reasonable and adequate to resolve the Audit Modification. Having taken into consideration of the progress update of the aforesaid action plan and relevant measures of the Company, the Directors believe that the Group will have sufficient working capital to prepare the Group's consolidated financial statements on a going concern basis.

Audit Committee's View on the Audit Modification

The Audit Committee has been closely communicating with the Management and the Auditor on the Audit Modification. The Management has reported regularly to the Audit Committee on the measures taken to improve the conditions of the Group's cash flow and their progress during the year. The Board and the Audit Committee have taken into account of the following actions taken by the Management prior to publication of the audited consolidated financial statements of the Company for the year ended 31 December 2024, including (i) renewal or extension of outstanding borrowings; (ii) additional financing; (iii) accelerating the pre-sale and sale of properties under development and completed properties; (iv) selling properties as a whole; and (v) developing properties through joint efforts of the Company and its potential investors. The Management also provides explanation to the audit committee, part of the reasons that the Company failed to remove the Audit Modification for the year ended 31 December 2024 are as follows: (i) the total GFA and residential properties for sale in the PRC have been sluggish since the relaxation of the domestic epidemic control policy in 2022. In addition, pre-sale of GFA and sales of commercial properties in 2024 were largely lower than expected due to the time required for targeted policies and initiatives introduced by PRC policymakers bolster the PRC property market, restore confidence and rekindle demand; and (ii) therefore, the Group failed to accelerate the pre-sale and sale of the properties under development and completed properties.

According to the aforesaid factors and having taken into consideration of the overdue interest of the outstanding loans and the amount of the principal, the Board and the Audit Committee understood that the action plan was still ongoing as at the date of approval of the financial statements and the Company will need time for completing the action plan, in particular the disposal of investment properties which will lead to the Group receiving substantial amount of proceeds and will mitigate the Group's liquidity pressure and address the Audit Modification.

Based on the above, the Audit Committee believes the Management has used its best endeavors to act in accordance with its previous plan in order to address the Audit Modifications and the Audit Committee continues to support the Management's point of view and have been meeting regularly with the Management for monitoring the progress of its actions taken to address the Audit Modifications.

Given (i) the value of the investment properties owned by the Group amounted to approximately RMB905.9 million as at 31 December 2024; and (ii) residential property market is expected to stabilise and gradually recover in 2025 and the pre-sale and sale of residential properties of the Shandong Project and sale of the commercial properties in the Shanghai Project is ongoing, the Audit Committee agreed with the Management that despite the previous plan failed to adequately address the Audit Modification, the Company's revised action plan is reasonable and adequate to resolve the Audit Modification.

The Audit Committee is also of the view that the Management should continue to act in the best interests of the Shareholders in implementing the actions and measures set out in the action plan with the intention of mitigating the Group's liquidity pressure and removing the Audit Modification.

The Company will publish further announcement(s) disclosing any developments and updates on (a) the Company's negotiations with banks and financial institutions; (b) the progress of the pre-sale and sale of properties under development and completed properties; and (c) the disposal of the residential properties in Shandong and whole or portion of commercial properties in Taizhou and Shanghai as a package.

MANAGEMENT DISCUSSION AND ANALYSIS

(including financial review)

INDUSTRY REVIEW AND OPERATION MANAGEMENT

In 2024, according to the data published by the National Bureau of Statistics, the housing construction area of real estate development enterprises was 733,247,000 square meters, down 12.7% from the previous year. Sales of newly constructed commercial real estate amounted to RMB9,675 billion, a decline of 17.1%, of which residential sales declined by 17.6%. The real estate industry was inevitably affected by the downward trend of national property market.

During the Year under Review, the Group implemented various methods to focus on assets revitalization and liabilities reduction to improve the going concern issue of the Company. The Company focused on the residential property development of Shandong Project, and completed the second and third phases of presale. Meanwhile, the Company will continue to actively negotiate with various financial institutions to extend the repayment date or refinance its outstanding borrowings, and will proactively seek various feasible options in assets revitalization in the future, including but not limited to change of property use and sale of property in its overall strategy.

BUSINESS REVIEW

During the Year under Review, the Group recorded property sales of approximately RMB85.4 million, representing a decrease of approximately RMB333.5 million or approximately 79.6% as compared to approximately RMB418.9 million in 2023, It was mainly due to the overall downturn in the PRC property market. Although PRC policymakers had implemented stabilization policies during 2024 and in early 2025, the market environment had yet to recover to reflect the effects of these policies. The Company expects that, starting in the second half of 2025, the PRC property market will gradually show signs of recovery as the effects of the stabilization policies implemented by the PRC government begin to take hold. In fact, the Company recorded moderate sales from the Shandong Project; however, due to the recent downturn in the PRC property market, revenue from other projects was low, leading to an overall decrease in revenue during the Year under Review. Total GFA delivered during the Year under Review was approximately 7,451.3 sq.m., representing approximately 88.3% decrease compared to approximately 63,413.5 sq.m. in 2023. Property sales was the major revenue source of the Group, representing approximately 98.3% of the Group's total revenue. In the meantime, many real estate developers aggressively pursued sales by lowering prices and offering promotions, intensifying market competition. In response, the Group proactively adjusted its business strategy, exploring flexible approaches for each project – such as repurposing properties or selling entire developments – to accelerate cash flow. However, these measures did not significantly boost the Group's revenue during the Year under Review.

Loss attributable to the shareholders of the Company amounted to approximately RMB542.5 million, representing an increase of approximately RMB16.4 million or approximately 3.1% as compared to approximately RMB526.1 million in 2023, mainly attributable to the drop of revenue and other expenses and financial cost during the Year under Review. Loss per share was approximately RMB0.289 (2023: approximately RMB0.281).

During the Year under Review, the Board did not recommend payment of a final dividend for the year ended 31 December 2024. As at 31 December 2024, total assets of the Group amounted to approximately RMB2,144.7 million (31 December 2023: approximately RMB2,215.7 million); total liabilities were approximately RMB5,694.0 million (31 December 2023: approximately RMB5,175.2 million); total deficit was approximately RMB3,549.3 million (31 December 2023: approximately RMB2,959.5 million); and net liabilities per share were approximately RMB1.89 (31 December 2023: approximately RMB1.58).

Property Development

As at 31 December 2024, the Group's property portfolio consisted of 5 property development projects with an aggregate GFA of approximately 382,000 sq.m. developed and 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 RMB85.4 million, representing a decrease of approximately RMB333.5 million or approximately 79.6% as compared to approximately RMB418.9 million in 2023 Total GFA of property sales delivered during the Year under Review was approximately 7,451.3 sq.m., representing a significant decrease of approximately 63,413.5 sq.m. as compared with 2023 due to mainly the overall downturn in the PRC property market and those of accumulated pre-sales residential units were delivered and recognised in 2023. In this regard, The Group has undertaken active business realignment measures, assessing all potential project applications including, without limitation, alterations to property usage and property divestments. These actions have not, as at the reporting date, yielded measurable revenue contributions.

Property Leasing

The Group carries out property leasing business through leasing its commercial properties held for investment and leasing the sold commercial properties leased back from third parties by the Group. As at 31 December 2024, the actual area leased out was approximately 13,546.5 sq.m., representing approximately 90.2% of the Group's total investment properties held-for lease and the sold commercial properties leased back from third parties purchasers.

During the Year under Review, the rental income was approximately RMB1.5 million, representing a decrease of approximately RMB2.2 million or 59.8% as compared to approximately RMB3.7 million in 2023.

Court ordered sale of completed properties held for sale

During the year ended 31 December 2024, an auction in respect of certain completed properties held for sale of Taizhou Xinming has taken place and the said completed properties held for sale had been sold in the said auction for an amount of RMB2,114,000 which is same as the aggregate reserve price and accordingly the loss on court-ordered sale of approximately RMB3,319,000 was charged to profit or loss for the year ended 31 December 2024.

LAND RESERVES

As at 31 December 2024, the Group's property portfolio consisted of 5 property development projects located in a number of cities throughout China. These projects were at various stages of development, with total GFA amounting to approximately 382,000 sq.m., of which approximately 281,000 sq.m. was completed, approximately 22,000 sq.m. was under development, and approximately 79,000 sq.m. was held for future development.

PROSPECTS

Looking ahead to 2025, with the impact of the epidemic dissipated, economic activities are returning to normal order, with various cities relaxing restrictions on purchases and loans, followed by the introduction of "three-arrow" measures such as guaranteeing the delivery of properties, credit, debt issuance and equity financing, which are all favourable to real estate enterprises. The property market is expected to gradually stabilise and recover, and property investment sentiment is expected to rebound.

In the National Economic Programme of the 20th National Congress of the PRC government, the PRC government stated that it is required to maintain stable and healthy development of the real estate market, and adhere to the principle of "housing is for living in and not for speculation". As China's demographic structure gradually increases the rate of urbanization and the economies of third and fourth tier cities are expected to grow, the development of real estate investment is expected to become the focus of the market.

The Group will actively accelerate its de-stocking of completed properties while exploring feasibility of assets revitalisation, including but not limited to changing of property use and sale of properties in its entirety. Furthermore, the Group will negotiate with different financial institutions in respect of its outstanding borrowings, with a view to improving its liability and financial gearing conditions.

FINANCIAL REVIEW

Revenue

The Group's revenue is primarily generated from property sales and property leasing services, which contributed approximately 98.3% and 1.7%, respectively, to the revenue during the Year under Review of approximately RMB86.8 million. Property sales, the major revenue source of the Group, decreased by approximately RMB333.5 million from approximately RMB418.9 million in the same period of last year, mainly represented by the sale of the Shandong residential project during the Year Under Review, which was substantially less than the same period of last year due to the completion of residential property development of the Shandong Project of the second and third phases of legal property registration that was recognised as sales in 2023. Property leasing recorded a decrease of approximately RMB2.2 million as compared to approximately RMB3.7 million in the same period of last year.

Cost of sales

During the Year under Review, the Group's cost of sales was approximately RMB66.2 million, representing a significant decrease of approximately RMB303.0 million or 82.1% as compared to approximately RMB369.1 million in the same period of last year. Such decrease was primarily attributable to a reduction of the delivered properties sales during the Year under Review.

Gross profit

During the Year under Review, gross profit amounted to approximately RMB20.7 million, representing a decrease of approximately RMB32.8 million or approximately 61.3% as compared to approximately RMB53.4 million in the same period of last year. The gross profit margin was approximately 23.8%, which increased as compared to approximately 12.6% last year, which was mainly attributable to the effective cost control of Shandong residential properties held for sale.

Other income and gains and losses

Other income and gains and losses during the Year under Review amounted to approximately RMB21,000 as compared to a loss of approximately RMB6.1 million in the same period of last year, mainly due to no significant exchange loss arisen during the Year under Review.

Selling and administrative expenses

During the Year under Review, the selling and administrative expenses amounted to approximately RMB23.4 million, representing a decrease of approximately RMB14.3 million or approximately 37.9% as compared to approximately RMB37.7 million in last year, mainly due to a decrease in administrative expenses by approximately RMB13.3 million as compared to the same period of last year through continued streamlining the manpower of the Group in line with the decrease in revenue.

Other expenses

Other expenses during the Year under Review was approximately RMB473.8 million, representing an increase of approximately RMB33.5 million or approximately 7.6% as compared to approximately RMB440.3 million in the same period of last year, mainly due to (i) increase in liquidated damages on borrowings; (ii) offset by a decrease in provision for impairment of properties due to the expected decrease of their realisable value; and (iii) the market of properties under development and completed properties held for sale were adversely affected by the weak market sentiment during the year ended 31 December 2024 and an impairment provision of approximately RMB5.3 million was made during the year ended 31 December 2024 under the impact of the expected decrease of realizable value on financial assets. Breakdown of other expenses are set out below:

	2024	2023
	RMB'000	*RMB'000*
Liquidated damages on borrowings	**412,709**	314,859
Provision for impairment of properties under development and completed properties held for sale	**55,861**	126,514
Impairment losses on financial assets, net	**5,273**	2,756
Total	**473,843**	444,129

Change in fair value of investment properties

During the Year under Review, the loss on change in fair value of investment properties amounted to approximately RMB12.3 million, representing a decrease of approximately RMB5.6 million or approximately 31.5% as compared to that of approximately RMB17.9 million in the same period of last year. The fair value of investment properties decreased at a slower rate as compared to that in the same period of last year as the downturn in the real estate sector stabilised during the Year Under Review.

Finance costs

During the Year under Review, the finance costs amounted to approximately RMB96.7 million, representing an increase of approximately RMB19.6 million or approximately 25.4% as compared to approximately RMB77.1 million in the same period of last year, mainly due to an increase in interest on interest-bearing bank and other borrowings and a decrease of capitalised interest as compared to the same period of last year.

Operating loss

During the Year under Review, the operating loss amounted to approximately RMB598.3 million, representing an increase of loss of approximately RMB34.1 million or approximately 6.0% as compared to the operating loss of approximately RMB564.2 million in the same period of last year which was mainly due to a decrease in revenue and the increase in liquidated damages on borrowings.

Income tax credit/expense

During the Year under Review, the income tax credit amounted to approximately RMB8.6 million as compared to income tax expense of approximately RMB28.5 million in the same period of last year, mainly due to deferred tax movements and the decrease in land appreciation tax.

Loss attributable to the shareholders

During the Year under Review, the loss attributable to the shareholders amounted to approximately RMB542.5 million, representing an increase of approximately RMB16.4 million or approximately 3.1% as compared to the loss of approximately RMB526.1 million in the same period of last year. The basic loss per share was approximately RMB0.289 (2023: approximately RMB0.281).

Cash flows

As at 31 December 2024, cash and bank deposits of the Group, including restricted cash, was approximately RMB2.1 million in aggregate (31 December 2023: approximately RMB1.9 million), representing an increase of approximately RMB0.2 million or approximately 11.8%.

Borrowings

As at 31 December 2024, the total borrowings of the Group were approximately RMB1,212.7 million, representing a decrease of approximately RMB66.8 million or approximately 5.2% as compared to approximately RMB1,279.5 million as at 31 December 2023.

The borrowings on demand and repayable within one year of the Group were approximately RMB1,212.7 million, representing a decrease of approximately RMB66.8 million or approximately 5.2% as compared to approximately RMB1,279.5 million as at 31 December 2023. The decrease was due to the repayment of loan principals through the court-ordered sales which covered repayment of certain principals and default interests.

Trade receivables, prepayments, other receivables and other assets

As at 31 December 2024, the sum of trade receivables, prepayments, other receivables and other assets of the Group was approximately RMB48.7 million, representing an increase of approximately RMB7.0 million or approximately 16.9% as compared to approximately RMB41.7 million as at 31 December 2023, mainly due to an increase of prepayment in the Shandong Project.

Trade payables, contract liabilities and other payables and accruals

As at 31 December 2024, the sum of trade payables, contract liabilities, other payables and accruals of the Group was approximately RMB3,118.4 million, representing an increase of approximately RMB567.0 million or approximately 22.2% as compared to approximately RMB2,551.4 million as at 31 December 2023. The increase was mainly due to an increase in accrual of interest and penalties on interest and other payables for the Shandong Project.

Assets and liabilities

As at 31 December 2024, the total assets of the Group was approximately RMB2,144.7 million, representing a decrease of approximately RMB71.0 million as compared to approximately RMB2,215.7 million as at 31 December 2023. The total current assets was approximately RMB1,010.3 million, representing approximately 47.1% (31 December 2023: approximately 49.1%) of the total assets, with a decrease of approximately RMB76.5 million as compared to approximately RMB1,086.7 million as at 31 December 2023. The total non-current assets was approximately RMB1,134.5 million, representing approximately 52.9% (31 December 2023: approximately 51.0%) of the total assets, with an increase of approximately RMB5.5 million as compared to approximately RMB1,129.0 million as at 31 December 2023.

As at 31 December 2024, the total liabilities of the Group was approximately RMB5,694.0 million, representing an increase of approximately RMB518.8 million as compared to approximately RMB5,175.2 million as at 31 December 2023. The total current liabilities was approximately RMB5,518.2 million, representing approximately 96.9% (31 December 2023: approximately 96.7%) of the total liabilities, with an increase of approximately RMB511.4 million as compared to approximately RMB5,006.9 million as at 31 December 2023. The total non-current liabilities was approximately RMB175.7 million, representing approximately 3.1% (31 December 2023: approximately 3.3%) of the total liabilities, with an increase of approximately RMB7.4 million as compared to approximately RMB168.3 million as at 31 December 2023.

As at 31 December 2024, the net current liabilities of the Group was approximately RMB4,508.0 million, representing an increase of approximately RMB587.8 million or approximately 15.0% as compared to the net current liabilities of approximately RMB3,920.2 million as at 31 December 2023.

Current ratio

As at 31 December 2024, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 0.18:1 (31 December 2023: 0.22:1).

Gearing ratio

As at 31 December 2024, the gearing ratio of the Group was calculated based on net debt divided by the sum of total equity and net debt. The Group's net debt consists of interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratio of the Group was (72.7)% (31 December 2023: (110)%).

Convertible bonds

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK$300,000,000 (the "Convertible Bonds" or "CB") at the price of 100% of their principal amount. The Convertible Bonds were redeemable at the option of the bondholders at a price of HK$1.39 per bond on 1 June 2020. The convertible bonds bore interest at the rate of 6.5% plus 1% handling fee per annum (the "Coupon Rate") and were payable in arrears every six months. The convertible bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and the nonexecutive director, Ms. Gao Qiaoqin, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou, of which the aforesaid shares was completely sold and transferred to Share Purchasers on 16 January 2025.

On 16 January 2025, the Company was informed by Chance Talent ("CB Sellers") that on 15 January 2025, Advance Day and CB Sellers transferred the convertible bonds, free from all encumbrances, together with all rights and entitlements attaching to them, to the CB Purchaser, Motivational Mathematics Limited, at the total consideration of HK$31.5 million.

For details, please refer to the Company's announcements dated 16 January 2025 and 21 January 2025 respectively.

The principal amount of HK$300 million and interests have not been settled as of the date of this announcement.

Significant investments

During the Year under Review, the Group has no significant investment.

Material acquisitions and disposals of subsidiaries

During the Year under Review, the Group has no material acquisitions or disposals of any subsidiaries.

Guarantees on mortgage facilities

As at 31 December 2024, the Group provided guarantees over the mortgage loans of certain purchasers of approximately RMB28.0 million (31 December 2023: approximately RMB28.6 million).

Assets guarantees

As at 31 December 2024, the Group has pledged or restricted deposits in the bank deposits of RMB1.4 million (31 December 2023: approximately RMB0.5 million). In addition, partial other borrowings of the Group were secured by the Group's certain properties under development, completed properties held for sale, investment properties and the equity interests in certain subsidiaries of the Group, and jointly guaranteed by the Controlling Shareholder of the Group, Mr. Chen Chengshou ("Mr. Chen"), Mr. Chen's children and 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.

Capital expenditure

During the Year under Review, the Group's total capital expenditure was approximately RMB0 million (31 December 2023: approximately RMB0 million).

Capital commitments

As at 31 December 2024, the capital commitments related to activities of properties under development were approximately RMB24.5 million (31 December 2023: approximately RMB3.7 million).

Exposure to exchange rate fluctuations

The Group operates mainly in Renminbi, and certain bank deposits of the Group are denominated in Hong Kong dollars. Save as disclosed above, the Group was not exposed to any material exchange rate fluctuation risk and did not enter into foreign currency hedging policies. However, the Group will monitor closely the foreign exchange risk and may, as the case may be and depending on the trend of foreign currencies, consider to apply significant foreign currency hedging policies in the future.

Employees and remuneration policy

As at 31 December 2024, the Group has a total of 50 employees (31 December 2023: a total of 55 employees). The Group promoted the upgrading of talents, cultivated and recruited excellent talents with sales and management experience, improved the allocation system of remuneration linked to performance and maintained harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. Moreover, the Group has also adopted a share option scheme and a share award scheme.

Contingent liabilities

As at 31 December 2024, the Company had guarantees in respect of mortgage facilities granted to purchasers of the Group's properties of approximately RMB28.0 million (31 December 2023: approximately RMB28.6 million).

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Upon review of the corporate governance practice of the Company, the Board believed that the Company has applied the principles in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules 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 non-compliance with the code provisions of the CG Code, except for the deviation as follows:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen is the chairman and the chief executive officer of the Company ("CEO"). The Group therefore 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 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 C3 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 four independent non-executive Directors, namely Mr. Khor Khie Liem Alex (being the chairman of the Audit Committee), Mr. Chiu Kung Chak, Ms. Huang Chunlian and Ms. Lee Yin Man. The Company's consolidated annual results and financial report for the Year under Review have been reviewed by the Audit Committee.

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position of the Group and the related notes thereto for the Year under Review as set out in this announcement have been agreed by the Company's auditor, Global Link CPA Limited ("Global Link"), Certified Public Accountants, to the amounts set out in the consolidated financial statements of the Group for the year ended 31 December 2024. The work performed by Global Link in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITES 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 2024 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, the PRC
31 March 2025

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Mr. Feng Cizhao, Mr. Cao Zhiqiang and Mr. Zhou Fenli; the non-executive Directors are Ms. Gao Qiaoqin and Mr. Zhou Zhencun; and the independent non-executive Directors are Mr. Khor Khie Liem Alex, Mr. Chiu Kung Chak, Ms. Huang Chunlian and Ms. Lee Yin Man.

If there is any discrepancy between the English version and the Chinese translation, the English version shall prevail.

* *For identification purposes only*