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**CHEN XING**

## **Chen Xing Development Holdings Limited**

**辰興發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2286)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

- For the year ended 31 December 2023 (the “**Reporting Period**”), contracted sales of the Group amounted to approximately RMB499.1 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 63,923 sq.m., representing a decrease of approximately 21.3% and a decrease of approximately 21.2% comparing with the same period last year, respectively;
- Revenue of the Group for the Reporting Period amounted to approximately RMB300.4 million, of which approximately RMB298.2 million was revenue from property development;
- Gross loss of the Group for the Reporting Period amounted to approximately RMB42.1 million, of which approximately RMB44.3 million was gross loss from property development;
- Net loss of the Group for the Reporting Period amounted to approximately RMB145.8 million, of which approximately RMB151.8 million was net loss attributable to equity owners of the Company;
- Total GFA of land bank of the Group amounted to approximately 2,701,551 sq.m. and the average cost of land bank was approximately RMB834.6 per sq.m. as at the end of Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) of the Group for the Reporting Period was approximately RMB7,807.8 per sq.m.;
- Basic loss per share of the Company for the Reporting Period was approximately RMB0.25; and
- The Board has resolved not to declare a final dividend for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) hereby announces the audited annual results of the Group for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

### Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>REVENUE</b>	5, 6	<b>300,374</b>	1,195,880
Cost of sales		<u>(342,483)</u>	<u>(836,120)</u>
Gross (loss)/profit		<b>(42,109)</b>	359,760
Other income and gains	6	<b>17,841</b>	12,831
Selling and distribution expenses		<b>(15,625)</b>	(56,665)
Administrative expenses		<b>(48,713)</b>	(52,097)
Provision on expected credit loss on financial assets, net		<b>(858)</b>	(79,483)
Other expenses		<b>(19,317)</b>	(15,621)
Finance costs	7	<b>(76,008)</b>	(59,077)
Share of profits of joint ventures		<u>735</u>	<u>955</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	8	<b>(184,054)</b>	110,603
Income tax credit/(expense)	9	<u>38,301</u>	<u>(59,699)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u><b>(145,753)</b></u>	<u>50,904</u>
Attributable to:			
Owners of the parent		<b>(151,837)</b>	10,444
Non-controlling interests		<u>6,084</u>	<u>40,460</u>
		<u><b>(145,753)</b></u>	<u>50,904</u>
<b>(LOSSES)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	10	<u><b>RMB(0.25)</b></u>	<u>RMB0.02</u>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b><u>(145,753)</u></b>	<b><u>50,904</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that will not be reclassified to profit or loss subsequent periods:		
Exchange differences on translation to presentation currency	<u>702</u>	<u>4,288</u>
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	16,509	(8,371)
Income tax effect	<u>(4,127)</u>	<u>2,093</u>
	<u>12,382</u>	<u>(6,278)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>13,084</u></b>	<b><u>(1,990)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>(132,669)</u></b>	<b><u>48,914</u></b>
Attributable to:		
Owners of the parent	(138,753)	8,454
Non-controlling interests	<u>6,084</u>	<u>40,460</u>
	<b><u>(132,669)</u></b>	<b><u>48,914</u></b>

## Consolidated Statement of Financial Position

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>54,403</b>	57,517
Investment properties		<b>103,000</b>	121,000
Right-of-use assets		<b>1,097</b>	1,142
Properties under development		<b>245,647</b>	402,329
Intangible assets		<b>5</b>	8
Investments in joint ventures		<b>5,684</b>	4,949
Equity investment designated at fair value through other comprehensive income	<i>12</i>	<b>62,336</b>	45,827
Time deposits		—	4,376
Deferred tax assets		<b>228,048</b>	221,994
		<hr/>	<hr/>
Total non-current assets		<b>700,220</b>	859,142
<b>CURRENT ASSETS</b>			
Properties under development		<b>4,825,851</b>	9,184,294
Completed properties held for sale		<b>915,170</b>	1,143,239
Inventories		<b>28,064</b>	25,738
Trade receivables	<i>13</i>	<b>2,164</b>	8,579
Prepayments, other receivables and other assets		<b>3,200,329</b>	844,947
Tax recoverable		<b>89,354</b>	66,709
Pledged deposits		<b>10,149</b>	11,818
Restricted cash		<b>42,919</b>	211,756
Cash and cash equivalents		<b>203,689</b>	334,775
		<hr/>	<hr/>
		<b>9,317,689</b>	11,831,855
Assets of a disposal group classified as held for sale	<i>16</i>	<b>3,186,357</b>	—
		<hr/>	<hr/>
Total current assets		<b>12,504,046</b>	11,831,855
		<hr/>	<hr/>

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	<b>824,136</b>	1,289,815
Other payables and accruals		<b>954,662</b>	2,531,794
Contract liabilities		<b>3,668,861</b>	3,652,823
Interest-bearing bank and other borrowings	15	<b>2,815,782</b>	1,005,392
Tax payable		<b>123,125</b>	234,237
		<b>8,386,566</b>	8,714,061
Liabilities of a disposal group classified as held for sale	16	<b>3,059,057</b>	—
Total current liabilities		<b>11,445,623</b>	8,714,061
<b>NET CURRENT ASSETS</b>		<b>1,058,423</b>	3,117,794
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,758,643</b>	3,976,936
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>42,000</b>	2,186,724
Deferred tax liabilities		<b>22,838</b>	27,338
Other payables		<b>63,600</b>	—
Total non-current liabilities		<b>128,438</b>	2,214,062
<b>Net assets</b>		<b>1,630,205</b>	1,762,874

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>4,855</b>	4,855
Reserves		<b>1,385,273</b>	1,524,026
		<b>1,390,128</b>	1,528,881
Non-controlling interests		<b>240,077</b>	233,993
<b>Total equity</b>		<b>1,630,205</b>	1,762,874

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located in 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

During the Reporting Period, the Group was principally engaged in property development.

In the opinion of the directors, the ultimate controlling shareholders of the Group are Mr. Bai Xuankui and Mr. Bai Guohua.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. GOING CONCERN BASIS

As at 31 December 2023, bank loans interest payable of approximately RMB4,314,000 had not repaid according to their scheduled repayment date. As the Group failed to repay the loan interests in accordance with the repayment schedule for the year ended 31 December 2023, the related loans became immediately due in accordance with the terms of loan agreements. Hence, the entire principal of approximately RMB321,817,000 together with the interest payable and penalty interest of approximately RMB4,314,000 and approximately RMB180,000 respectively were classified as current liabilities as at 31 December 2023.

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, the delay of repayment of the above borrowings resulted in trigger the rights to request for immediate repayment term of certain borrowings with principal amount of approximately RMB2,438,465,000. Hence, the entire amount of the borrowings became immediately payable and has been classified as current liabilities as at 31 December 2023.

In the preparation of the Group's working capital forecast, the Directors have given careful consideration to the Group's future liquidity and performance and its available sources of financing to continue as a going concern. The working capital forecast for the 18 months from the date of financial statements ("**Forecast Period**") have been prepared with the following major assumptions and events being taken into account of:

- i. the disposal of equity interests in Jinzhong Development Zone Development and Construction Group Co. Ltd will be completed in the first half of 2024 and the payment of the consideration will be settled in accordance with the equity transfer agreement;
- ii. the lenders in respect of the borrowings that have the rights to demand for immediate repayment will not exercise their rights to demand immediate repayment of the relevant loans or prior to their scheduled contractual repayment dates;
- iii. lenders of other loans with maturity dates due during the Forecast Period will extend their maturity dates and will not demand partial or full repayment of the loans; and
- iv. the core business operation, asset based of the Group and the market conditions in which the Group operates and/or invests in will not differ materiality from those of present.

As a result of the borrowings that might be demanded for immediate repayment, the future operating cash inflow of the Group may not be sufficient to match the repayment schedule of borrowings and relevant interest payments.



The Board has continuously devoted effort to resolve the liquidity issue mentioned above. In view of these circumstances and to address the issue on working capital sufficiency, the Company has taken and proposes to take the following measures:

- i. the Group verbally agreed with the Group's lenders not to enforce their rights of requesting for immediate repayment and to renew or extend the borrowings prior to their respective maturity dates. During the year ended 31 December 2023 and up to the date of this announcement, the Directors had not received any notices or requests from lenders for immediate repayment of the borrowings. The Director expected that the Group would be able to renew bank and other borrowings with an aggregate outstanding principal of RMB2,815,782,000 that are repayable within one year for another year prior to their respective maturity dates.
- ii. The Group is in active negotiations with the lenders in respect of the borrowings that have the rights to demand for immediate repayment for a debt restructuring so as to settle the borrowings by using the proceeds from new borrowing plans. Subsequent to 31 December 2023 and as of the date of this announcement, the Group obtained new borrowing facilities of RMB250 million.
- iii. the Directors of the Company have prepared a business strategy plan mainly focuses on the acceleration of the pre-sales and sales of its properties under development and completed projects in order to generate additional operating cash inflows and putting extra efforts on the collection of trade debtors to improve the debtors' turnover days, and the implementation of cost control measures.
- iv. The Company will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

Assuming the successful implementation of the above measures, the Directors are of the opinion that the Group would have had sufficient working capital to finance its operation and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidation financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) whether it can successfully negotiate with the lenders on the extension or deferral of the repayment of the Group's borrowings, renewal of existing borrowings upon maturity and the new borrowing plans and (ii) the successful implementation of measures described above in the normal course of businesses.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to provide for 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 these consolidated financial statements.

#### 4. **ADOPTION OF NEW OR REVISED HKFRSs EFFECTIVE SINCE 1 JANUARY 2023**

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the “**new or revised HKFRSs**”) issued by HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Except for the Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements summarised below, the other new or amended HKFRSs has no material impact on the Group’s results and financial position for the current or prior period and on accounting policies.

##### *Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies)*

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting polices” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group. The Group has revisited the accounting policy information it has been disclosing and removed certain immaterial accounting policies.

## 5. OPERATING SEGMENT INFORMATION

For management purposes, the Group has organised its business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment.

No geographical segment information is presented as the Group's revenue from the external customers was derived solely from its operations in the PRC and no non-current assets of the Group were located outside the PRC.

No information about major customers is presented as no revenue from sales to a single customer individually accounted for 10% or more of the Group's total revenue for the Reporting Period (2022: same).

## 6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<i>Revenue from contracts with customers</i>	<b>298,181</b>	1,194,047
<i>Revenue from other sources</i>		
Gross rental income from investment property under operating leases:		
Fixed lease payments	<b>2,193</b>	1,833
	<b>300,374</b>	1,195,880

## Revenue from contracts with customers

### (a) *Disaggregated revenue information*

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Types of goods</b>		
Sale of properties	<b>298,181</b>	1,187,566
Sale of construction materials	<u>—</u>	<u>6,481</u>
Total revenue from contracts with customers	<b><u>298,181</u></b>	<b><u>1,194,047</u></b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u>298,181</u>	<u>1,194,047</u>
Total revenue from contracts with customers	<b><u>298,181</u></b>	<b><u>1,194,047</u></b>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<b><u>224,548</u></b>	<b><u>1,144,825</u></b>

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

*Sale of properties*

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required.

*Sale of construction materials*

The performance obligation is satisfied upon delivery of the construction materials and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>1,078,766</b>	1,131,227
After one year	<b>2,590,095</b>	2,521,596
	<b><u>3,668,861</u></b>	<b><u>3,652,823</u></b>
	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<u>Other income</u>		
Bank interest income	<b>2,848</b>	1,804
Other interest income from third parties	<b>—</b>	3,670
Total interest income on financial assets not at fair value through profit and loss	<b>2,848</b>	5,474
Gross rental income from properties not classified as investment property	<b>4,649</b>	6,670
Others	<b>10,344</b>	687
	<b><u>17,841</u></b>	<b><u>12,831</u></b>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank and other borrowings	204,285	212,883
Interest on loans from related parties	22,660	21,683
Interest on loans from directors	7,806	—
Accretion on contract liabilities ( <i>note 1</i> )	<u>118,922</u>	<u>99,333</u>
Total interest expense on financial liabilities not at fair value through profit or loss	353,673	333,899
Less: Interest capitalised ( <i>note 2</i> )	<u>(277,665)</u>	<u>(274,822)</u>
	 <u><u>76,008</u></u>	 <u><u>59,077</u></u>

*Note 1:* Represent adjustment to transaction price for certain transactions with significant financing component due to a significant difference between timing of cash receipt from and transfer of properties to buyers.

*Note 2:* Where funds have been borrowed generally, and used for the purpose of acquisition, construction, production for qualifying assets, a capitalisation rate ranging from 5.23% to 8.65% has been applied to the expenditure on the individual assets.

## 8. (LOSS)/PROFIT BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of properties sold	199,915	818,913
Cost of construction materials sold	—	6,719
Depreciation of property, plant and equipment	6,889	10,414
Depreciation of right-of-use assets	45	97
Amortisation of intangible assets*	3	50
Lease payments not included in the measurement of lease liabilities	344	920
Auditor's remuneration	2,380	2,380
Employee benefit expense (excluding directors' and chief executive's remuneration):**		
Wages and salaries	17,432	18,552
Staff welfare expenses	3,393	3,118
Pension scheme contributions	1,860	2,160
	<u>22,685</u>	<u>23,830</u>
Provision on expected credit loss on financial asset, net		
— (Reversal of impairment)/impairment of trade receivables	(717)	2,040
— Impairment of other receivables	1,575	77,443
	858	79,483
Changes in fair value of investment properties	18,000	12,000
Foreign exchange (gain)/losses, net	(3,242)	3,621
Write-down of completed properties held for sale***	26,057	10,488
Write-down of properties under development***	<u>116,511</u>	<u>—</u>

\* The amortisation of intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\*\* Included in "Cost of sales".

## 9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is calculated based on a tax rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the Reporting Period (2022: nil).

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of 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.

According to the requirements of the provisional regulations of the PRC on the land appreciation tax (“LAT”) effective from 1 January 1994 onwards, and the detailed implementation rules on the provisional regulations of the PRC on LAT effective from 27 January 1995 onwards, all income from the sale or transfer of state-owned leasehold interests 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, made and included in 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.



Major components of the Group's income tax (credit)/expense are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
Income tax charge	<b>21,762</b>	36,531
Over provision in prior years	<b>(46,928)</b>	—
LAT	<b>32,940</b>	18,048
Deferred tax	<b>(46,075)</b>	5,120
	<hr/>	<hr/>
Total tax (credit)/charge for the year	<b>(38,301)</b>	59,699
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## 10. (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (losses)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 600,000,000 (2022: 600,000,000) in issue during the year.

The calculation of basic (losses)/earnings per share is based on:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<u>(Losses)/earnings:</u>		
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic (losses)/earnings per share calculation	<b>(151,837)</b>	10,444
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	<b>Number of shares</b>	
	<b>2023</b> <i>'000</i>	2022 <i>'000</i>
<u>Shares:</u>		
Weighted average number of ordinary shares in issue during the year used in the basic (losses)/earnings per share calculation	<b>600,000</b>	600,000
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Diluted (losses)/earnings per share is the same as basic (losses)/earnings per share because the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 11. DIVIDENDS

The Directors resolved not to declare a final dividend for the year ended 31 December 2023 (2022: nil).

## 12. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Listed equity investment, at fair value	<u><b>62,336</b></u>	<u>45,827</u>

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

## 13. TRADE RECEIVABLES

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	<b>5,223</b>	12,355
Impairment	<u><b>(3,059)</b></u>	<u>(3,776)</u>
	<u><b>2,164</b></u>	<u>8,579</u>

The Group's trade receivables principally originated from its constructions materials business and its trading terms with its customers are mainly on credit. The credit period is generally one month to one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	—	6,296
3 to 6 months	—	—
Over 6 months and less than 1 year	<u>2,164</u>	<u>2,283</u>
	<b><u>2,164</u></b>	<b><u>8,579</u></b>

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	3,776	1,736
(Reversal of)/provision on impairment losses (note 7)	<u>(717)</u>	<u>2,040</u>
	<b><u>3,059</u></b>	<b><u>3,776</u></b>

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. 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 current conditions and forecasts of future economic conditions.

## 14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 1 year	<b>188,785</b>	751,216
1 to 2 years	<b>272,331</b>	255,878
2 to 3 years	<b>220,431</b>	145,201
3 to 4 years	<b>82,576</b>	17,143
4 to 5 years	<b>275</b>	57,476
Over 5 years	<b>59,738</b>	62,901
	<b>824,136</b>	1,289,815

The trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank borrowings — secured	5.00-8.65	2024	1,158,782	4.15-8.65	2023	742,792
Bank borrowings — unsecured	7.00-7.44	2024	1,601,500	7.00-7.44	2023	262,600
Other borrowings — secured	2.80	2024	16,000	—	—	—
Other borrowings — unsecured	6.00-15.00	2024	39,500	—	—	—
			<u>2,815,782</u>			<u>1,005,392</u>
<b>Non-current</b>						
Bank borrowings — secured	—	—	—	5.23-8.65	2024-2025	2,051,724
Bank borrowings — unsecured	—	—	—	7.00	2024	98,000
Other borrowings — secured	2.80	2025	35,000	—	—	—
Other borrowings — unsecured	15.00	2025	7,000	15.00	2024-2025	37,000
			<u>42,000</u>			<u>2,186,724</u>
			<u>2,857,782</u>			<u>3,192,116</u>

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand or within one year	<b>2,815,782</b>	1,005,392
In the second year	<b>42,000</b>	1,972,724
In the third to fifth years, inclusive	<b>—</b>	214,000
	<b><u>2,857,782</u></b>	<b><u>3,192,116</u></b>

*Notes:*

- (a) As at 31 December 2023, the Group's bank and other borrowings are secured by:
- (i) mortgages over the Group's property under development, which had a net carrying value at the end of the reporting period of approximately RMB2,151,288,000 (2022: RMB2,126,817,000);
  - (ii) mortgages over the Group's completed properties held for sale, which had a net carrying value at the end of the reporting period of approximately RMB84,163,000 (2022: RMB66,531,000);
  - (iii) mortgages over the Group's property, plant and equipment, which had a net carrying value at the end of the reporting period of approximately RMB24,705,000 (2022: nil);
  - (iv) shares of subsidiaries of Chen Xing, Jinzhong Development, Jinzhong Chenxing Yijun Real Estate Development Co., Ltd., and Hainan Youshenghongtao Real Estate Development Co Ltd.; and
  - (v) the guarantees provided by the Company, the subsidiary of the Group, the director of the Company and the Company's controlling shareholder.

All of the banking facilities were subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the borrowings would become repayable on demand. The Group regularly monitors its compliance with these covenants.

- (b) Pursuant to some of the Group's borrowings' agreements, any delay of the repayment in accordance of the repayment schedule will trigger the rights to request for immediate repayment, resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2023, the Group failed to repay certain bank borrowings' interest payable of an aggregate amount of approximately RMB4,314,000 (2022: nil) which causing bank loans of an aggregate principal amount of approximately RMB2,438,465,000 (2022: nil) have become repayable on demand. Hence, the entire amount of the bank borrowings became immediately payable and has been classified as current liabilities as at 31 December 2023.

## 16. ASSETS/LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In December 2023, the Group entered into a disposal agreement with an independent third party to dispose 51% equity interests in Jinzhong Development at a consideration of RMB100,600,000. Such disposal as a disposal group held for sale and presented separately in the consolidated statement of financial position as at 31 December 2023.

The major class of assets and liabilities comprising the operations classified as held for sale, as at 31 December 2023, were as follows:

	<i>Notes</i>	<i>RMB'000</i>
Property, plant and equipment		64
Deferred tax asset		31,394
Properties under development		2,331,767
Completed properties held for sale		55,920
Prepayments, deposits and other receivables		735,847
Tax recoverable		18,549
Pledged deposits		56
Restricted cash		1,159
Cash and cash equivalents		<u>11,601</u>
 Total assets classified as held for sale		 <u>3,186,357</u>
 Trade and bills payables		 312,328
Other payables and accruals	(a)	1,784,727
Contract liabilities		775,136
Tax payable		8,866
Interest-bearing bank borrowings		<u>178,000</u>
 Total liabilities associated with assets classified as held for sale		 <u>3,059,057</u>
 Net assets of disposal group		 127,300
Non-controlling interests		<u>(63,296)</u>
		<u><u>64,004</u></u>

- (a) Other payables and accrual mainly represent advances from government with a carrying amount of RMB1,695,997,000 and RMB3,914,000 for Phase I of Longtian Project and Beilubao Project respectively.
- (b) The subsidiary does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

There are no cumulative income or expense included in other comprehensive income relating to disposal group.

As at 31 December 2023, no impairment is provided for the assets/liabilities of a disposal group classified as held for sale.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) whether it can successfully negotiate with the lenders on the extension or deferral of the repayment of the Group's borrowings, renewal of existing borrowings upon maturity and the new borrowing plans and (ii) the successful implementation of measures described above in the normal course of businesses.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for 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 these consolidated financial statements.



## 17. GUARANTEES

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	<u><b>1,353,815</b></u>	<u>2,012,850</u>

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

## CHAIRMAN'S STATEMENT

*Dear Shareholders,*

On behalf of the Board, I present the annual results of the Group for the year ended 31 December 2023.

### **Review of Annual Results for 2023**

In 2023, the real estate market in the PRC experienced a series of policy regulation and market self-adjustment, and the overall real estate market showed strong resilience and a new development trend. Overall, the relationship between supply and demand in the market gradually became balanced, and the demand for investment housing was suppressed, while the demand for owner-occupied housing was steadily released. In 2023, government departments at all levels implemented a series of regulatory policies for the real estate market on purchase restriction, loan restriction, land supply, etc, to frequently optimize the property market policy and introduced various regulatory mechanisms to stabilize market expectations and prevent market risks. These policies had a great impact on the investment atmosphere and consumer psychology in the real estate market, resulting in return to rationality and gradual decrease in industry bubbles in the market. Under the dual effects of policy regulation and market mechanism, the growth rate of housing prices in the market slowed down significantly, especially in first-tier cities. Meanwhile, the growth rate of housing prices in second-tier and third-tier cities was relatively stable, and even showed a slight decline in certain cities. However, due to the change of consumers' willingness to buy housings, the lack of consumer confidence, and the reduction of consumption expectations, the total sales and sales area greatly reduced, and the sales market was in slow recovery.

In terms of the land market, the government intensified the regulation over land supply, the land supply structure was more reasonable, and the land premium rate gradually decreased. The land acquisition strategy of real estate enterprises also tended to be cautious and paid more attention to the efficiency of land use and project profitability. In respect of finance, with the strengthening of financial supervision and the standardized development of the real estate market, real estate financial risks were effectively controlled. The impact of the credit policy on the real estate market gradually emerged, the growth rate of real estate loans slowed down, and the pressure of operating funds over many real estate enterprises was gradually eased under the influence of the credit policy.

In 2023, the real estate industry made significant progress in technological innovation, business model, service upgrading, etc. Intelligent, green and personalized development became the new trend of industry development. Real estate enterprises increased investment in research and development, to promote product innovation and service upgrading so as to adapt to changes in market demand.

The Company was also affected by the overall real estate industry and market environment, and thus the sales performance for 2023 fell short of the set target. The sales market of the Company was mainly concentrated in the third-tier and fourth-tier cities, with less inventory backlog and new construction area throughout the year and a significant decrease in sales, while the risks were under control. Under the unremitting efforts of the Board and management of the Company, the Company adjusted its business strategy in a timely manner to grade and screen the Company's businesses. While proceeding with integration of business and sale of non-key projects to reduce the operating pressure and proactively resolve the emerging risks, the Company also proactively sought for excellent partners for common development, so as to ensure the stable operation of the Group.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB499.1 million, representing a decrease of approximately 21.3% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 63,923 sq.m., representing a decrease of approximately 21.2% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB300.4 million, representing a decrease of approximately 74.9% as compared with the same period last year, among which, revenue from property development was approximately RMB298.2 million, representing a decrease of approximately 74.9% as compared with the same period last year. Net loss attributable to equity owners of the Company was approximately RMB151.8 million, representing a decrease of approximately 1,553.8% as compared with net profit attributable to equity owners of the Company for the same period last year, which was mainly attributable to the decrease in sales and provision for impairment of real estate projects.

As at the end of the Reporting Period, the Group's land bank was approximately 2,701,551 sq.m.

### **Final Dividend**

The Board has resolved not to declare a final dividend for the year ended 31 December 2023.

## **Prospect for 2024**

In 2024, with the continuous deepening of policy regulation, the real estate policy will continue to maintain the principle of steadiness and neutrality, with the goal of building a new model of real estate development. More precise policies and measures for optimization of the property market will be introduced to strengthen supervision over the real estate market to promote the stable and healthy development of the real estate market. The real estate supply and demand structure will become more balanced, with the focus on promoting affordable housing, public infrastructures “as normal public facilities in at ordinary times and as emergency facilities in emergencies”, and urban village renovation projects and other projects, and the rigid demand of housing and consumer demand of housing for home upgrades will increase. At the same time, on the basis of risk prevention and control, financial institutions will provide a reasonable financing environment for real estate enterprises, to accelerate the industry integration, and the competition in the real estate industry will be more focused on the strength of real estate enterprises to meet the needs of market changes. In addition, with the deepening of technological innovation and industry changes, the real estate market will usher in a broader space for development.

With the improvement of the macro environment, it is expected that the real estate market will gradually recover. However, due to the strong wait-and-see sentiment in the market, lack of consumer confidence and reduced purchasing power, the market recovery process will be slow in the short term. At the same time, the market of housing for home upgrades will usher in a window period. With the saturation of the rigid demand market and the government’s support for the release of reasonable demand for housing for home upgrades, it is expected that the demand for housing for home upgrades will see a breakthrough development in the future. According to the current situation of the real estate market in the PRC and the forecast of future development, in 2024, following the direction of industry adjustment, the Company will grasp the changes in market cycle and focus on destocking and shift to the market of housing for home upgrades. The Company will adjust its development strategy and seize market opportunities, to achieve steady development.

In 2024, in accordance with the local regulatory policies issued by the cities where the Company’s projects are located, the Company will proactively make corresponding adjustments to its business strategy, adjust its marketing strategy in a timely manner, and seek market breakthroughs to accelerate sales collection, to improve the Company’s operating status from the sales side. Besides, the Company will continue to integrate existing operating businesses, revitalize existing assets, and dispose of idle projects, to increase the Company’s high-quality assets and reduce operating risks. The Company will understand policy changes in a timely manner, effectively leverage on financial credit policies, and search for financial support and partners through multiple channels, to prevent and resolve risks of the Company.

The company will pay more attention to the application of technological innovation, and proactively introduce new technologies, new materials and new processes to improve the quality of buildings. It will focus on intelligence and personalization, and introduce smart home, smart property and other products to improve customer living experience. With the enhancement of environmental awareness, green buildings will become the development trend. The Company will exert efforts on the development of green buildings, in-depth research on energy-saving, environment friendly building materials and processes, to meet consumer demand for green buildings and be more in line with the market and industry development requirements, in order to improve the market competitiveness of the Company's products.

The Company will continue to focus on the development of high-end housing for home upgrades, seize the opportunities in the market of housing for home upgrades and aim at meeting the consumer demands for housing for home upgrades, provision of high-end residential properties for home upgrades with higher quality and better services, to expand the market share of high-end housing for home upgrades. Meanwhile, the Company will explore diversified business development models through industry integration and corporate business integration, and proactively follow the development trend of the industry, to strengthen brand building and improve service quality and comprehensively enhance the industry competitiveness of the Company.

## **ACKNOWLEDGMENT**

Finally, I on behalf of the Board, would like to express my sincerest gratitude to the management and all employees of the Company for their hard work. Meanwhile, I would also like to thank the investors, customers and partners for their unfailing support and trust in the Group.

**Bai Xuankui**  
*Chairman*

Jinzhong, Shanxi, the PRC  
27 March 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Reporting Period, the Group's contracted sales amounted to approximately RMB499.1 million, representing a decrease of approximately 21.3% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB300.4 million, representing a decrease of approximately 74.9% as compared with the same period last year, among which, revenue from property development was approximately RMB298.2 million, representing a decrease of approximately 74.9% as compared with the same period last year. During the Reporting Period, net loss of the Group amounted to approximately RMB145.8 million, of which net loss attributable to the equity holders of the Company was approximately RMB151.8 million.

### Contracted Sales

The Group's contracted sales for the years ended 31 December 2023 and 2022 were approximately RMB499.1 million and RMB634.1 million, respectively, representing a decrease of approximately 21.3%. The total contracted GFAs for the years ended 31 December 2023 and 2022 were approximately 63,923 sq.m. and 81,090 sq.m., respectively, representing a decrease of approximately 21.2%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan, Mianyang and Haikou, were approximately RMB29.6 million, RMB88.5 million, RMB334.2 million and RMB46.8 million, respectively, representing approximately 5.9%, 17.7%, 67.0% and 9.4% of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2023 by geographic location:

	Contracted Sales for 2023 (RMB million)	Contracted Sales for 2022 (RMB million)	Contracted GFA for 2023 (sq.m.)	Contracted GFA for 2022 (sq.m.)	Average Contracted Sales Price for 2023 (RMB/sq.m.)	Average Contracted Sales Price for 2022 (RMB/sq.m.)
<b>Jinzhong</b>						
Yijun Community (頤郡小區)	1.6	1.6	476	604	3,457.2	2,583.2
Chenxing Yijun (辰興頤郡)	26.4	38.0	4,475	5,693	5,907.5	6,676.7
Xiyuan (熙苑)	—	10.0	—	3,180	—	3,144.7
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	1.6	4.0	261	409	6,100.0	9,910.0
<b>Taiyuan</b>						
Yosemite Valley Town -Taiyuan (龍城優山美郡) (Phase I)	45.9	64.2	5,479	9,212	8,370.6	6,971.7
Yosemite Valley Town -Taiyuan (龍城優山美郡) (Phase II)	6.0	11.9	1,615	2,150	3,686.6	5,522.0
Yosemite Valley Town -Taiyuan (龍城優山美郡) (Phase III)	36.6	26.5	7,495	3,290	4,888.2	8,041.6
<b>Mianyang</b>						
Yosemite Valley Town (優山美郡)	0.8	—	156	—	5,242.6	—
Elite Gardens (天禦)	4.2	—	751	—	5,598.2	—
Chang Xing Star Gardens (長興星城)	21.2	5.2	4,401	1,196	4,821.5	4,308.5
Chang Xing Jinhutingyuan (長興金湖庭院)	308.0	458.7	33,506	54,447	9,192.4	8,423.8
<b>Hainan</b>						
Chenxing Shangpinhui (辰興尚品匯)	38.2	14.0	4,666	909	8,185.1	15,425.6
Jiangdong Shangyuan (江東上院)	8.6	—	642	—	13,460.7	—
<b>Total</b>	<b>499.1</b>	<b>634.1</b>	<b>63,923</b>	<b>81,090</b>	<b>7,807.8</b>	<b>7,819.7</b>

Note:

Contracted Sales, Contracted GFAs and Average Contracted Sales Price in the above table also include the car parking spaces sold, if applicable.

## Property Projects

The Group's property projects fall into the following three categories by the development stage: completed properties, properties under development and properties held for future development. As some projects are developed in several phases, a single project may fall into different development stages including completed, under development and held for future development.

As at the end of the Reporting Period, the Group had a completed total GFA of approximately 3,183,414 sq.m. and a land bank with a total GFA of approximately 2,701,551 sq.m., comprising (i) a total GFA of approximately 108,671 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,666,616 sq.m. which is under development; and (iii) a total planned GFA of approximately 926,264 sq.m. held for future development.

The Group selectively retains the ownership of most of self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As at the end of the Reporting Period, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

### Property Portfolio Summary

<b>Intended use<sup>(1)</sup></b>	<b>Total GFA completed (sq.m.)</b>	<b>GFA under development (sq.m.)</b>	<b>Total GFA held for future development (sq.m.)</b>
Mid-rise	879,339	83,147	320,660
High-rise	1,250,951	529,624	234,812
Townhouses	27,612	196,834	—
Multi-story garden apartments	576,743	124,427	16,771
Retail outlets	194,251	266,243	112,936
SOHO apartments	6,931	15,984	15,791
Hotels	—	108,743	—
Parking spaces	240,472	318,825	207,873
Ancillary facilities <sup>(2)</sup>	7,115	22,789	17,421
<b>Total GFA</b>	<b>3,183,414</b>	<b>1,666,616</b>	<b>926,264</b>
<b>Attributable GFA<sup>(3)</sup></b>	<b>3,000,281</b>	<b>1,402,140</b>	<b>809,957</b>

Notes:

- (1) Includes the portion of GFA held by the Group as public facilities (not saleable or leasable).
- (2) Includes primarily public facilities which are not saleable or leasable.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.



## Completed Projects

The following table sets forth a summary of the information about the Group's completed projects and corresponding project phases, if any, as at 31 December 2023:

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leaseable GFA		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						Remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
<b>Jinzhong (晉中)</b>										
1. East Lake Mall (東湖井)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—	100.00
3. Blossoms Gardens (錦綉新城)	Jinzhong, Shanxi (山西省晉中市)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Cultural Town (新興國際文教城)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	April 2012	17,968	93,061	—	—	92,910	151	100.00
Phase III	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2009	255,918	545,047	2,327	—	542,720	—	100.00
Phase IV	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	July 2016	30,987	71,103	747	—	70,356	—	100.00
Phase V	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	July 2016	22,578	50,438	3,266	—	46,137	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong, Shanxi (山西省晉中市)	Commercial/Complex	September 2009	2,411	9,783	257	—	9,526	—	100.00
8. Riverside Gardens — Heshun (和順濱河小區)										
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential	June 2008	60,100	62,508	—	—	62,168	340	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00
9. Mandarin Gardens — Taigu (太谷文華庭院)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	August 2015	—	897	—	—	897	—	100.00
11. Yijun Community (頤郡小區)										
Phase I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential	November 2020	25,661	78,927	16,960	—	61,135	832	51.00
12. Xiyuan (熙苑)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	November 2021	20,569	58,971	4,405	—	54,566	—	33.66
13. Chenxing Yijun (辰興頤郡)										
Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	January 2022	19,056	35,676	17,409	—	17,803	464	100.00

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable GFA	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						Remaining unsold (sq.m.)				
<b>Taiyuan (太原)</b>										
1. Yosemite Valley										
Town — Taiyuan (龍城優山美郡)										
Southern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	December 2014	117,128	406,165	13,451	—	392,714	—	100.00
Northern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	November 2016	108,005	397,867	11,155	—	316,333	70,379	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	June 2020	86,318	246,891	12,944	—	233,947	—	100.00
<b>Mianyang (綿陽)</b>										
1. Yosemite Valley Town (優山美郡)										
	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	May 2012	74,124	126,329	5,288	—	119,196	1,845	83.89
2. Elite Gardens (天禦)										
	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	September 2014	68,529	116,816	1,265	—	114,864	687	83.89
3. Chang Xing Star Gardens (長興星城)										
Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	June 2017	68,150	288,450	5,442	—	281,687	1,321	83.89
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	November 2020	36,158	122,271	4,674	—	116,666	931	83.89
<b>Total</b>				<b>1,186,643</b>	<b>3,183,414</b>	<b>108,671</b>	<b>18,851</b>	<b>2,977,352</b>	<b>78,540</b>	
<b>Total Attributable GFA<sup>(3)</sup></b>				<b>1,120,638</b>	<b>3,000,281</b>	<b>94,753</b>	<b>18,851</b>	<b>2,809,315</b>	<b>77,362</b>	

*Notes:*

- (1) Includes the GFA held by the Group as public facilities (not saleable or leasable).
- (2) Calculated based on the Group's actual ownership interests in the respective project companies.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

## Properties under Development and Properties Held for Future Development

The following table sets forth a summary of the information about the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 31 December 2023:

Project	Location	Project Type	Site Area (sq.m.)	Actual/Estimated Completion Date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with certificate not obtained yet (sq.m.)	Ownership interest <sup>(1)</sup> (%)
<b>Jinzhong (晉中)</b>										
<b>1. Phase I of Longtian Project (龍田項目一期)</b>			<b>129,049</b>		<b>449,634</b>	<b>427,999</b>	<b>30,059</b>	—	—	<b>51.00</b>
Stage I	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial/ Parking Space	14,346	December 2024	78,954	74,203	30,059	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial/ Parking Space	24,367	December 2024	110,725	101,385	—	—	—	51.00
Stage III	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial/ Parking Space	26,682	December 2024	126,120	121,061	—	—	—	51.00
Stage IV	Jinzhong, Shanxi (山西省 晉中市)	Commercial/ Parking Space	13,422	December 2024	28,819	28,819	—	—	—	51.00
Stage V	Jinzhong, Shanxi (山西省 晉中市)	Commercial/ Parking Space	50,232	December 2024	105,016	102,531	—	—	—	51.00
<b>2. Yijun Community (頤郡小區)</b>			<b>79,203</b>		<b>33,374</b>	—	—	<b>154,347</b>	—	<b>51.00</b>
Stage I (portion)	Jinzhong, Shanxi (山西省 晉中市)	Residential	21,102	April 2025	33,374	—	—	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省 晉中市)	Commercial	16,410	August 2026	—	—	—	44,157	—	51.00
Stage III	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial	41,691	August 2026	—	—	—	110,190	—	51.00

Project	Location	Project Type	Site Area (sq.m.)	Actual/Estimated Completion Date	Under development			Held for future development GFA with the land use certificate not obtained yet			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	Planned GFA (sq.m.)	Planned GFA (sq.m.)	
<b>3. Chenxing Vijun</b> (辰興頤郡)			<b>178,230</b>		<b>95,348</b>	<b>92,599</b>	<b>52,282</b>	<b>356,400</b>	—	<b>100.00</b>	
Stage I (portion)	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial	37,545	April 2024	95,348	92,599	52,282	—	—	100.00	
Stage II	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial	37,462	December 2026	—	—	—	99,500	—	100.00	
Stage III	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial	85,669	December 2026	—	—	—	209,300	—	100.00	
Stage IV	Jinzhong, Shanxi (山西省 晉中市)	Residential/ Commercial	17,554	December 2026	—	—	—	47,600	—	100.00	
<b>4. Shiguang Zhicheng</b> (時光之城)	Jinzhong, Shanxi (山西省 晉中市)	Commercial	<b>28,296</b>	December 2025	<b>112,383</b>	<b>53,880</b>	—	—	—	<b>100.00</b>	
<b>5. Jinxiu SOHO</b> (錦綉中心)	Jinzhong, Shanxi (山西省 晉中市)	Commercial	<b>3,461</b>	December 2025	<b>20,506</b>	—	—	—	—	<b>100.00</b>	
<b>Taiyuan (太原)</b>											
<b>1. Yosemite Valley Town — Taiyuan</b> (龍城優山美郡)			<b>107,038</b>		<b>358,948</b>	<b>334,732</b>	<b>227,849</b>	—	—	<b>100.00</b>	
Phase II (portion)	Taiyuan, Shanxi (山西省 太原市)	Residential/ Commercial	24,917	May 2024	129,448	118,086	78,776	—	—	100.00	
Phase III	Taiyuan, Shanxi (山西省 太原市)	Residential/ Commercial	60,273	November 2024	216,881	216,646	149,073	—	—	100.00	
Phase IV	Taiyuan, Shanxi (山西省 太原市)	Primary School	21,848	May 2024	12,619	—	—	—	—	100.00	

Project	Location	Project Type	Site Area (sq.m.)	Actual/Estimated Completion Date	Under development			Held for future development GFA with the land use certificate not obtained yet			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	Planned GFA (sq.m.)	Planned GFA (sq.m.)	
<b>Haikou (海口)</b>											
1. Shangpinhui (尚品匯)	Haikou, Hainan (海南省 海口市)	Commercial	43,795	April 2024	98,140	55,876	6,526	—	—	100.00	
2. Jiangdong Shangyuan (江東上院)	Haikou, Hainan (海南省 海口市)	Residential/ Commercial	57,446	December 2024	56,425	10,844	642	17,240	—	100.00	
<b>Wuzhishan (五指山)</b>											
1. Yijun (頤郡)			92,522		136,422	12,293	—	—	—	100.00	
Phase I	Wuzhishan, Hainan (海南省 五指山市)	Commercial	28,745	November 2024	48,013	1,559	—	—	—	100.00	
Phase II	Wuzhishan, Hainan (海南省 五指山市)	Residential	23,827	May 2025	35,274	—	—	—	—	100.00	
Phase III	Wuzhishan, Hainan (海南省 五指山市)	Residential	18,244	December 2025	26,666	10,734	—	—	—	100.00	
Phase IV	Wuzhishan, Hainan (海南省 五指山市)	Residential	21,706	December 2025	26,469	—	—	—	—	100.00	

Project	Location	Project Type	Site Area (sq.m.)	Actual/Estimated Completion Date	Under development			Held for future development GFA with the land use certificate not obtained yet		Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	Planned GFA (sq.m.)	
<b>Xishuangbanna (西雙版納)</b>										
<b>1. Chenxing International Health City (辰興國際健康城)</b>										
Stage I	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版 納傣族自治州)	Residential/ Commercial	51,965	November 2025	37,396	—	—	—	—	100.00
Stage II	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版 納傣族自治州)	Residential/ Commercial	171,815	December 2026	95,465	—	—	145,781	—	100.00
<b>Mianyang (綿陽)</b>										
<b>1. Jinhutingyuan (金湖庭院)</b>										
Phase I	Mianyang, Sichuan (四川省 綿陽市)	Residential/ Commercial	62,672	April 2024	172,575	133,720	110,667	—	—	83.89
Phase II	Mianyang, Sichuan (四川省 綿陽市)	Residential/ Commercial	91,695	December 2025	—	—	—	252,496	—	83.89
<b>Total</b>			<b>1,097,187</b>		<b>1,666,616</b>	<b>1,121,943</b>	<b>428,025</b>	<b>926,264</b>	<b>—</b>	
<b>Total Attributable GFA<sup>(2)</sup></b>					<b>1,402,140</b>	<b>890,681</b>	<b>395,468</b>	<b>809,957</b>	<b>—</b>	

Notes:

- (1) Calculated based on the Group's actual ownership interests in the respective project companies.
- (2) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

The table below sets forth a summary of the information about the Group's investment properties as at 31 December 2023:

Project	Property type	Held for investment	Effective leased	Occupancy rate	Rental income for the year ended	
		Total GFA	GFA		31 December 2023	2022
		(sq.m.)	(sq.m.)	(%)	(RMB million)	
Grand International Mall & Apartments (君豪國際)	Retail Outlets	8,241	—	—	0.03	0.2
East Lake Mall (東湖井)	Retail Outlets	10,610	559	5.3	0.41	1.0
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlets	2,762	2,680	97.0	1.75	0.6
<b>Total</b>		<b>21,613</b>	<b>3,239</b>	<b>—</b>	<b>2.19</b>	<b>1.8</b>

The table below sets forth the Group's land bank as at 31 December 2023 by geographic location:

	Completed saleable/ leasable GFA remaining unsold (sq.m.)	Under development	For future development	Total land bank <sup>(1)</sup>	Percentage of total land bank	Average land cost
		GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	54,452	711,245	510,747	1,276,444	47.3	853.9
Taiyuan	37,550	358,948	—	396,498	14.7	393.5
Mianyang	16,669	172,575	252,496	441,740	16.3	1,063.9
Haikou	—	154,565	17,240	171,805	6.4	2,183.2
Wuzhishan	—	136,422	—	136,422	5.0	1,145.2
Xishuangbanna	—	132,861	145,781	278,642	10.3	1,006.9
<b>Total</b>	<b>108,671</b>	<b>1,666,616</b>	<b>926,264</b>	<b>2,701,551</b>	<b>100.0</b>	<b>834.6</b>

Note:

- (1) Land bank equals to the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

The table below sets forth the Group's land bank as at 31 December 2023 by property type:

	<b>Completed saleable/ leasable GFA remaining unsold (sq.m.)</b>	<b>Under development GFA under development (sq.m.)</b>	<b>For future development Planned GFA (sq.m.)</b>	<b>Total land bank<sup>(1)</sup> Total GFA (sq.m.)</b>	<b>Percentage of total land bank (%)</b>
Mid-rise	18,453	83,147	320,660	422,260	15.6
High-rise	12,204	529,624	234,812	776,640	28.8
Townhouses	1,472	196,834	—	198,306	7.3
Multi-story garden apartments	3,408	124,427	16,771	144,606	5.4
Available-for-sale office/ commercial properties	37,696	266,243	112,936	416,875	15.4
SOHO apartments	58	15,984	15,791	31,833	1.2
Hotels	—	108,743	—	108,743	4.0
Parking spaces	35,380	318,825	207,873	562,078	20.8
Ancillary facilities <sup>(2)</sup>	—	22,789	17,421	40,210	1.5
<b>Total</b>	<b><u>108,671</u></b>	<b><u>1,666,616</u></b>	<b><u>926,264</u></b>	<b><u>2,701,551</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Land bank equals to the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.
- (2) Includes primarily public facilities which are not saleable.



## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the Group's revenue amounted to approximately RMB300.4 million, representing a decrease of approximately 74.9% as compared with approximately RMB1,195.9 million in the same period last year. The decrease was mainly due to the decrease in total GFA of completed properties delivered during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB298.2 million, representing a decrease of approximately 74.9% as compared with the same period last year. The decrease was mainly due to the decrease in total GFA of completed properties delivered during the Reporting Period.

### **Sales and Services Cost**

The Group's sales and services cost decreased by approximately 59.0% from approximately RMB836.1 million for the year ended 31 December 2022 to approximately RMB342.5 million for the Reporting Period, the decrease of which was mainly due to a corresponding decrease in cost of sales and services with the decrease in revenue and an increase in provision for impairment of real estate projects during the Reporting Period.

### **Gross Loss**

During the Reporting Period, the Group's gross loss was approximately RMB42.1 million, representing a decrease of approximately 111.7% as compared with gross profit of approximately RMB359.8 million in the same period last year. During the Reporting Period, the Group's gross loss margin was approximately 14.0%, representing an decrease of 44.1 percentage points as compared with the gross profit margin of approximately 30.1% in the same period last year.

During the Reporting Period, the Group's gross loss from property development was approximately RMB44.3 million, representing a decrease of approximately 112.4% as compared with the gross profit from property development of approximately RMB358.2 million in the same period last year, which was mainly due to the substantial decrease in revenue during the Reporting Period.

During the Reporting Period, the Group's gross loss margin of property development was approximately 14.9%, representing an decrease of approximately 45.1 percentage points as compared with the gross profit margin of property development of approximately 30.2% in the same period last year.

## **Other Income and Gains**

During the Reporting Period, the Group's other income and gains were approximately RMB17.8 million, representing an increase of approximately 39.0% as compared with approximately RMB12.8 million in the same period last year, which was mainly due to compensation from a vendor during the Reporting Period.

## **Net Loss Attributable to Owners of the Parent of the Company**

During the Reporting Period, the net loss attributable to owners of the Parent of the Company was approximately RMB151.8 million, representing a decrease of approximately 1,553.8% from the net profit attributable to owners of the Parent of the Company of approximately RMB10.4 million in the same period last year. The decrease in the abovementioned net loss attributable to owners of the Company was mainly due to the decrease in sales revenue and the provision for impairment of real estate projects.

## **Change in Fair Value of Investment Properties**

The fair value of the Group's investment properties decreased by approximately 14.9% from approximately RMB121.0 million for the year ended 31 December 2022 to approximately RMB103.0 million for the year ended 31 December 2023, and the decrease was primarily due to the decrease of fair value of Grand International Mall & Apartments, East Lake Mall and Office Building of West Yingbin Street.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by approximately 72.4% from approximately RMB56.7 million for the year ended 31 December 2022 to approximately RMB15.6 million for the Reporting Period, and the decrease was primarily due to the decrease in revenue from property development during the Reporting Period resulting in a decrease in selling and distribution expenses incurred during the Reporting Period.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately 6.5% from approximately RMB52.1 million for the year ended 31 December 2022 to approximately RMB48.7 million for the Reporting Period, and the decrease was primarily due to the decrease in depreciation and office expenses.

## **Finance Costs**

The Group's financing expenses increased by approximately 28.7% from approximately RMB59.1 million for the year ended 31 December 2022 to approximately RMB76.0 million for the Reporting Period, and the increase was primarily due to the increase in interests on borrowings from related parties during the Reporting Period.

## **Income Tax Credit**

The Group's income tax credit for the Reporting Period amounted to approximately RMB38.3 million, while the income tax expenses for the year ended 31 December 2022 amounted to approximately RMB59.7 million, representing a decrease of approximately 164.2%. The decrease in income tax expense was primarily due to a decrease in profit before tax for the Reporting Period, and the substantial decrease in deferred income tax as a result of the increase in advance housing payment from Longtian Project in Jinzhong and return of final settlement of the land value-added tax of Sichuan Chenxing Company to the current enterprise income tax during the Reporting Period.

## **Total Loss and Comprehensive Income for the Reporting Period**

As a result of the foregoing, the Group's total loss and comprehensive income for the Reporting Period decreased by approximately 371.2% from the profit of approximately RMB48.9 million for the year ended 31 December 2022 to the loss of approximately RMB132.7 million for the Reporting Period.

## **Cash and cash equivalents**

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB203.7 million, representing a decrease of approximately 39.2% as compared to approximately RMB334.8 million as at 31 December 2022, and the decrease was primarily due to repayment of certain bank borrowings by the Company.

## **Net Operating Cash Flow**

The Group recorded a positive operating cash flow of approximately RMB156.8 million as at the end of the Reporting Period, while the positive operating cash flow was approximately RMB22.0 million as at 31 December 2022.

## **Borrowings**

The Group had outstanding bank and other borrowings and borrowings from related parties of approximately RMB2,857.8 million and RMB216.3 million, respectively, as at the end of the Reporting Period while the Group had outstanding bank and other borrowings and borrowings from related parties of approximately RMB3,192.1 million and RMB257.6 million as at 31 December 2022.

## **Pledged Assets**

Certain of the Group's borrowings were secured by properties under development, completed properties held for sale and property, plant and equipment, or combinations of the above. As at the end of the Reporting Period, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB2,260.2 million.

## **Financial Guarantees and Contingent Liabilities**

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at the end of the Reporting Period, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,353.8 million.

During the Reporting Period, the Group had no material contingent liabilities.

## **Gearing Ratio**

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB2,857.8 million and total equity of approximately RMB1,630.2 million, the gearing ratio of the Group was approximately 175% (31 December 2022: approximately 181%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to a decrease in borrowings.

## Foreign Currency Risk

The Group operates primarily in the PRC and most of its revenues and expenses are settled in RMB. The Group is exposed to foreign currency risks because its bank balances are denominated in HK dollar and the value of which will fluctuate with exchange rate fluctuations. The exchange rate between RMB and HK dollar may fluctuate as a result of various factors, such as changes in China's political and economic conditions. The Board expects that the fluctuation of the RMB exchange rate will not have a material adverse effect on the Group. The Group does not have a hedging policy in relation to the foreign currency risk.

## Material Acquisitions or Disposal of Subsidiaries or Associates

On 29 December 2023, Chenxing Real Estate Development Co., Ltd. ("**Chenxing Real Estate**"), an indirect wholly-owned subsidiary of the Company, and Jinzhong Development Zone Development and Construction Group Co., Ltd. ("**Jinzhong Development and Construction**") entered into an equity transfer agreement. Pursuant to the terms and conditions of the equity transfer agreement, Chenxing Real Estate has conditionally agreed to sell, and Jinzhong Development and Construction has conditionally agreed to purchase, the equity interest in Jinzhong Development Zone Real Estate Development Co., Ltd. ("**Jinzhong Development**"), which in turn owns and controls approximately 67% of the equity interest in Jinzhong Xiya Real Estate Development Co., Ltd. ("**Jinzhong Xiya**") (the "**Disposal**"), at a total consideration of RMB100,600,000 (equivalent to approximately HK\$110,549,451). Upon completion of the Disposal, Jinzhong Development and Jinzhong Xiya will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Group. The expected net proceeds (after deducting the relevant expenses incidental to the Disposal) of approximately RMB23.5 million (equivalent to approximately HK\$25.8 million) to be received by the Company from the Disposal will be used for repayment of bank loans and replenishment of general working capital of the Group. For details of the disposal of equity interest, please refer to the announcements of the Company dated 29 December 2023, 22 January 2024, 31 January 2024, 29 February 2024 and 1 March 2024.

The Disposal is subject to approval by the shareholders of the Company at the general meeting.

Save as disclosed herein, the Group did not have any material acquisition or disposal of subsidiaries or associates during the Reporting Period.

## Material Investments Held

Save as disclosed in this announcement, the Group did not hold any material investments during the Reporting Period.

## Other Significant Events during the Reporting Period

On 24 May 2023, the shareholders of the Company approved the proposed amendments to the existing memorandum and articles of association of the Company and the adoption of the amended and restated memorandum and articles of association in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company by way of special resolution at the annual general meeting of the Company. For details of the amendments to the memorandum and articles of association, please refer to the announcements of the Company dated 24 March 2023 and 24 May 2023, and the circular dated 28 April 2023.

Second amended and restated memorandum of association and articles of association of the Company has become effective on 24 May 2023 and has been published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company.

## Significant Events after the Reporting Period

On 8 January 2024, the Company and Sichuan Changxing Industrial (Group) Company Limited (“**Sichuan Changxing**”) entered into an equity transfer agreement. Pursuant to the terms of the equity transfer agreement, the Company has conditionally agreed to purchase and Sichuan Changxing has conditionally agreed to sell the 16.1074% equity interest in Sichuan Chenxing Real Estate Development Co., Limited (“**Sichuan Chenxing**”) (the “**Acquisition**”) at the consideration of RMB45,000,000. Upon completion of the Acquisition, the Company will hold the entire equity interest in Sichuan Chenxing and Sichuan Chenxing will become an indirect wholly-owned subsidiary of the Company.

On 8 January 2024, Sichuan Changxing and Sichuan Chenxing made capital injection of RMB136,000,000 and RMB154,000,000 into the registered capital of Mianyang Chenxing Yazhi Real Estate Development Co., Limited (“**Mianyang Chenxing**”), respectively (the “**Capital Injection**”). Pursuant to the equity transfer agreement and capital injection agreement, part of the capital injection made by Sichuan Changxing shall be set off by the consideration for the acquisition of RMB45,000,000. Upon completion of the Capital Injection, Sichuan Changxing and Sichuan Chenxing will hold 40% and 60% equity interest in Mianyang Chenxing, respectively, and Mianyang Chenxing will remain a subsidiary of the Company.

For details of the Acquisition and Capital Injection, please refer to the announcements of the Company dated 8 January 2024, 29 January 2024, 31 January 2024, 7 February 2024, 29 February 2024 and 1 March 2024.

The Acquisition and Capital Injection are subject to approval by the shareholders of the Company at the general meeting.

## **Future Plans for Material Investments or Capital Assets**

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as appropriate. Internal resources and bank borrowings are expected to be sufficient to meet the necessary funding needs. Save as disclosed in the prospectus and above, the Group has no future plans of material investment as at the date of this announcement.

## **Employees and Remuneration Policies**

As at the end of the Reporting Period, the Group had 207 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB27.9 million. Employee compensations generally include salaries and quarterly performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be convened on Thursday, 30 May 2024, a notice of which will be published on the websites of the Stock Exchange and the Company in due course.

## **FINAL DIVIDEND**

The Board has resolved not to declare a final dividend for the year ended 31 December 2023 (2022: nil).

## CORPORATE GOVERNANCE PRACTICES

The Company is always committed to maintaining high standards of corporate governance with a view to ensuring the professional conduct of the Company's management and protect the interests of all Shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the shareholders. The Board considers that sound corporate governance creates most interests for the shareholders.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange as its own code of corporate governance. During the Reporting Period, the Company had complied with all the code provisions under the CG Code.

To ensure that the Company complies with the CG Code, the Company will constantly review and strengthen its corporate governance practices and enhance its internal control through the assistance of its legal advisors as to PRC and Hong Kong laws.

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's business, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and contribute to the Board with their professional opinions.

Mr. Bai Xuankui (“**Chairman Bai**”) is an executive Director and the chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai's servicing as Director and chairman of the Board since its establishment is conducive to the Company's formulating a correct development strategy. Regarding business operations, the Company's senior management, which comprises experienced and high caliber individuals from various sectors, will ensure decisions made by the Board be thoroughly implemented.



## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

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 for securities transactions by Directors. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

As of the date of this announcement, based on information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Stock Exchange.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the code provision of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the annual results of the Group for the year ended 31 December 2023. The Audit Committee considers that the annual results are in compliance with the applicable accounting principles and policies, laws and regulations, and that the Company has made appropriate disclosures thereof.

## **PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT**

In accordance with the requirements under the Listing Rules, this results announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chen-xing.cn](http://www.chen-xing.cn)), respectively.

In accordance with the requirements under the Listing Rules, the annual report for the year ended 31 December 2023 containing information about the Company will be published on the websites of the Stock Exchange and the Company, respectively, in due course.

By order of the Board  
**Chen Xing Development Holdings Limited**  
**Bai Xuankui**  
*Chairman*

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua and Mr. Dong Shiguang and the independent non-executive Directors are Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua.*