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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

Financial Highlights

- For the six months ended 30 June 2015 (the “**Reporting Period**”), contracted sales amounted to approximately RMB 582.3 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 110,792 sq.m., 10.5% and 6.6% higher than the same period last year, respectively;
- Revenue for the Reporting Period amounted to RMB 273.8 million, of which RMB270.8 million was revenue from property development; and
- Gross profit for the Reporting Period amounted to RMB 85.6 million, of which RMB82.6 million was gross profit from property development.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is pleased to announce to the Group’s shareholders (“**Shareholder(s)**”) the interim results of the Group for the six months ended 30 June 2015 together with the comparative figures for the same period in 2014. The Group’s interim results are unaudited but have been reviewed by the Company’s audit committee.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

		Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
	Notes		
Revenue	5	273,766	67,432
Cost of sales		<u>(188,177)</u>	<u>(55,944)</u>
Gross profit		85,589	11,488
Other income and gains	5	1,851	1,690
Selling and marketing expenses		(19,906)	(14,142)
Administrative expenses		(26,703)	(11,325)
Other expenses		(27)	(214)
Finance costs		<u>(1,627)</u>	<u>(731)</u>
Profit/(loss) before tax	6	39,177	(13,234)
Income tax expense	7	<u>(15,897)</u>	<u>2,520</u>
Profit/(loss) and total comprehensive income for the period		<u>23,280</u>	<u>(10,714)</u>
Attributable to:			
Owners of the parent		23,391	(11,264)
Non-controlling interest		<u>(111)</u>	<u>550</u>
		<u>23,280</u>	<u>(10,714)</u>
Earnings per share attributable to ordinary equity holders of the parent : Basic and diluted - for profit/(loss) for the period	9	<u>RMB0.06</u>	<u>RMB(0.03)</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

		As at 30 June 2015 <i>RMB'000</i> <i>(unaudited)</i>	As at 31 December 2014 <i>RMB'000</i> <i>(audited)</i>
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	55,927	54,043
Investment properties		127,000	127,000
Properties under development		13,911	792,186
Intangible assets		855	998
Deferred tax assets		147,834	132,286
Prepaid land lease payments		<u>1,487</u>	<u>1,509</u>
Total non-current assets		<u>347,014</u>	<u>1,108,022</u>
CURRENT ASSETS			
Properties under development		3,041,447	1,537,681
Completed properties held for sale		1,021,259	1,209,436
Inventories		561	1,840
Trade receivables	11	2,455	2,090
Prepayments, deposits and other receivables		180,750	99,012
Tax recoverable		12,547	12,911
Due from a director		—	8,689
Due from a related party		493	—
Available-for-sale financial investments		—	36,000
Pledged deposits		41,042	40,880
Cash and cash equivalents		<u>436,967</u>	<u>393,515</u>
Total current assets		<u>4,737,521</u>	<u>3,342,054</u>
CURRENT LIABILITIES			
Trade payables	12	969,012	701,490
Other payables, deposits received and accruals		685,526	602,042
Advances from customers		1,699,254	1,374,023
Interest-bearing bank borrowings		217,000	267,000

	As at 30 June 2015 <i>RMB'000</i> <i>(unaudited)</i>	As at 31 December 2014 <i>RMB'000</i> <i>(audited)</i>
Due to a related party	—	3,124
Due to a director	—	184,426
Tax payable	<u>104,824</u>	<u>102,332</u>
Total current liabilities	<u>3,675,616</u>	<u>3,234,437</u>
NET CURRENT ASSETS	<u>1,061,905</u>	<u>107,617</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,408,919</u>	<u>1,215,639</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	530,000	360,000
Government grants	<u>277,378</u>	<u>277,378</u>
Total non-current liabilities	<u>807,378</u>	<u>637,378</u>
NET ASSETS	<u><u>601,541</u></u>	<u><u>578,261</u></u>
EQUITY		
Share capital	—	—
Reserves	<u>515,177</u>	<u>491,786</u>
	<u>515,177</u>	<u>491,786</u>
Non-controlling interests	<u>86,364</u>	<u>86,475</u>
TOTAL EQUITY	<u><u>601,541</u></u>	<u><u>578,261</u></u>

Notes to Condensed Consolidated Financial Statements
30 June 2015

1. Corporate Information

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

The Company is an investment holding company and its subsidiaries are engaged in property development with focuses on development projects of residential and commercial properties.

2. Basis of Preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the financial information included in the Accountants' Report in Appendix I to the prospectus of the Company dated 22 June 2015 (the "Prospectus") in connection with the listing of the Shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and should be read in conjunction with the Group's financial information for the year ended 31 December 2014 included in the Accountants' Report in Appendix I to the Prospectus.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Accountants' Report for the three years ended 31 December 2012, 2013 and 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015:

*Amendments to HKAS 19
Annual Improvements 2010-2012 Cycle
Annual Improvements 2011-2013 Cycle*

*Defined Benefit Plans: Employee Contributions
Amendments to a number of Hong Kong
Financial Reporting Standards
Amendments to a number of Hong Kong
Financial Reporting Standards*

The adoption of these new standards and interpretations has had no significant financial effect on the interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Operating Segment Information

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the six months ended 30 June 2014 and 2015.

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents income from the sale of properties and lease of properties, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
Revenue		
Sale of properties	287,184	69,764
Property leasing income	<u>3,150</u>	<u>2,627</u>
	290,334	72,391
Less: Business tax and government surcharges	<u>(16,568)</u>	<u>(4,959)</u>
	<u>273,766</u>	<u>67,432</u>
Other income and gains		
Bank interest income	1,001	511
Income from available-for-sale investments	649	1,112
Others	<u>201</u>	<u>67</u>
	<u>1,851</u>	<u>1,690</u>

6. Profit/(loss) before Tax

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

	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
Cost of properties sold	188,177	55,944
Depreciation	2,940	1,854
Amortisation of intangible assets	143	71
Minimum lease payments under operating leases	157	262
Amortisation of land lease payments	22	22
Bank interest income	(1,001)	(511)
Income from available-for sale investments	<u>(649)</u>	<u>(1,112)</u>

7. Income Tax

Major components of the Group's income tax expense are as follows:

	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
Current tax:		
Income tax charge	26,140	20,238
Land appreciation tax	5,312	—
Deferred tax	<u>(15,555)</u>	<u>(22,758)</u>
Total tax charge for the period	<u>15,897</u>	<u>(2,520)</u>

8. Dividend

	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
Dividends	<u>—</u>	<u>91,715</u>

On 30 May 2014, Chenxing Real Estate Development Co., Ltd. declared and approved dividend of RMB91,715,000 to its then Shareholders. The dividend was fully paid in September 2014.

9. Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)
Earnings:		
Profit/(loss) for the period attributable to ordinary equity holders of the parent	<u>23,391</u>	<u>(11,264)</u>
	Six months ended 30 June 2015 '000 (unaudited)	Six months ended 30 June 2014 '000 (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	<u>400,000</u>	<u>400,000</u>

The weighted average number of ordinary shares for the purpose of the basic earnings per share calculation for the six months ended 30 June 2014 and 2015 has been retrospectively adjusted to reflect the 400,000,000 shares of the Company issued upon the listing of the Company's shares on the Stock Exchange on 3 July 2015.

The Group did not have any dilutive potential ordinary shares during the Reporting Period.

10. Property, Plant and Equipment

Aquisition and disposal

During the six months ended 30 June 2015, the Group acquired assets with a cost of RMB4,824,000 (six months ended 30 June 2014: RMB9,190,000) No asset was disposed of by the Group during the six months ended 30 June 2014 and 2015.

11. Trade Receivables

Group

	As at 30 June 2015 <i>RMB'000</i> (<i>unaudited</i>)	As at 31 December 2014 <i>RMB'000</i> (<i>audited</i>)
Trade receivables	<u>2,455</u>	<u>2,090</u>

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

There was no provision provided for impairment of trade receivables during the six months ended 30 June 2014 and 2015.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	As at 30 June 2015 <i>RMB'000</i> (<i>unaudited</i>)	As at 31 December 2014 <i>RMB'000</i> (<i>audited</i>)
Less than 1 year	2,455	—
1 to 2 years	<u>—</u>	<u>2,090</u>
	<u>2,455</u>	<u>2,090</u>

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 June 2015 <i>RMB'000</i> (<i>unaudited</i>)	As at 31 December 2014 <i>RMB'000</i> (<i>audited</i>)
Neither past due nor impaired	<u>2,455</u>	<u>2,090</u>

Trade receivables that were neither past due nor impaired relate to the customers for whom there was no recent history of default.

12. Trade Payables

An aged analysis of the trade payables, based on the payment due dates, is as follows:

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Less than 1 year	915,061	645,456
1 to 2 years	4,638	8,495
2 to 3 years	6,713	5,120
3 to 4 years	1,147	5,668
4 to 5 years	27,903	26,633
Over 5 years	<u>13,550</u>	<u>10,118</u>
	<u><u>969,012</u></u>	<u><u>701,490</u></u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2015.

Successful Entry to the International Capital Market

The Group is one of the leading property developers in Shanxi Province which primarily engages in property development with focuses on development projects of residential and commercial properties. We commenced our property development operations in Jinzhong, Shanxi Province in 1997. For nearly 20 years, by adhering to the principle of “building our brand through good faith to enhance our earnings” (“以誠信創品牌，以品牌增效益”), we have implemented a regional development strategy of utilizing Jinzhong as our home base, with expansion into Taiyuan. We have also successfully expanded our footprint to Mianyang, Sichuan Province. We operate under the philosophy of “being people-oriented and operating in good faith so as to become a responsible property developer and contribute to a harmonious society” (“以人為本、誠信經營、責任地產、和諧社會”), focusing on developing properties that target the specific needs of our customers. We offer a wide range of residential properties, including high-rise and mid-rise apartments, multi-layer garden apartments and townhouses. We are currently developing quality large-scale living communities equipped with multi-functional ancillary facilities including retail outlets, kindergartens, schools, clubhouses and car parking spaces, which aim to provide high-quality living and consumption options for our customers.

2015 is a landmark year in the development history of the Group. On 3 July 2015, the Company was successfully listed on the main board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) with a stock code of 2286. While entering the international capital market, the Company achieved transformation from asset operation to capital operation. The successful listing bolstered the Group in terms of sufficient funding and enhanced social reputation and offered precious business opportunities. This not only marked the recognition of the Company from the international capital market but also brought stronger momentum for the further development of the Company in the future.

Review for the First Half of 2015

The economy of The People's Republic of China (the “**PRC**”) was restored to new normality and grew in a steady but slower pace with gross domestic product growth of 7% during the first half of 2015. According to the National Bureau of Statistics of the PRC, investment in property development for the whole country amounted to

RMB4,395.5 billion from January to June 2015, representing a nominal growth of 4.6% year on year, of which investment in residential development accounted for RMB2,950.6 billion, an increase of 2.8%. During January to June 2015, new housing construction area amounted to 674,790,000 sq.m., a decrease of 15.8%, while commodity housing sales area amounted to 502,640,000 sq.m., representing a growth of 3.9% year on year.

The PRC property market picked up gradually in the first half of 2015. Real estate transactions, in particular, have increased significantly since the second quarter. Against the backdrop of persistent pressure in the overall macroeconomic environment in the PRC, the PRC government stabilized housing consumption and introduced multiple rounds of financial and credit policies to improve the market environment and boost the demand for home purchases. Meanwhile, local authorities successively implemented a series of easing policies, which mainly focused on the adjustment of the provident fund policy, comprising new local policies such as financial subsidies and tax reliefs, so as to stimulate the release of demand particularly the demand for housing condition upgrades.

In a complex market situation, the Company has always adhered to the advanced development ideas to constantly optimize its product design, improve the project environment and ancillary facilities and adopt sales strategies in line with market changes for project promotion. As such, the Company achieved a substantial growth in its results in the first half of 2015, laying a solid foundation for the full-year performance.

For the first half of 2015, the Group achieved contracted sales of RMB 582.3 million, representing an increase of approximately 10.5% as compared to the same period last year. Contracted GFA was 110,792 sq.m., representing an increase of approximately 6.6% as compared to the same period last year. The Group's revenue amounted to RMB 273.8 million, of which RMB 270.8 million was derived from property development, an increase of approximately 317% as compared to the same period last year.

In respect of land bank, the Company has always adopted a prudent strategy for land acquisitions and project site selection. As of 30 June 2015, the Group had a land bank with a total GFA of approximately 2.4 million sq.m.

Prospects for the Second Half of 2015

Looking ahead to the second half of 2015, with the emergence of the signs of the bottoming out of the global economy and international market conditions, the PRC economy will continue to achieve steady growth through the deepening of the structural reform and the change of the approach for driving development. With the

implementation of a series of easing policies in connection with real estate consumption, the demand for real estate will further rebound and stimulate the market rally. With regard to urbanization, with the constant promotion of new urbanization in various localities, this will continue to be favourable to the Company's operating philosophy of continuously participating in local urbanization.

In near term, the pickup in the real estate market will continue in the second half of the year. The aggressive measures rolled out in early stages have achieved results and market expectations have changed. The confidence of home buyers has been restored. The cyclical adjustment in the property sector will be conducive to the healthier and more stable development of the PRC real estate market in the long run. The Group is still cautiously optimistic about the real estate industry in the PRC.

The Group will leverage its listing for the further development of its existing projects. By capitalizing on its competitive land costs, good brand image, sustainable profitability, diversified sales channels and efficient marketing teams, the Company will further sharpen its core competitive edges. While strengthening its leading market position in Shanxi Province and identifying and capturing new business opportunities in other second-tier and third-tier cities in central and western China, the Company will continue to conduct in-depth researches on national and regional government policies and analyze the economic and urbanization trends so as to strategically expand our business into regions that the Group believes have a high growth potential.

Acknowledgement

Here, I would like to express my sincere gratitude on behalf of the Board to all our staff for their hard work, and heartfelt thanks to investors, customers and business partners for their strong support to the Group.

Bai Xuankui

Chairman

Management Discussion and Analysis

Business Review

For the six months ended 30 June 2015, the Group's total contracted sales were RMB 582.3 million, an increase of 10.5% as compared to the same period last year. For the six months ended 30 June 2015, the Group's revenue was RMB273.8 million, an increase of approximately 306% as compared to the same period last year. Revenue derived from property development was RMB270.8 million, an increase of approximately 317% as compared to the same period last year. For the six months ended 30 June 2015, the Group had a gross profit of RMB85.6 million and a profit for the period of RMB23.3 million of which earnings attributable to owners of the parent company were RMB23.4 million.

Contracted Sales

The Group's contracted sales for the six months ended 30 June 2015 and 2014 were RMB582.3 million and RMB527.0 million, respectively, representing a growth of 10.5%. Contracted total GFA was approximately 110,792 sq.m. and approximately 103,945 sq.m., respectively, representing a growth of approximately 6.6% as compared to the same period last year. The Group's contracted sales from Jinzhong, Taiyuan and Mianyang by geographic location were RMB80.6 million, RMB412.1 million and RMB89.6 million, respectively, accounting for approximately 13.8%, 70.8% and 15.4%, respectively of the total contracted sales.

The table below sets forth the Group's contracted sales for the six months ended 30 June 2015 and 2014 by geographic location:

Six months ended 30 June						
	Contracted Sales for 2015 (RMB million)	Contracted Sales for 2014 (RMB million)	Contracted GFA for 2015 (sq.m.)	Contracted GFA for 2014 (sq.m.)	Contracted Average Sales Price for 2015 (RMB/sq.m.)	Contracted Average Sales Price for 2014 (RMB/sq.m.)
Jinzhong						
Grand International						
Apartments 君豪公寓	3.6	8.3	660	1,880	5,515.0	4,402.7
Grand International Mall						
君豪商城	0.6	2.2	58	213	10,080.0	10,141.0

Six months ended 30 June						
	Contracted Sales for 2015 (RMB million)	Contracted Sales for 2014 (RMB million)	Contracted GFA for 2015 (sq.m.)	Contracted GFA for 2014 (sq.m.)	Contracted Average Sales Price for 2015 (RMB/ sq.m.)	Contracted Average Sales Price for 2014 (RMB/ sq.m.)
Xin Xing International Cultural Town (新興國際文教城) (Phase IV and Phase V)	76.4	58.2	14,363	11,287	5,318.1	5,155.9
Taiyuan						
Yosemite Valley Town—Taiyuan (龍城優山美郡) (Phase I)	412.1	405.8	75,246	79,027	5,477.1	5,135.3
Mianyang						
Yosemite Valley Town—Mianyang (綿陽優山美郡)	17.7	8.8	4,206	2,029	4,196.9	4,360.2
Elite Gardens(綿陽天禦)	22.9	43.7	5,329	9,509	4,302.5	4,593.5
Chang Xing Star Gardens(綿陽長興星城)	49.0	—	10,930	—	4,487.4	—
Total	<u>582.3</u>	<u>527.0</u>	<u>110,792</u>	<u>103,945</u>	<u>5,255.8</u>	<u>5,070.0</u>

Note:

Contracted sales, total contracted GFA and contracted average sales price in the above table also include car parking spaces sold if applicable.

Property Projects

The Group's property projects are divided into the following three categories depending on their development stage: completed properties, properties under development and properties held for future development. As some of our projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 30 June 2015, the Group had a completed total GFA of 1,839,013 sq.m. and a land bank with a total GFA of 2,411,486 sq.m., comprising: (a) a total GFA of 353,449 sq.m. which is completed but unsold; (b) a total GFA of 1,289,887 sq.m. which is under development; and (c) a total planned GFA of 768,150 sq.m. held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As of 30 June 2015, the Group had investment properties with a total GFA of 19,213 sq.m.

Property Portfolio Summary

Intended use ⁽¹⁾	Six months ended 30 June 2015		
	Completed	Under development	Held for future development
	Total GFA (sq.m.)	GFA (sq.m.)	Total GFA (sq.m.)
Mid-rise (小高層)	740,212	47,408	—
High-rise (高層)	352,386	788,025	502,393
Townhouses (聯排)	27,625	—	—
Multi-story garden apartments (多層洋房)	577,721	—	—
Retail Outlets	114,454	172,566	71,540
SOHO apartments	6,931	—	—
Hotels	—	—	22,119
Parking Spaces	17,153	273,808	144,732
Ancillary ⁽²⁾	2,531	8,080	27,366
Total GFA	<u>1,839,013</u>	<u>1,289,887</u>	<u>768,150</u>
Attributable GFA⁽³⁾	<u>1,799,062</u>	<u>1,021,832</u>	<u>743,945</u>

Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Comprises primarily utilities which are not available for sale.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and project phases as at 30 June 2015:

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership Interest ⁽²⁾ (%)
Jinzhong									
1. East Lake Mall (東湖井)	Retail Outlet	July 2000	1,330	17,886	—	10,610	7,276	—	100
2. Grand International Mall & Apartments (君豪國際)	Residential/ Commercial	June 2007	7,465	69,440	15,705	8,603	41,236	—	100
3. Blossom Gardens (錦繡新城)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100
4. Xin Xing International Cultural Town (新興國際文教城)									
Phase I	Residential	December 2005	5,600	24,903	—	—	24,602	—	100
Phase II	Residential/ Commercial	April 2012	17,968	94,046	161	—	92,748	151	100
Phase III	Residential/ Commercial	December 2009	255,918	550,664	4,603	—	540,443	—	100
Phase IV (partial)	Residential/ Commercial	September 2014	30,987	74,991	18,356	—	52,749	—	100
5. Upper East Gardens (上東庭院)									
Phase I	Residential/ Commercial	November 2006	19,361	47,998	—	—	47,926	—	100
Phase II	Residential/ Commercial	December 2011	24,343	79,556	2,220	—	73,670	—	100
6. Riverside Gardens—Zuoquan (左權濱河嘉園)	Residential/ Commercial	December 2007	73,035	110,449	—	—	97,990	555	100
7. SOLO Apartments (尚座公寓)	Commercial/ Complex	September 2009	2,411	11,347	312	—	9,471	—	100
8. Riverside Gardens —Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	65,000	833	—	61,335	340	100
Phase II	Residential	October 2012	5,898	51,684	—	—	51,217	—	100
9. Mandarin Gardens —Taigu (太谷文華庭院)	Residential/ Commercial	May 2011	30,690	54,424	—	—	51,525	—	100
Taiyuan									
1. Yosemite Valley Town—Taiyuan Phase I (Southern District) (龍城優山美郡一期 南區)	Residential/ Commercial	December 2014	115,050	346,410	199,783	—	141,300	—	100

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership Interest ⁽²⁾ (%)
Mianyang									
1. Yosemite Valley Town—Mianyang (綿陽優山美郡)	Residential/Commercial	May 2012	74,124	127,507	52,856	—	72,638	1,845	83.89
2. Elite Gardens (綿陽天禦)	Residential/Commercial	September 2014	68,529	116,947	58,620	—	57,570	687	83.89
Total			798,070	1,882,332	353,449	19,213	1,462,776	3,578	
Total Attributable GFA⁽³⁾			775,089	1,842,950	335,490	19,213	1,441,799	3,170	

Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Calculated based on the Group's effective ownership interest in the respective project companies.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Properties Under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and project stages and properties held for future development as at 30 June 2015:

Project	Project Type	Site area	Actual/ Estimated completion date	Under development			Held for future development		Ownership Interest ⁽¹⁾
				GFA under development	Saleable/ Leasable GFA	GFA pre-sold	Planned GFA	GFA with the land use right certificate not yet obtained	
		(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)
Jinzhong									
1. Xin Xing International Cultural Town (新興國際文教城)		22,578		73,278	59,625	29,821	—	—	100
Phase IV (partial)	Parking space	—	September 2015	10,949	8,840	—	—	—	100
Phase V	Residential/ Commercial	22,578	September 2015	62,329	50,785	29,821	—	—	100

Project	Project Type	Site area (sq.m.)	Actual/ Estimated completion date	Under development			Held for future development		Ownership Interest ⁽¹⁾ (%)
				GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with the land use right certificate not yet obtained (sq.m.)	
2. Phase I of Longtian Project (龍田項目一期)		129,049		449,634	428,000	—	—	—	51
Stage I	Residential/ Commercial/ Parking Space	14,346	March 2016	78,954	74,203	—	—	—	51
Stage II	Residential/ Commercial/ Parking Space	24,367	March 2016	110,725	101,386	—	—	—	51
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2016	126,120	121,061	—	—	—	51
Stage IV	Commercial/ Parking Space	13,422	March 2016	28,819	28,819	—	—	—	51
Stage V	Commercial/ Parking Space	50,232	March 2016	105,016	102,531	—	—	—	51
3. Shuncheng Street Underground Space (順城街地下空間)	Commercial	—	August 2015	1,407	897	—	—	—	100
Taiyuan									
1. Yosemite Valley Town—Taiyuan (龍城優山美郡)		303,440		469,264	393,577	133,515	617,900	617,900	100
Phase I (Southern District)	Commercial/ Parking Space	2,078	September 2015	72,399	72,325	—	—	—	100
Phase I (Northern District)	Residential/ Commercial	108,005	May 2017	396,865	321,252	133,515	—	—	100
Phase II	Residential/ Commercial	111,477	December 2018	—	—	—	394,100	394,100	100
Phase III	Residential/ Commercial	60,080	December 2019	—	—	—	212,400	212,400	100
Phase IV	Primary School	21,800	December 2017	—	—	—	11,400	11,400	100
Mianyang									
1. Chang Xing Star Gardens (綿陽長興星城)		104,308		296,304	291,754	10,930	150,250	—	83.89
Phase I	Residential/ Commercial/Hotel	68,150	January 2017	296,304	291,754	10,930	—	—	83.89
Phase II	Residential/ Commercial	36,158	May 2019	—	—	—	150,250	—	83.89
Total		559,375		<u>1,289,887</u>	<u>1,173,853</u>	<u>174,266</u>	<u>768,150</u>	<u>617,900</u>	
Total Attributable GFA⁽²⁾				<u>1,021,832</u>	<u>917,131</u>	<u>172,505</u>	<u>743,505</u>	<u>617,900</u>	

Notes:

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

The table below sets forth a summary of information on the Group's investment properties as of 30 June 2015:

Project	Type of property	Total GFA		Occupancy rate	Rental income for the six months ended	
		held for	Effective		30 June	
		Investment	leased GFA		2015	2014
		(sq.m.)	(sq.m.)		(%)	(RMB million)
Grand International Mall & Apartments (君豪國際)	Retail outlet	8,603	5,060	57.5	0.8	—
East Lake Mall (東湖井)	Retail outlet	10,610	9,584	100	—	0.3
Total		19,213	14,644	—	0.8	0.3

Land Bank

The table below sets forth a summary of the Group's land bank as at 30 June 2015 by geographic location:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	% of total land bank	Average land cost
Saleable/Leasable GFA remaining unsold	(sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	42,190	524,319	—	566,509	23.5	825.3
Taiyuan	199,783	469,264	617,900	1,286,947	53.4	393.5
Mianyang	111,476	296,304	150,250	558,030	23.1	643.5
Total	353,449	1,289,887	768,150	2,411,486	100.0	552.8

Note:

- (1) Land bank equals 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 a summary of the Group's land bank as at 30 June 2015 by type of property:

	<u>Completed</u>	<u>Under development</u>	<u>Future development</u>	<u>Total land bank⁽¹⁾</u>	<u>% of total land bank</u>
Saleable/Leasable	GFA remaining unsold	GFA Under Development	Planned GFA	Total GFA	(%)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Mid-rise (小高層)	18,003	47,408	—	65,411	2.7
High-rise (高層)	184,744	788,025	502,393	1,475,162	61.2
Townhouses (聯排)	3,033	—	—	3,033	0.1
Multi-story garden apartments (多層洋房)	92,826	—	—	92,826	3.8
Retail Outlets	38,239	172,566	71,540	282,345	11.7
SOHO apartments	113	—	—	113	0.0
Hotels	—	—	22,119	22,119	0.9
Parking Spaces	16,491	273,808	144,732	435,031	18.1
Ancillary ⁽²⁾	—	8,080	27,366	35,446	1.5
Total	<u>353,449</u>	<u>1,289,887</u>	<u>768,150</u>	<u>2,411,486</u>	<u>100.0</u>

Note:

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

(2) Comprises primarily utilities which are not available for sale.

Financial Review

Revenue

For the six months ended 30 June 2015, the Group's revenue was RMB273.8 million, representing an increase of approximately 306% from RMB67.4 million for the same period last year. The increase was principally because the completion of Southern District of Phase I of Yosemite Valley Town — Taiyuan generated a substantial increase in revenue.

Revenue from property development for the six months ended 30 June 2015 was RMB270.8 million, representing an increase of approximately 317% as compared to the same period last year. The increase was primarily due to an increase in revenue from property development of the Group in relation to Southern District of Phase I of Yosemite Valley Town — Taiyuan.

Gross Profit

For the six months ended 30 June 2015, the Group's gross profit was RMB85.6 million, representing an increase of approximately 645% from RMB11.5 million for the same period last year. The gross profit margin was 31% for the Reporting Period, as compared to 17% for the same period last year.

The gross profit of property development was RMB82.6 million, representing an increase of approximately 818% from RMB9.0 million for the same period last year. The increase in the gross profit of property development of the Group was primarily due to revenue from delivery of some properties of the project of Southern District of Phase I of Yosemite Valley Town — Taiyuan during the six months ended 30 June 2015. The gross profit margin of property development increased from approximately 17% for the six months ended 30 June 2014 to approximately 31% for the six months ended 30 June 2015.

Other Income and Gains

The Group's other income and gains were RMB1.7 million for the six months ended 30 June 2014, while other income and gains were RMB1.9 million for the six months ended 30 June 2015.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 41% from RMB14.1 million for the six months ended 30 June 2014 to RMB19.9 million for the six months ended 30 June 2015, which was primarily due to the fact that more marketing efforts were put on the Group's projects, Yosemite Valley Town — Taiyuan and Chang Xing Star Gardens.

Administrative Expenses

The Group's administrative expenses increased by approximately 136% from RMB 11.3 million for the six months ended 30 June 2014 to RMB26.7 million for the six months ended 30 June 2015. This was primarily due to listing expenditures incurred for the listing process of the Group on the Stock Exchange in the first half of year 2015 and a corresponding increase in the Group's headcount and increased average salaries and benefits of the Group's staff with the expansion of the Group's operations.

Finance Costs

The Group's finance costs increased by approximately 129% from RMB0.7 million for the six months ended 30 June 2014 to RMB1.6 million for the six months ended 30 June 2015 which was primarily because new loans were obtained by the Group in the first half of year 2015.

Income Tax Expense

The Group's income tax expense increased from tax credit of RMB2.5 million for the six months ended 30 June 2014 to tax expense of RMB15.9 million for the six months ended 30 June 2015, which was primarily due to the Group recorded a profit in the first half of year 2015. The current PRC corporate income tax and land appreciation tax of the Group for the six months ended 30 June 2015 were RMB10.6 million and RMB5.3 million, respectively.

Profit/(loss) and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit/(loss) and total comprehensive income for the period increased from a loss of RMB10.7 million for the six months ended 30 June 2014 to a profit of RMB23.3 million for the six months ended 30 June 2015.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2015, the Group's bank balance and cash were approximately RMB437.0 million, representing an increase of approximately 11% as compared to RMB393.5 million as at 31 December 2014.

Net Operating Cash Flow

The Group recorded a net cash inflow from operating activities of RMB128.9 million for the six months ended 30 June 2015 while the Group recorded a net cash inflow from operating activities of RMB11.0 million for the six months ended 30 June 2014.

Borrowings and Pledged Assets

The Group had aggregate borrowings of approximately RMB747.0 million as at 30 June 2015, of which approximately RMB217.0million are due within one year, approximately RMB530.0 million are due within two and five years. As at 30 June

2015, some of the Group's outstanding bank borrowings were secured by its properties under development, properties, properties held for sale, investment properties, plants and equipments and prepaid land lease payments with carrying values of approximately RMB1,647.6 million.

The Group's domestic bank loans carried a floating interest rate linked with the base lending rate of The People's Bank of China. As at 30 June 2015, the Group was exposed to interest rate risk, primarily in relation to our bank loans bearing floating interest rates, which amounted to be RMB747.0 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into schemes of arrangement with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but rely on credit checks conducted by mortgagee banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation 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 30 June 2015, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB716.7 million.

On 16 March 2013, Shanxi Yuei Huayi Section Steel Industrial Co., Ltd. (山西榆次華益型鋼實業有限公司) ("**Shanxi Yuci Huayi**") filed an action (the "**Relevant Litigation**") against Chenxing Real Estate Development Co., Ltd. (辰興房地產發展有限公司) ("**Chen Xing**"), claiming compensation and damages in an aggregate amount of RMB40,077,420 (the "**Claim**") on the ground that Chen Xing failed to sell residential units and retail outlets at favorable prices agreed in accordance with the resettlement compensation agreement and the supplemental agreement entered between Chen Xing and Shanxi Yuci Huayi in November 2006.

On 8 July 2015, the Company received the judgment ((2013) Jin Zhong Zhong Fa Shang Chu Zi No. 13) issued by Jinzhong Intermediate People's Court (the "**Court**") in relation to the litigation between Chen Xing, the defendant, and Shanxi Yuci Huayi, the plaintiff, pursuant to which the Court gave the following judgment: (1) Chen Xing was ordered to pay Shanxi Yuci Huayi an aggregate sum of RMB7,150,650 for the compensation of residential units and shops; and (2) denied all other claims of Shanxi Yuci Huayi. The Court also ordered that RMB311,557 and RMB49,459 of the legal costs shall be borne by Shanxi Yuci Huayi and Chen Xing respectively.

The Company lodged an appeal on 19 July 2015 to Shanxi Province Supreme People's Court to seek to revoke the judgment made by the Intermediate People's Court.

The Directors believe, and the Group's legal counsel is of the view, that Chen Xing has a valid defense against the Claim and, accordingly, no provision arising from the Claim, other than the related legal and other costs, have been provided for.

Material Acquisitions and Disposals and Significant Investments

For the six months ended 30 June 2015, the Company had completed the material acquisitions for the purpose of the reorganization of the Group in preparation for its Listing and in the ordinary course of business of the Group. Please refer to the Company's prospectus dated 22 June 2015 (the "**Prospectus**") for further details.

Save as disclosed in the Prospectus and in this announcement and mentioned above, the Company did not have any material acquisitions and disposals and significant investments during the six months ended 30 June 2015.

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, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the Prospectus and in this announcement and mentioned above, the Group did not have any future plans for material investments as of the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2015, the Group had approximately 199 employees. For the six months ended 30 June 2015, the Group incurred employee costs of approximately RMB6.8 million. Remuneration for the employees generally includes salary and performance-based quarterly 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.

Gearing Ratio

As at 30 June 2015, the gearing ratio (calculated by total debt divided by total equity; total debt includes interest-bearing bank and other borrowings) was 124.18% (31 December 2014:108.43%).

Foreign Currency Risks

The Group mainly operates in the PRC. The Group's functional currency and the currency in which the Group denominates and settles substantially all of its transactions are Renminbi. Any depreciation of the Renminbi would affect the value of any dividends that the Group pays to the Shareholders outside of the PRC. The Group currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk.

Interim Dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2015 to the Shareholders.

Use of Net Proceeds from Listing

The net proceeds of the Company from issue of new shares pursuant to its Global Offering (after deducting underwriting fees and related expenses) amounted to approximately HK\$258.3 million, are intended to be applied in the manner consistent with that set out in the Prospectus.

Corporate Governance

The Company is always committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company and protect the interests all of the Shareholders. The Company are fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders. The Board considers that sound corporate governance maximizes the Shareholders' interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) as its own code of corporate governance.

The Board consists of 5 executive Directors and 3 independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and oversees the Company's businesses, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, but 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 have contributed to the Board with their professional opinions. Mr. Bai Xuankui (“**Chairman Bai**”) is an executive Director and 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 has been serving as the Director and Chairman of the Board since its establishment, which facilitates the Company in formulating appropriate development strategies. 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 are thoroughly implemented.

To ensure compliance with the CG Code, the Company will continue to strengthen its corporate governance practices and, with the assistance of legal advisors in the PRC and Hong Kong and compliance advisor, enhance its internal control.

The Company has complied with the CG Code from 3 July 2015 (the date on which the shares of the Company commenced trading on the main board of the Stock Exchange, the “**Listing Date**”) to the date of this announcement.

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 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date up to the date of this announcement.

Purchase, Sale or Redemption of Securities of the Company

For the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Subsequent Events

On 3 July 2015, the Company’s shares were listed on the Main Board of the Stock Exchange. On that date, the Company issued 100,000,000 shares with a par value of HK\$0.01 each under the Global Offering at HK\$3.00 per share.

On 8 July 2015, the Company received the judgment ((2013) Jin Zhong Zhong Fa Shang Chu Zi No. 13) issued by the Court in relation to the Relevant Litigation between Chen Xing, the defendant, and Shanxi Yuci Huayi, the plaintiff. For details, please refer to the section headed “Financial Guarantees and Contingent Liabilities” above. Chen Xing lodged an appeal on 19 July 2015 to Shanxi Province Supreme People’s Court to seek to revoke the Judgment made by the Intermediate People’s Court.

On 15 July 2015, Chen Xing, an indirect wholly-owned subsidiary of the Company in the PRC, made a capital contribution of RMB49.66 million to Wuzhishan Kim Jin Yao Yang Real Estate Development Co., Ltd. (五指山金辰曜陽房地產開發有限公司) (“**Kim Jin Yao Yang**”). Following the capital contribution, Chen Xing would hold a stake of 55% in Kim Jin Yao Yang. Upon the completion of the transaction, Chen Xing will develop land parcels held by Kim Jin Yao Yang which involve four State-Owned Land Use Rights cases and are situated in Wuzhishan City, Hainan Province, the PRC with an aggregate area of 92,521.26 sq.m.

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 C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters of the Group, including review of the interim results. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

Publication of the Interim Report for the Six Months Ended 30 June 2015

In accordance with the requirements under the Listing Rules, the interim report for the six months ended 30 June 2015 containing information about the Company will be despatched to the Shareholders and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chen-xing.cn) in due course.

By Order of the Board
Chen Xing Development Holdings Limited
BAI Xuankui
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board of comprises Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua, Mr. Dong Shiguang and Mr. Zhang Yongcheng as executive Directors and Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing as independent non-executive Directors.