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 2015

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2015 (the "**Reporting Period**"), contracted sales amounted to RMB1,284.0 million and the corresponding contracted gross floor area ("**GFA**") amounted to approximately 249,484 sq.m., representing an increase of 0.1% and 2.8% comparing with the same period last year, respectively;
- Revenue for the Reporting Period amounted to RMB966.2 million, of which RMB958.2 million was revenue from property development;
- Gross profit for the Reporting Period amounted to RMB281.4 million, of which RMB273.3 million was gross profit from property development;
- Net profit for the Reporting Period amounted to RMB288.0 million, of which RMB290.1 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to 2,389,531 sq.m. and the average cost of land bank was RMB653.7 per sq.m. for the Reporting Period;
- Contracted average sales price ("**Average Sales Price**") for the Reporting Period was RMB5,146.6 per sq.m.;
- Basic earnings per share for the Reporting Period was RMB0.64; and
- The Board proposed a final dividend of HK$0.5 per share.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 Company's shareholders ("**Shareholder(s)**") the audited annual results of the Group for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

		2015	2014
	Notes	*RMB'000*	*RMB'000*
REVENUE	6	966,213	825,888
Cost of sales		(684,824)	(587,443)
Gross profit		281,389	238,445
Other income and gains	6	292,871	5,528
Selling and distribution expenses		(47,420)	(38,655)
Administrative expenses		(60,778)	(36,301)
Other expenses		19,553	(224)
Finance costs	8	(6,894)	(2,161)
Share of loss of a joint venture		—	(151)
PROFIT BEFORE TAX	7	439,615	166,481
Income tax expense	9	(151,583)	(60,046)
PROFIT FOR THE YEAR		288,032	106,435
Attributable to:			
Owners of the parent		290,103	104,342
Non-controlling interests		(2,071)	2,093
		288,032	106,435
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB)	10	0.64	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	**2014**
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	288,032	106,435
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or less in subsequent periods:		
Exchange differences on translation of foreign operations	10,235	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	10,235	—
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	31,108	—
Income tax effect	(7,777)	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	23,331	—
OTHER COMPREHENSIVE INCOME, NET OF TAX FOR THE YEAR	33,566	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	321,598	106,435
Attributable to:		
Owners of the parent	323,669	104,342
Non-controlling interests	(2,071)	2,093
	321,598	106,435

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		67,718	54,043
Investment properties		161,000	127,000
Properties under development		157,473	792,186
Intangible assets		711	998
Deferred tax assets		54,130	132,286
Prepaid land lease payments		1,464	1,509
Total non-current assets		442,496	1,108,022
CURRENT ASSETS			
Properties under development		3,689,517	1,537,681
Completed properties held for sale		569,910	1,209,436
Inventories		2,271	1,840
Trade receivables	12	—	2,090
Prepayments, deposits and other receivables		377,329	99,012
Tax recoverable		15,868	12,911
Due from a director		—	8,689
Due from a related party		159	—
Available-for-sale investments		91,900	36,000
Pledged deposits		42,159	40,880
Cash and cash equivalents		617,215	393,515
Total current assets		5,406,328	3,342,054
CURRENT LIABILITIES			
Trade payables	13	991,184	701,490
Other payables, deposits received and accruals		1,179,898	602,042
Advances from customers		1,689,073	1,374,023
Interest-bearing bank borrowings	14	369,000	267,000
Due to a related party		892	3,124
Due to directors		85	184,426
Tax payable		90,216	102,332
Provision		7,213	—
Total current liabilities		4,327,561	3,234,437

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2015

	Note	2015 RMB'000	2014 RMB'000
NET CURRENT ASSETS		1,078,767	107,617
TOTAL ASSETS LESS CURRENT LIABILITIES		1,521,263	1,215,639
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	293,000	360,000
Due to a related party		80,000	—
Deferred tax liabilities		24,983	—
Government grants		—	277,378
Total non-current liabilities		397,983	637,378
NET ASSETS		1,123,280	578,261
EQUITY			
Share capital		4,003	—
Reserves		1,034,873	491,786
		1,038,876	491,786
Non-controlling interests		84,404	86,475
TOTAL EQUITY		1,123,280	578,261

Notes

1. GENERAL INFORMATION ON THE GROUP

The Company was incorporated as an exempted limited company 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 head office and principal place of business in the People's Republic of China (the "**PRC**") is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the PRC, and the principal place of business in Hong Kong is located at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

On 3 July 2015, the Company completed the global offering and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is focusing on development projects primarily comprising residential properties and, to a lesser extent, commercial properties.

2. BASIS OF PRESENTATION

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries. The consolidated results set out in this announcement do not constitute the consolidated financial statements of Group for the year ended 31 December 2015 but are extracted from those financial statements.

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. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The measurement basis used in the preparation of these financial statements is historical cost basis, except for investment properties and available-for-sale investments, which are measured at their fair values.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. **BASIS OF PRESENTATION (continued)**

Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3 **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instrument*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4 No mandatory effective date yet determined but is available for adoption

The Group anticipates that the application of the new and revised HKFRSs will have no material impact on the financial position or performance of the Group upon adoption.

5. 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 operations 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 Reporting Period.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties and lease of properties, net of business tax and other sales related to taxes and discounts allowed.

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

	2015	**2014**
	RMB'000	*RMB'000*
Revenue		
Sale of properties	1,016,055	870,856
Property leasing income	8,530	5,717
	1,024,585	876,573
Less: Business tax and government surcharges	(58,372)	(50,685)
	966,213	825,888

	2015	**2014**
	RMB'000	*RMB'000*
Other income		
Government grants	283,883	—
Bank interest income	1,836	2,338
Income from available-for-sale investments	1,666	2,912
Gross rental income	211	—
Others	569	34
	288,165	5,284
Gains		
Fair value gains on investment properties	4,483	—
Gain on disposal of property, plant and equipment	223	—
Gain on disposal of a subsidiary	—	244
	4,706	244
	292,871	5,528

7. PROFIT BEFORE TAX

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

	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold	684,824	587,443
Depreciation	7,191	3,775
Amortisation of intangible assets	287	268
Minimum lease payments under operating leases	1,156	584
Amortisation of prepaid land lease payments	45	45
Auditors' remuneration	1,700	250
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	9,461	9,789
Pension scheme contributions	1,316	2,490
Staff welfare expenses	1,791	1,443
Changes in fair value of investment properties	(4,483)	—
Government grants	(283,883)	—
Bank interest income	(1,836)	(2,338)
Income from available-for-sale investments	(1,666)	(2,912)
Gain on disposal of a subsidiary	—	(244)
Gain on disposal of property, plant and equipment	(223)	—
Other expenses:		
Loss on disposal of items of property, plant and equipment	—	2
Loss on disposal of investment properties	11,303	—

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	50,518	43,300
Interest on loans from a related party	1,743	11,317
Less: Interest capitalised	(45,367)	(52,456)
Total finance costs	6,894	2,161

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 British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and 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"), Hong Kong profits tax is based on a tax rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2014: Nil).

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of certain 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 expense for the Group are as follows:

	2015	**2014**
	RMB'000	*RMB'000*
Current tax:		
Income tax charge	39,409	85,336
LAT	16,812	19,833
Deferred tax	95,362	(45,123)
Total tax charge for the year	151,583	60,046

9. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	439,615	166,481
Tax at the statutory tax rate	113,780	41,620
Provision for LAT	16,812	19,833
Tax effect of LAT provision	(4,203)	(4,958)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	24,983	—
Expenses not deductible for tax	211	3,551
Tax charge at the Group's effective rate	151,583	60,046

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

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

	2015	2014
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	290,103	104,342

	2015	2014
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	450,278	399,997

The weighted average number of ordinary shares for the purpose of the basic earnings per share calculation for the Reporting Period has been retrospectively adjusted to reflect the 399,990,000 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 year.

11. DIVIDENDS

Subsequent to the end of the Reporting Period, the Directors of the Company proposed a final dividend of HK$0.5 (2014: Nil) per share for the year ended 31 December 2015, totaling HK$250 million (equivalent to RMB209.5 million), subject to the approval of the Company's Shareholders at the forthcoming annual general meeting.

12. TRADE RECEIVABLES

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

	2015	2014
	RMB'000	*RMB'000*
Less than 1 year	—	—
1 to 2 years	—	2,090
	—	2,090

13. TRADE PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
Less than 1 year	685,943	645,456
1 to 2 years	254,540	8,495
2 to 3 years	8,250	5,120
3 to 4 years	3,360	5,668
4 to 5 years	3,780	26,633
Over 5 years	35,311	10,118
	991,184	701,490

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

14. INTEREST-BEARING BANK BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans - secured	6.63	2016	47,000	7.68	2015	47,000
Current portion of long term bank loans - secured	6.15-6.77	2016	322,000	6.77-7.38	2015	220,000
			369,000			267,000
Non-current						
Bank loans - secured	4.75-6.60	2018	293,000	6.15-6.77	2016	360,000
			662,000			627,000

	2015	**2014**
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
Within one year or on demand	369,000	267,000
In the second year	—	360,000
In the third to fifth years, inclusive	293,000	—
	662,000	627,000

Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's buildings, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB44,762,000 (2014: Nil);

(ii) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB118,000,000 (2014: RMB57,000,000);

(iii) mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB1,232,706,000 (2014: RMB1,041,711,000);

In addition, the Company's controlling Shareholders have guaranteed certain of the Group's bank loans up to RMB93,000,000 as at the end of the Reporting Period (2014: Nil).

15. CONTINGENT LIABILITIES

(a) At the end of the Reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	2015	2014
	RMB'000	*RMB'000*
Guarantees given to banks in respect of mortgage facilities granted to the purchase of the Group's properties	866,697	518,507

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.

(b) In 2015, Shanxi Third Construction Co, Ltd. ("Shanxi Third Construction") filed an action in the Court against Chen Xing, claiming payment of a construction fee and a material cost in an aggregate amount of RMB873,000 (the "Claim"). 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, has been made.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2015.

REVIEW OF ANNUAL RESULTS FOR 2015

According to the National Bureau of Statistics of the PRC, investment in property development for the whole country amounted to RMB9,597.9 billion in 2015, representing a nominal growth of 1.0% from the previous year. New housing construction area amounted to 1,544,540,000 sq.m., a decrease of 14.0% from the previous year. Commodity housing sales area in the whole country amounted to 1,284,950,000 sq.m., representing a growth of 6.5% from the previous year. Commodity housing sales amounted to RMB8,728.1 billion, representing a growth of 14.4% from the previous year.

In 2015, the State Council defined in its work report the policy tone of supporting demands for owner-occupied and upgraded housing, while the People's Bank of China cut the benchmark interest rate for deposits and loans and the reserve requirement ratio for five times. The property market picked up mildly due to the continuous promulgation of favorable policies.

In such market situation in 2015, the Company has always adhered to the advanced development ideas and adopted sales strategies in line with market changes for project promotion. As such, the Group achieved a growth in its results for 2015.

In 2015, the Group achieved contracted sales of RMB1,284 million, representing an increase of approximately 0.1% as compared to the same period last year. Contracted GFA was 249,484 sq.m., representing an increase of 2.8% as compared to the same period last year. The Group's revenue amounted to RMB966.2 million, of which RMB958.2 million was derived from property development, an increase of 17.0% 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 and endeavors to obtain premium land parcels at competitive costs. In 2015, the Group acquired a new parcel of land in Hainan with a site area of 92,521.26 sq.m.. The land acquisition cost was approximately RMB1,238 per sq.m. on average with planned GFA of 126,161 sq.m.. As at 31 December 2015, the Group had a land bank with a total GFA of approximately 2.4 million sq.m. and average land cost of approximately RMB653.7 per sq.m..

PROSPECTS FOR 2016

Looking ahead to 2016, as the central government of the PRC continues to promote the structural reform from the supply side and focuses on the improvement of supply efficiency and quality in the supply system, the PRC economy will change the approach for driving development and continue to achieve steady growth. The approach adopted by the central government of the PRC towards the property sector has been adjusted to relieve real estate inventory and increase effective demand. A series of policies which are favorable for reducing real estate inventory will be promulgated and implemented successively. This, together with adjustment of the household registration system and implementation of policies relating to residence permits, shall bring new demand to the market and further propel the market to grow. The Group is cautiously optimistic about the development prospect of the real estate industry in the PRC for 2016.

In addition to a full understanding of the macro economy and market changes, the Group will implement an efficient project operation and management system in 2016. Leveraging on competitive land cost, good brand image and flexible sales policies, the Group intends to maintain continuous, rapid and healthy development.

As competition in the real estate industry intensified and industry differentiation strengthened, the central government of the PRC provided several policy guidances in 2015 on promoting merger and acquisition ("M&A") in the real estate industry and improving industry concentration. In 2016, the Group will make full use of the capital market and attach great importance to M&A opportunities by timely adopting measures such as project acquisition, equity M&A and participation in reorganisations, so as to obtain premium resources, effectively reduce land cost and expand operation scale. In view of the industry prospect and new development trend, the Group will also continue to optimize its business chain coverage, duly expand its business scope and try diversified development strategies to grow and strengthen its business continuously.

ACKNOWLEDGEMENT

Finally, 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 for and trust in the Group.

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2015, the amount of Group's contracted sales were RMB1,284.0 million, an increase of 0.1% as compared to the same period last year. For the year ended 31 December 2015, the Group's revenue was RMB966.2 million, an increase of 17% as compared to the same period last year. Revenue derived from property development was RMB958.2 million, an increase of 17% as compared to the same period last year. For the year ended 31 December 2015, the Group had net profit of RMB288.0 million of which net profit attributable to equity holders of the Company was RMB290.1 million.

CONTRACTED SALES

The amount of Group's contracted sales for the year ended 31 December 2015 and the year ended 31 December 2014 were approximately RMB1,284.0 million and approximately RMB1,282.5 million, respectively, representing a growth of 0.1%. Contracted total GFA was approximately 249,484 sq.m. and approximately 242,776 sq.m., respectively, representing a growth of 2.8% as compared to the same period last year. The Group's contracted sales from Jinzhong, Taiyuan and Mianyang by geographic location were approximately RMB180.9 million, approximately RMB809.4 million and approximately RMB293.7 million, respectively, accounting for 14.1%, 63.0% and 22.9%, respectively of the total contracted sales.

The table below sets forth the Group's contracted sales for the year ended 31 December 2015 by geographic location:

	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)	13.1	16.6	2,727	3,498	4,806.8	4,747.2
Grand International Mall (君豪商城)	0.8	3.0	81	294	10,221.8	10,151.9
Shuncheng Street Underground Space (順城街地下空間)	11.4	—	897	—	12,682.4	—
Xin Xing International Cultural Town (新興國際文教城) (Phase IV and Phase V)	155.6	155.0	32,084	29,764	4,850.7	5,207.0
Taiyuan						
Yosemite Valley Town –Taiyuan (龍城優山美郡) (Phase I)	809.4	981.3	145,494	180,962	5,660.9	5,422.9
Mianyang						
Yosemite Valley Town –Mianyang (綿陽優山美郡)	43.7	15.1	10,806	3,461	4,047.9	4,353.9
Elite Gardens (綿陽天禦)	61.8	111.5	15,101	24,797	4,093.0	4,497.0
Chang Xing Star Gardens (綿陽長興星城)	188.2	—	42,294	—	4,448.6	—
Total	**1,284.0**	**1,282.5**	**249,484**	**242,776**	**5,146.6**	**5,282.6**

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 31 December 2015, the Group had a completed total GFA of 1,839,018 sq.m. and a land bank with a total GFA of 2,389,531 sq.m., comprising: (i) a total GFA of 206,740 sq.m. which is completed but unsold; (ii) a total GFA of 1,288,480 sq.m. which is under development; and (iii) a total planned GFA of 894,311 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 at 31 December 2015, the Group had investment properties with a total GFA of 21,613 sq.m..

Property Portfolio Summary

Intended use[1]	Completed Total GFA *(sq.m.)*	Under development Total GFA *(sq.m.)*	Held for future development Total GFA *(sq.m.)*
Mid-rise (小高層)	740,213	47,408	28,592
High-rise (高層)	352,386	788,025	502,393
Townhouses (聯排)	27,625	—	—
Multi-story garden apartments (多層洋房)	576,829	—	54,452
Retail Outlets	115,350	171,159	114,657
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	**1,839,018**	**1,288,480**	**894,311**
Attributable GFA [3]	**1,799,819**	**1,020,425**	**870,105**

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 corresponding project phases if any as at 31 December 2015:

Project	Project type	Actual completion date	Site area	Completed GFA	Saleable/ Leasable GFA remaining unsold	GFA held for investment	GFA sold	Other GFA[1]	Ownership Interest[2]
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
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	65,543	11,385	8,241	45,917	—	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	24,602	—	—	24,602	—	100
Phase II	Residential/ Commercial	April 2012	17,968	93,060	161	—	92,748	151	100
Phase III	Residential/ Commercial	December 2009	255,918	545,046	3,701	—	541,345	—	100
Phase IV (partial)	Residential/ Commercial	September 2014	30,987	71,106	8,262	—	62,844	—	
5. Upper East Gardens (上東庭院)									
Phase I	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—	100
Phase II	Residential/ Commercial	December 2011	24,343	75,889	2,219	—	73,670	—	100
6. Riverside Gardens–Zuoquan (左權濱河嘉園)	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555	100
7. SOLO Apartments (尚座公寓)	Commercial/ Complex	September 2009	2,411	9,783	312	—	9,471	—	100
8. Riverside Gardens–Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	62,507	833	—	61,334	340	100
Phase II	Residential	October 2012	5,898	51,217	—	—	51,217	—	100
9. Mandarin Gardens–Taigu (太谷文華庭院)	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—	100
10. Shuncheng Street Underground Space (順城街地下空間)	Retail Outlet	August 2015	—	897	—	—	897	—	100

Project	Project type	Actual completion date	Site area	Completed GFA	Saleable/ Leasable GFA remaining unsold	GFA held for investment	GFA sold	Other GFA[1]	Ownership Interest[2]
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
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	341,083	80,965	—	260,118	—	100
Mianyang									
1. Yosemite Valley Town –Mianyang (綿陽優山美郡)	Residential/ Commercial	May 2012	74,124	126,447	48,590	—	76,012	1,845	83.89
2. Elite Gardens (綿陽天禦)	Residential/ Commercial	September 2014	68,529	116,876	50,312	—	65,877	687	83.89
Total			**798,070**	**1,839,018**	**206,740**	**18,851**	**1,609,849**	**3,578**	
Total Attributable GFA[3]			**775,089**	**1,799,819**	**190,807**	**18,851**	**1,586,991**	**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 corresponding project stages if any and properties held for future development as at 31 December 2015:

Project	Project Type	Site area	Actual/ Estimated completion date	Under development GFA under development	Saleable/ Leasable GFA	GFA pre-sold	Held for future development Planned GFA	GFA with the land use right certificate not yet obtained	Ownership Interest [1]
		(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	45,288	—	—	100
Phase IV (partial)	Parking Space	—	March 2016	10,949	8,840				100
Phase V	Residential/ Commercial	22,578	March 2016	62,329	50,785	45,288			100
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	September 2016	78,954	74,203	—	—	—	51
Stage II	Residential/ Commercial/ Parking Space	24,367	June 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	June 2016	28,819	28,819	—	—	—	51
Stage V	Commercial/ Parking Space	50,232	June 2016	105,016	102,531	—	—	—	51

Project	Project Type	Site area	Actual/ Estimated completion date	Under development: GFA under development	Under development: Saleable/ Leasable GFA	Under development: GFA pre-sold	Held for future development: Planned GFA	Held for future development: GFA with the land use right certificate not yet obtained	Ownership Interest (1)
		(sq.m.)		*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Taiyuan									
1. Yosemite Valley Town–Taiyuan (龍城優山美郡)		303,440		469,264	393,577	183,573	617,900	617,900	100
Phase I (Southern District)	Commercial/ Parking Space	2,078	December 2016	72,399	72,325	–	–	–	100
Phase I (Northern District)	Residential/ Commercial	108,005	May 2017	396,865	321,252	183,573	–	–	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	42,294	150,250	–	83.89
Phase I	Residential/ Commercial/ Hotel	68,150	January 2017	296,304	291,754	42,294	–	–	83.89
Phase II	Residential/ Commercial	36,158	May 2019	–	–	–	150,250	–	83.89
Wuzhishan		92,522		–	–	–	126,161	–	100
Phase I	Commercial	28,745	December 2017	–	–	–	43,117	–	100
Phase II	Residential	23,827	October 2018	–	–	–	28,592	–	100
Phase III	Residential	18,244	October 2018	–	–	–	21,893	–	100
Phase IV	Residential	21,706	October 2019	–	–	–	32,559	–	100
Total		651,897		1,288,480	1,172,956	271,155	894,311	617,900	
Total Attributable GFA(2)				1,020,425	916,234	264,341	870,105	617,900	

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 at 31 December 2015:

Project	Type of property	Total GFA held for Investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the year ended 31 December 2015 (RMB million)	2014
Grand International Mall & Apartments (君豪國際)	Retail Outlet	8,241	4,847	87.4	4.3	3.8
East Lake Mall (東湖井)	Retail Outlet	10,610	9,584	100	1.8	1.6
Office Building of West Yingbin Street (迎賓西街辦公室)	Retail Outlet	2,762	2,762	100	2.0	—
Total		**21,613**	**17,193**	**—**	**8.1**	**5.4**

Land Bank

The table below sets forth a summary of the Group's land bank as at 31 December 2015 by geographic location:

	Completed	**Under development**	**Future developemnt**	**Total land bank**[1]	**% of total land bank**	**Average land cost**
	Saleable/ Leasable GFA remaining unsold	**GFA Under Development**	**Planned GFA**	**Total GFA**		
			(sq.m.)		*(%)*	*(RMB/sq.m.)*
Jinzhong	26,872	522,911	–	549,783	23.0	825.3
Taiyuan	80,965	469,265	617,900	1,168,130	48.9	393.5
Mianyang	98,903	296,304	150,250	545,457	22.8	643.5
Wuzhishan	—	—	126,161	126,161	5.3	1238.4
Total	**206,740**	**1,288,480**	**894,311**	**2,389,531**	**100.0**	**653.7**

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 31 December 2015 by type of property:

	Completed	Under development	Future developemnt	Total land bank[1]	% of total land bank
	Saleable/ Leasable GFA remaining unsold	GFA Under Development	Planned GFA	Total GFA	
			(sq.m.)		*(%)*
Mid-rise (小高層)	7,907	47,408	28,592	83,907	3.5
High-rise (高層)	61,605	788,025	502,393	1,352,023	56.7
Townhouses (聯排)	3,033	—	—	3,033	0.1
Multi-story garden apartments (多層洋房)	80,406	—	54,452	134,858	5.6
Retail Outlets	37,338	171,159	114,657	323,154	13.5
SOHO apartments	113	—	—	113	0.0
Hotels	—	—	22,119	22,119	0.9
Parking	16,338	273,808	144,732	434,878	18.2
Ancillary [2]	—	8,080	27,366	35,446	1.5
Total	**206,740**	**1,288,480**	**894,311**	**2,389,531**	**100.0**

Notes:

(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 year ended 31 December 2015, the Group's revenue was RMB966.2 million, representing an increase of 17% from RMB825.9 million for the same period last year. The increase was primarily due to 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 year ended 31 December 2015 was RMB958.2 million, representing an increase of 17% as compared to the same period last year. The increase was primarily due to an increase in revenue from property development of the Company in relation to Southern District of Phase I of Yosemite Valley Town – Taiyuan.

Sales and Services Cost

The Group's sales and services cost increased by 17% from RMB587.4 million for the year ended 31 December 2014 to RMB684.8 million for the year ended 31 December 2015, which was primarily due to a corresponding increase in cost of sales with the increase in sales income.

Gross Profit

For the year ended 31 December 2015, the Group's gross profit was RMB281.4 million, representing an increase of 18% from RMB238.4 million for the year ended 31 December 2014. The gross profit margin was 29% for the year ended 31 December 2015, as compared to 29% for the year ended 31 December 2014.

For the year ended 31 December 2015, the gross profit of property development of the Group was RMB273.3 million, representing an increase of 17% from RMB233.1 million for the year ended 31 December 2014. The increase in the gross profit of property development of the Group was primarily due to the increase in the gross profit of property development of the project of Southern District of Phase I of Yosemite Valley Town — Taiyuan during the year ended 31 December 2015. The gross profit margin of property development was 29% for the year ended 31 December 2015, as compared to 28% for the year ended 31 December 2014.

Other Income and Gains

The Group's other income and gains were RMB292.9 million for the year ended 31 December 2015, as compared to RMB5.5 million for the year ended 31 December 2014, which was primarily due to government' grants recognized for the year. For the details of government' grants, please refer to page 303 to 304 of the Company's Prospectus (the "**Prospectus**") dated 22 June 2015.

Net Profit Attributable of Equity Holders of the Company

For the year ended 31 December 2015, net profit attributable of equity holders of the Company was RMB290.1 million, representing an increase of 178% from RMB104.3 million for the year ended 31 December 2014, which was primarily due to the increase in net profit of the Group.

Change in Fair Value of Investment Properties

Change in fair value of investment properties increased from nil for the year ended 31 December 2014 to RMB4.5 million for the year ended 31 December 2015, which was primarily due to the increase fair value of Grand International Mall.

Selling and Distributing Expenses

Selling and distributing expenses increased by 22% from RMB38.7 million for the year ended 31 December 2014 to RMB47.4 million for the year ended 31 December 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

Administrative expenses increased by 67% from RMB36.3 million for the year ended 31 December 2014 to RMB60.8 million for the year ended 31 December 2015. This was primarily due to the listing expenditures incurred for the listing process of the Company on the Stock Exchange in the year and a corresponding increase in the Group's headcount and increase in average salaries and benefits of the Group's staff with the expansion of the Group's operations.

Finance Costs

Finance costs increased by 214% from RMB2.2 million for the year ended 31 December 2014 to RMB6.9 million for the year ended 31 December 2015, which was primarily due to new loans were obtained by the Group during the Reporting Period.

Income Tax Expense

Income tax expense increased from RMB60.0 million for the year ended 31 December 2014 to RMB151.6 million for the year ended 31 December 2015, which was primarily due to the increase in profit before tax. The PRC corporate income tax and land appreciation tax of the Group for the year ended 31 December 2015 were RMB134.8 million and RMB16.8 million, respectively.

Profit and Total Comprehensive Income for the year

As a result of the foregoing, the Group's profit and total comprehensive income for the year increased from RMB106.4 million for the year ended 31 December 2014 to RMB321.6 million for the year ended 31 December 2015.

Cash Position

As at 31 December 2015, the Group's cash and cash equivalents were approximately RMB617.2 million, representing an increase of 57% as compared to RMB393.5 million as at 31 December 2014.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of RMB204.1 million as at 31 December 2015, while the Group recorded a positive operating cash flow of RMB428.5 million as at 31 December 2014.

Borrowings

The Group had outstanding bank borrowings and borrowings from a related party of RMB662.0 million and RMB80.0 million as at 31 December 2015, respectively.

Pledged Assets

Some of the Group's borrowings were secured by its properties under development, investment properties and properties, plants and equipments or combinations of the above. As at 31 December 2015, the assets pledged to secure certain borrowing granted to the Company amounted to RMB1,395.5 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 31 December 2015, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB866.7 million.

The Group had no other material contingent liabilities as at 31 December 2015.

Material Acquisitions and Disposals and Significant Investments

For the year ended 31 December 2015, the Group had completed the material acquisitions for the purpose of the reorganisation of the Group in preparation for its Listing and in the ordinary course of business of the Group. Please refer to the Prospectus for further details.

On 15 July 2015, Chenxing Real Estate Development Co., Ltd. (辰興房地產發展有限公司) ("**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.

On 30 October 2015, Chen Xing entered into an equity transfer agreement with Wuzhishan Kim Tai De Yao Yang Vacation Elderly Care Development Co. Ltd.* (五指山金泰德曜陽度假養老產業發展有限公司) ("**Kim Tai De Yao Yang**"), pursuant to which, Chen Xing acquired 45% of the equity interest in the Kim Jin Yao Yang held by Kim Tai De Yao Yang at a consideration of RMB40,620,000. Upon Completion, the Company will indirectly hold 100% of the equity interest in Kim Jin Yao Yang and Kim Jin Yao Yang will become an indirect wholly-owned subsidiary of the Company. Kim Jin Yao Yang held land parcels 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., which will be used for property development. On 11 March 2016, the name Kim Jin Yao Yang was changed to Wuzhishan Chenxing Real Estate Development Co., Ltd. (五指山辰興房地產開發有限公司).

On 17 December 2015, Real Estate Development Company of Jinzhong Development District (晉中開發區房地產開發公司) ("**Jinzhong Development**"), an indirect wholly-owned subsidiary of the Company, succeeded in the bid for one land parcel located in Jinzhong Economic and Technology Development District with an aggregate area of 27,725.2 sq.m. at the listing-for-sale at an aggregate price of RMB79.1 million. The Group had received confirmation of completion in relation to successful bidding for transfer of land use rights on 17 December 2015. The Group is preparing to enter into land transfer contracts for completion of land acquisition.

On 24 December 2015, Jinzhong Development, an indirect wholly-owned subsidiary of the Company, succeeded in the bid for three land parcels located in Jinzhong Economic and Technology Development District with an aggregate area of 63,172.42 sq.m. at the listing-for-sale at an aggregate price of RMB112.8 million. The Group had received confirmation of completion in relation to successful bidding for transfer of land use rights on 24 December 2015. The Group is preparing to enter into land transfer contracts for completion of land acquisition.

Save as disclosed in the Prospectus and mentioned above, the Group did not have any material acquisitions and disposals and significant investments as at 31 December 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 mentioned above, the Group did not have any future plans for material investments as at the date of this announcement.

Development of Litigation

On 22 January 2016, the Company received the judgment (2015) Jin Min Zhong Zi No. (375) issued by the Supreme People's Court of Shanxi Province (the "**Supreme People's Court**") in relation to the relevant litigation between Chen Xing, the defendant, and Shanxi Yuci Huayi Company Limited (山西榆次華益型鋼有限公司) ("**Shanxi Yuci Huayi**"), the plaintiff, pursuant to which the Supreme People's Court rejected the Company's appeal and reaffirmed the following judgment of the Intermediate People's Court:

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 Supreme People's Court also reaffirmed the orders on legal costs for proceedings in the Intermediate People's Court and ordered that RMB206,434 and RMB61,855 of the legal costs for these appeal proceedings shall be borne by Shanxi Yuci Huayi and Chen Xing respectively.

As disclosed in the Prospectus, a deed of indemnity dated 19 June 2015 was entered into by the controlling Shareholders in favour of the Company, pursuant to which the controlling Shareholders shall jointly and severally indemnify the Group for any claim to which the Company may be subject in respect of any disputes, arbitrations or legal proceedings occurring on or before 3 July 2015 (being the date on which the Company's shares were listed on the Stock Exchange) (the "**Listing Date**"). The Company considers that the results of the relevant litigation will have no material adverse effect on the business, results of operations and financial conditions of the Group.

Employees and Remuneration Policies

As at 31 December 2015, the Group had approximately 199 employees. For the year ended 31 December 2015, the Group incurred employee costs of approximately RMB19.0 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.

USE OF PROCEEDS FROM LISTING

The net proceeds of the Company from initial public offering (after deducting underwriting fees and related expenses) amounted to approximately HK$239.4 million, are intended to be applied in the manner consistent with that set out in the Prospectus.

FINAL DIVIDEND

The Board recommended the payment of a final dividend ("**Final Dividend**") for the year ended 31 December 2015 of HK$0.5 per share, amounting to a total of HK$250 million (equivalent to RMB209.5 million) to the Shareholders whose names appeared on the register of members of the Company on 27 May 2016. Subject to the Shareholders' approval at the annual general meeting ("**AGM**") of the Company to be convened on 19 May 2016, the Final Dividend will be paid on or around 3 June 2016.

There is no arrangement that the Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The AGM will be convened on 19 May 2016, a notice of AGM will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For ascertaining the Shareholders' entitlement to attend and vote at the AGM. The register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 19 May 2016, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfer documents must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 16 May 2016.

(b) For ascertaining the Shareholders' entitlement to the Final Dividend, subject to the Shareholders' approval at the AGM, the register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, both days inclusive. In order to be eligible to receive the Final Dividend, all share transfer documents must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 24 May 2016.

CORPORATE GOVERNANCE PRACTICE

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 Company has complied with the CG Code during the period from the Listing Date to 31 December 2015, save for code provision A.1.8 of the CG Code that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company is now selecting an appropriate insurance scheme, and will arrange an appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities.

To ensure that the Company complies with the CG Code, the Company will constantly review and strengthen its corporate governance practice and enhance our internal control in reliance on the assistance of our legal advisors as to PRC and Hong Kong law, as well as our compliance advisor.

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 monitoring 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 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 has been serving as the Director and the 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.

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 has complied with the Model Code during the period from the Listing Date to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the period from the Listing Date to 31 December 2015, 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 at the date of this announcement, based on the information that is 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 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 and the Group's auditor Ernst & Young, 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 annual results for the year ended 31 December 2015. The Audit Committee considered that the annual 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 ANNUAL RESULTS AND THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

In accordance with the requirements under the Listing Rules, this result announcement has been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chen-xing.cn).

In accordance with the requirements under the Listing Rules, the annual report for the year ended 31 December 2015 containing information about the Company will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 24 March 2016

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