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 2017

FINANCIAL HIGHLIGHTS

— For the year ended 31 December 2017 (the "**Reporting Period**"), contracted sales amounted to RMB1,489.5 million and the corresponding contracted gross floor area ("**GFA**") amounted to approximately 237,638 sq.m., representing a decrease of 11.8% and 27.3% comparing with the same period last year, respectively;

— Revenue for the Reporting Period amounted to RMB1,076.7 million, of which RMB1,069.0 million was revenue from property development;

— Gross profit for the Reporting Period amounted to RMB376.3 million, of which RMB368.7 million was gross profit from property development;

— Net profit for the Reporting Period amounted to RMB179.6 million, of which RMB170.5 million was net profit attributable to equity holders of the Company;

— Total GFA of land bank amounted to 2,231,868 sq.m. and the average cost of land bank was RMB717.9 per sq.m. as at the end of Reporting Period;

— Contracted average sales price (the "**Average Sales Price**") for the Reporting Period was RMB6,267.9 per sq.m.;

— Basic earnings per share for the Reporting Period was RMB0.34; and

— The Board proposed a final dividend of HK$ 0.2 per share.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 (the "**Shareholders**") the audited annual results of the Group for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	**2017** ***RMB'000***	2016 *RMB'000*
REVENUE	*5*	**1,076,685**	1,081,989
Cost of sales		**(700,354)**	(745,308)
Gross profit		**376,331**	336,681
Other income and gains	*5*	**25,673**	10,248
Selling and distribution expenses		**(46,611)**	(58,879)
Administrative expenses		**(45,190)**	(38,104)
Other expenses		**(7,356)**	(9,823)
Finance costs	*7*	**(6,806)**	(3,763)
PROFIT BEFORE TAX	*6*	**296,041**	236,360
Income tax expense	*8*	**(116,473)**	(89,398)
PROFIT FOR THE YEAR		**179,568**	146,962
Attributable to:			
Owners of the parent		**170,519**	151,832
Non-controlling interests		**9,049**	(4,870)
		179,568	146,962
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year	*9*	**RMB0.34**	RMB0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**179,568**	146,962
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,129)**	3,518
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(3,129)**	3,518
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(3,129)**	3,518
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**176,439**	150,480
Attributable to:		
Owners of the parent	**167,390**	155,350
Non-controlling interests	**9,049**	(4,870)
	176,439	150,480

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**65,471**	69,560
Investment properties		**163,000**	164,000
Properties under development		**546,057**	143,861
Intangible assets		**300**	630
Deferred tax assets		**173,179**	103,040
Prepaid land lease payments		**1,374**	1,419
Prepayments for land use rights		**416,300**	—
Prepayments for property, plant and equipment		**6,086**	—
Total non-current assets		**1,371,767**	482,510
CURRENT ASSETS			
Properties under development		**3,158,817**	3,805,980
Completed properties held for sale		**1,333,444**	1,046,771
Inventories		**2,160**	2,044
Prepayments, deposits and other receivables		**884,864**	205,818
Tax recoverable		**57,310**	17,673
Available-for-sale investments		**173,610**	493,810
Pledged deposits		**22,305**	14,323
Restricted bank balances		**103,839**	—
Cash and cash equivalents		**282,513**	290,594
Total current assets		**5,602,562**	5,877,013
CURRENT LIABILITIES			
Trade payables	*11*	**753,398**	1,109,982
Other payables, deposits received and accruals		**1,665,188**	1,509,194
Advances from customers		**2,889,441**	2,249,277
Interest-bearing bank borrowings	*12*	**151,000**	241,000
Due to related parties		**1,717**	567
Due to a director		**87**	93
Tax payable		**101,054**	132,433
Total current liabilities		**5,561,885**	5,242,546

	Note	2017 *RMB'000*	2016 *RMB'000*
NET CURRENT ASSETS		**40,677**	634,467
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,412,444**	1,116,977
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*12*	**295,000**	40,000
Deferred tax liabilities		**9,740**	14,942
Total non-current liabilities		**304,740**	54,942
Net assets		**1,107,704**	1,062,035
EQUITY			
Equity attributable to owners of the parent			
Share capital		**4,003**	4,003
Reserves		**1,015,118**	978,498
		1,019,121	982,501
Non-controlling interests		**88,583**	79,534
Total equity		**1,107,704**	1,062,035

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

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries. The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2017 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. They have been prepared under the historical cost convention, except for investment properties and available-for-sale investments which have been measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Other than as explained below regarding the impact of HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 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 sales to a single customer individually contributed to over 10% of the Group's revenue for the Reporting Period.

5. 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 taxes and discounts allowed.

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

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**1,094,019**	1,130,392
Property leasing income	**7,717**	8,320
	1,101,736	1,138,712
Less: Business tax and government surcharges	**(25,051)**	(56,723)
	1,076,685	1,081,989

	2017	2016
	RMB'000	*RMB'000*
Other income		
Bank interest income	**1,369**	2,151
Income from available-for-sale investments	**13,929**	2,543
Gross rental income	**5,313**	2,282
Compensation income	**4,315**	—
Others	**747**	272
	25,673	7,248
Gains		
Fair value gains on investment properties	**—**	3,000
	25,673	10,248

6. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of properties sold	**700,325**	744,825
Depreciation	**9,114**	8,064
Amortisation of intangible assets	**307**	348
Minimum lease payments under operating leases	**345**	741
Amortisation of prepaid land lease payments	**45**	45
Auditor's remuneration	**1,780**	1,700
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**10,891**	10,414
Pension scheme contributions	**165**	1,326
Staff welfare expenses	**1,600**	1,682
	12,656	13,422
Impairment of other receivables	**526**	—
Changes in fair value of investment properties	**1,000**	(3,000)
Bank interest income	**(1,369)**	(2,151)
Income from available-for-sale investments	**(13,929)**	(2,543)
(Reversal of impairment)/impairment of completed properties held for sale	**(335)**	9,036

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans	**27,540**	34,669
Interest on loans from a related party	**—**	2,405
Less: Interest capitalised	**(20,734)**	(33,311)
Total finance costs	**6,806**	3,763

8. 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 profits tax is based on a tax rate of 16.5% (2016: 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 (2016: 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 are as follows:

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
Income tax charge	**151,812**	131,012
LAT	**40,002**	17,337
Deferred tax	**(75,341)**	(58,951)
Total tax charge for the year	**116,473**	89,398

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:

	2017	2016
	RMB'000	*RMB'000*
Profit before tax	**296,041**	236,360
Tax at the statutory tax rate	**74,702**	59,551
Provision for LAT	**40,002**	17,337
Tax effect of LAT provision	**(10,001)**	(4,334)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	**9,798**	15,370
Expenses not deductible for tax	**1,326**	410
Tax losses not recognised	**646**	1,064
Tax charge at the Group's effective rate	**116,473**	89,398

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

The calculation of the basic earnings per share amounts for the year is based on profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 500,000,000 (2016: 500,000,000) in issue and issuable during the year, as adjusted to reflect the rights issue during the year.

The calculation of basic earnings per share based on:

	2017	2016
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	**170,519**	151,832

	2017	2016
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**500,000**	500,000

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

10. DIVIDEND

Subsequent to the end of the Reporting Period, the Directors proposed a final dividend of HK$0.2 (2016: HK$0.3) per share for the year ended 31 December 2017, totaling HK$100.0 million (equivalent to RMB83.6 million), subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

11. TRADE PAYABLES

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

	2017 ***RMB'000***	2016 *RMB'000*
Less than 1 year	**516,617**	876,859
1 to 2 years	**106,127**	90,328
2 to 3 years	**24,509**	97,748
3 to 4 years	**63,665**	7,584
4 to 5 years	**5,957**	510
Over 5 years	**36,523**	36,953
	753,398	1,109,982

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

12. INTEREST-BEARING BANK BORROWINGS

	2017			2016		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans — secured	**5.22**	**2018**	**46,000**	5.22	2017	46,000
Current portion of long term bank loans — secured	**5.23–5.70**	**2018**	**105,000**	4.75–5.23	2017	195,000
			151,000			241,000
Non-current						
Bank loans — secured	**5.23–5.70**	**2020**	**295,000**	5.23	2018	40,000
			446,000			281,000

	2017	2016
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
Within one year or on demand	**151,000**	241,000
In the second year	**135,000**	40,000
In the third to fifth years, inclusive	**160,000**	—
	446,000	281,000

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 is nil (2016: RMB42,483,000);

(ii) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB55,000,000 (2016: RMB164,000,000); and

(iii) mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB532,218,000 (2016: RMB817,238,000).

In addition, Mr. Bai Xuankui, the Director and the controlling shareholder of the Company has guaranteed certain of the Group's bank loans up to RMB250,000,000 as at the end of the Reporting Period (2016: RMB75,000,000).

13. CONTINGENT LIABILITIES

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

	2017	2016
	RMB'000	*RMB'000*
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	**1,548,694**	2,454,696

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2017.

REVIEW OF ANNUAL RESULTS FOR 2017

2017 was the "year of control" for the property industry across China. Based on "properties are for accommodation but not for speculation", the policy on the property industry insisted to implement control measures in property market across China. On one hand, measures were implemented on a city-by-city basis and regulation was carried out by classification. Heated cities focused on curbing property market bubbles while cities with high inventory level continued to focus on de-stocking; on the other hand, control policies such as restrictions on property purchases and mortgage loans and encouragements on both renting and purchasing were released frequently, the structure of land supply improved and the land transaction volume and supply increased significantly. The Group adjusted its operating strategy timely according to industry policies, achieving a significant growth in sales performance and revenue from its main businesses.

During the Reporting Period, the amount of the Group's contracted sales were RMB1,489.5 million, representing a decrease of 11.8% as compared to the same period last year. Contracted GFA amounted to approximately 237,638 sq.m., representing a decrease of approximately 27.3% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,076.7 million, representing a decrease of approximately 0.5% as compared to the same period of last year, including revenue from property development of approximately RMB1,069.0 million, a decrease of approximately 0.5% as compared to the same period of last year. The profit attributable to equity owners of the Group was approximately RMB170.5 million, an increase of approximately 12% as compared to the same period of last year, which was mainly due to an increase in the net profit as the wealth management income increased and the cost of property sales decreased.

In respect of land bank, the Group continued its prudent strategy in land and equity acquisitions in respect of developments. On 13 April 2017 and 15 September 2017, the Group added two wholly-owned subsidiaries through equity acquisition. These two companies operate in Haikou City, Hainan Province, and have land bank of 43,795.32 sq.m. and 87,021.33 sq.m. respectively.

As at 31 December 2017, the Group had a land bank of approximately 2,231,868 sq.m..

FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2017 of HK$0.2 per share (the "**Final Dividend**"). The Final Dividend will be paid subject to the approval of Shareholders at the forthcoming annual general meeting of the Company to be convened on Thursday, 31 May 2018. The dividend yield for the year is approximately 49% of the profit attributable to owners for the year.

PROSPECT FOR 2018

As the 19th Congress and the National Conference of the Communist Party pointed out industry policies such as insisting on the position of "properties are for accommodation but not for speculation", speeding up the development of housing system with multi-body supply, multi-channel security and encouragements on both renting and purchasing, adhering to the control target, it can be anticipated that control policies will continue in 2018. At the same time, coexistence of policies to stimulate urbanization and curb property bubbles will continue for a long period of time.

According to the current market situation of China's real estate market and the Group's judgement on future development trend, in 2018, the Group will continue with the strategic position to accelerate its development, and expand its scale. It will continue to focus on developing residential properties for buyers of rigid demand, reducing the development cycle during the development, controlling the development cost effectively and increasing its industry competitiveness. Meanwhile, it will position its products accurately to create products and services with higher quality and increase the market competitiveness of the products. The Group will continue to carry out company management reformation, strengthen its standardization and modularization in management and enhancing its ability in response to market changes.

In respect of land investment, land bank is of the essence. The Group will actively search for land-banking channels, grasp opportunities for land investment and select land parcels in cities with investment value as lands bank. In addition, the Group will actively seek for strategic partners as well as a win-win cooperative development model, with an aim to achieve accelerated growth and create greater benefits for the Group, partners and the Shareholders.

ACKNOWLEDGEMENT

Finally, I would like to express my sincerest gratitude on behalf of the Board to the management and staff of the Company for their hard work. At the same time, I would also like to thank investors, customers and partners for their great support and trust on the Group.

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
27 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the amount of the Group's contracted sales were RMB1,489.5 million, representing a decrease of 11.8% as compared to the same period last year. During the Reporting Period, the Group's revenue was RMB1,076.7 million, representing a decrease of 0.5% as compared to the same period last year. Revenue derived from property development was RMB1,069.0 million, representing a decrease of 0.5% as compared to the same period last year. During the Reporting Period, the Group had net profit of RMB179.6 million of which net profit attributable to equity holders of the Company was RMB170.5 million.

Contracted Sales

For the years ended 31 December 2017 and 2016, the amount of the Group's contracted sales were approximately RMB1,489.5 million and approximately RMB1,689.1 million, respectively, representing a decrease of 11.8%. Contracted total GFA for the years ended 31 December 2017 and 2016 were approximately 237,638 sq.m. and approximately 326,957 sq.m., respectively, representing a decrease of 27.3% as compared to the same period last year. The Group's contracted sales from Jinzhong, Taiyuan and Mianyang by geographic location were RMB34.8 million, RMB1,017.3 million and RMB437.4 million, respectively, accounting for approximately 2.3%, 68.3% and 29.4%, of the Group's total contracted sales respectively.

The table below sets forth the Group's contracted sales as at 31 December 2017 by geographic location:

	Contracted Sales for 2017 *(RMB million)*	Contracted Sales for 2016 *(RMB million)*	Contracted GFA for 2017 *(sq.m.)*	Contracted GFA for 2016 *(sq.m.)*	Contracted Average Sales Price for 2017 *(RMB/sq.m.)*	Contracted Average Sales Price for 2016 *(RMB/sq.m.)*
Jinzhong						
Riverside Gardens - Heshun (和順濱河小區)	—	1.6	—	833	—	1,920.7
Upper East Gardens (上東庭院) Phase II	6.1	4.2	1,326	894	4,632.0	4,698.7
Grand International Apartments (君豪公寓)	2.6	6.0	655	1,401	4,001.6	4,272.2
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	26.1	37.0	5,812	9,428	4,496.1	3,926.2
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	568.0	477.9	72,323	84,247	7,854.2	5,673.1
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	449.3	530.7	63,165	90,235	7,113.1	5,881.5
Mianyang						
Yosemite Valley Town — Mianyang (綿陽優山美郡)	12.7	78.3	3,008	19,786	4,230.2	3,956.4
Elite Gardens (綿陽天御)	10.8	50.3	3,279	12,825	3,303.9	3,919.0
Chang Xing Star Gardens (綿陽長興星城)	413.9	503.1	88,070	107,308	4,700.2	4,688.2
Total	**1,489.5**	**1,689.1**	**237,638**	**326,957**	**6,267.9**	**5,166.1**

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 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 2017, the Group had a completed total GFA of 2,477,834 sq.m. and a land bank with a total GFA of 2,231,868 sq.m. comprising (i) a total GFA of 414,679 sq.m. which is completed but unsold; (ii) a total GFA of 1,251,346 sq.m. which is under development; and (iii) a total planned GFA of 565,843 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 2017, 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	786,168	91,322	133,017
High-rise	869,067	625,390	159,480
Townhouses	27,612	—	—
Multi-story garden apartments	576,743	21,735	54,452
Retail Outlets	146,902	176,256	114,523
SOHO apartments	6,931	—	15,791
Hotels	—	12,182	35,831
Parking Spaces	59,524	319,705	40,000
Ancillary[2]	4,887	4,756	12,749
Total GFA	**2,477,834**	**1,251,346**	**565,843**
Attributable GFA[3]	**2,392,182**	**951,310**	**544,206**

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 2017:

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	65,544	9,874	8,241	47,429	—	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	3,321	—	541,725	—	100
Phase IV	Residential/ Commercial	July 2016	30,987	71,106	4,055	—	67,051	—	100
Phase V	Residential/ Commercial	July 2016	22,578	50,438	4,245	—	45,158	1,035	100
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	234	—	75,655	—	100
6. Riverside Gardens — Zuoqua (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	256	—	9,527	—	100
8. Riverside Gardens — Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	62,507	—	—	62,167	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 (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] (%)
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡) - Part of Southern District, Phase I	Residential/ Commercial	December 2014	115,050	340,038	40,320	—	299,718	—	100
2. Yosemite Valley Town — Taiyuan (龍城優山美郡) - Part of Northern District, Phase I	Residential	November 2016	83,279	301,078	115,622	—	185,456	—	100
Mianyang									
1. Yosemite Valley Town — Mianyang (綿陽優山美郡)	Residential/ Commercial	May 2012	74,124	126,329	18,778	—	105,706	1,845	83.89
2. Elite Gardens (綿陽天御)	Residential/ Commercial	September 2014	68,529	116,888	16,200	—	100,001	687	83.89
3. Chang Xing Star Gardens (Phase I) 綿陽星城一期	Residential/ Commercial	June 2017	68,150	288,450	201,613	—	85,516	1,321	83.89
Total			**972,077**	**2,477,834**	**414,679**	**18,851**	**2,038,370**	**5,934**	
Total Attributable GFA[3]			**938,117**	**2,392,182**	**376,564**	**18,851**	**1,991,454**	**5,313**	

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 2017:

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.)*	*(%)*
Jinzhong									
1. Phase I of Longtian Project (龍田項目一期)		**129,049**		**449,634**	**428,000**	**27,161**	**—**	**—**	**51**
Stage I	Residential/ Commercial/ Parking Space	14,346	October 2018	78,954	74,203	27,161	—	—	51
Stage II	Residential/ Commercial/ Parking Space	24,367	October 2018	110,725	101,386	—	—	—	51
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2019	126,120	121,061	—	—	—	51
Stage IV	Commercial/ Parking Space	13,422	December 2018	28,819	28,819	—	—	—	51
Stage V	Commercial/ Parking Space	50,232	October 2018	105,016	102,531	—	—	—	51
2. Beiliubao (北六堡)		**63,173**		**116,149**	**114,704**	**—**	**44,157**	**—**	**51**
Phase I	Residential	46,763	December 2018	116,149	114,704	—	—	—	51
Phase II	Commercial	16,410	December 2019	—	—	—	44,157	—	51
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)		**220,161**		**531,838**	**447,674**	**189,945**	**232,693**	**—**	**100**
Phase I (Southern District)	Commercial/ Parking Space	2,078	May 2018	72,399	72,325	35,732	—	—	100
Phase I (Northern District)	Commercial/ Parking Space	24,726	December 2018	90,855	20,173	813	—	—	100
Phase II	Residential/ Commercial	111,477	December 2018	368,584	355,176	153,400	8,893	—	100
Phase III	Residential/ Commercial	60,080	December 2019	—	—	—	212,400	—	100
Phase IV	Primary School	21,800	December 2018	—	—	—	11,400	—	100

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.)*	*(%)*
Mianyang									
1. Chang Xing Star Gardens (綿陽長興星城)		**36,158**		**141,543**	**—**	**—**	**—**	**—**	**83.89**
Phase II	Residential/ Commercial	36,158	May 2019	141,543	—	—	—	—	83.89
Haikou		**130,816**		**—**	**—**	**—**	**170,118**	**—**	**100**
1. Degao (德高)	Residential	43,795	April 2020	—	—	—	65,692	—	100
2. Yousheng (友升)	Commercial	87,021	April 2020	—	—	—	104,426	—	100
Wuzhishan		**92,522**		**12,182**	—	**—**	**118,875**	**—**	**100**
Phase I	Commercial	28,745	December 2018	12,182	—[3]	—	35,831	—	100
Phase II	Residential	23,827	October 2019	—	—[3]	—	28,592	—	100
Phase III	Residential	18,244	October 2019	—	—[3]	—	21,893	—	100
Phase IV	Residential	21,706	October 2020	—	—[3]	—	32,559	—	100
Total		**671,879**		**1,251,346**	**990,378**	**217,106**	**565,843**	**—**	
Total Attributable GFA[2]				**951,310**	**724,453**	**203,797**	**544,206**	**—**	

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.

(3) On 28 September 2017, Hainan Provincial People's Government issued the "Hainan Provincial People's Government's Opinion on Further Deepening the Policy of 'Two Suspensions' to Promote the Steady and Healthy Development in Real Estate" (《海南省人民政府關於進一步深化"兩個暫停"政策促進房地產業平穩健康發展的意見》) (Qiong Fu [2017] No. 76), and proposed "to permanently suspend the construction of new real estate projects for foreign sale in four central ecological core areas of Wuzhishan, Baoting, Qiongzhong and Baisha; while the Provincial Housing and Urban-Rural Development Department would work together with the Provincial Planning Commission, the Provincial Department of Land Resources and other departments to formulate another implementation plan with consideration of the situation of commercial residential land use in the central ecological core area of the four cities and counties, which will be promulgated for implementation after approval by the Provincial Government." "Cities and counties, especially the four central ecological core areas, are encouraged to regulate the use of land in accordance with the law, re-direct the existing supply of commercial residential land to the development in business operation properties such as tourism, culture, education, medical care, health care and commercial use, and promote the transformation of property development. For the existing commercial residential land that cannot be used for residential development due to the factors of planning adjustment, the municipal and county governments can use different approaches in accordance to the laws, including the recovery of land use rights, replacement, extension of the limitation on construction period and arrangement of temporary use, etc." As of now, the government has not yet to release its implementation plan. The Company's Wuzhishan project is affected by the policy and there is uncertainty with its subsequent development.

The table below sets forth a summary of information on the Group's investment properties as at 31 December 2017:

Project	Type of property	Total GFA held for Investment	Effective leased GFA	Occupancy rate	Rental income for the year ended 31 December	
					2017	2016
		(sq.m.)	*(sq.m.)*	*(%)*	*(RMB million)*	
Grand International Mall & Apartments (君豪國際)	Retail Outlet	8,241	3,376	69.7	2.8	3.2
East Lake Mall (東湖井)	Retail Outlet	10,610	9,584	100	1.6	1.5
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlet	2,762	2,762	100	3.3	3.4
Total		**21,613**	**15,722**	**—**	**7.7**	**8.1**

The table below sets forth a summary of the Group's land bank as at 31 December 2017 by geographical location:

	Completed saleable/ leasable GFA remaining unsold	Under development GFA under development	Future development Planned GFA	Total land bank[1] Total GFA	% of total land bank	Average land cost
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(RMB/sq.m.)*
Jinzhong	22,146	565,783	44,157	632,086	28.3	817.6
Taiyuan	155,942	531,838	232,693	920,473	41.2	393.5
Mianyang	236,591	141,543	—	378,134	16.9	643.5
Haikou	—	—	170,118	170,118	7.7	2,201.8
Wuzhishan	—	12,182	118,875	131,057	5.9	1,192.1
Total	**414,679**	**1,251,346**	**565,843**	**2,231,868**	**100.0**	**717.9**

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 2017 by type of property:

	Completed saleable/ leasable GFA remaining unsold *(sq.m.)*	Under development GFA under development *(sq.m.)*	Future development Planned GFA *(sq.m.)*	Total land bank[(1)] Total GFA *(sq.m.)*	% of total land bank *(%)*
Mid-rise	5,147	91,322	133,017	229,486	10.3
High-rise	266,202	625,390	159,480	1,051,072	47.1
Townhouses	1,909	—	—	1,909	0.1
Multi-story garden apartments	16,400	21,735	54,452	92,587	4.1
Available-for-sale office/ commercial properties	66,908	176,256	114,523	357,687	16.0
SOHO apartments	58	—	15,791	15,849	0.7
Hotels	—	12,182	35,831	48,013	2.2
Parking spaces	58,055	319,705	40,000	417,760	18.7
Ancillary[(2)]	—	4,756	12,749	17,505	0.8
Total	**414,679**	**1,251,346**	**565,843**	**2,231,868**	**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

During the Reporting Period, the Group's revenue was RMB1,076.7 million, representing a decrease of 0.5% from RMB1,082.0 million for the same period last year. The decrease was mainly due to the completion of only Chang Xing Star Gardens during the Reporting Period, while other projects were in the clearance stage of the remaining units during the Reporting Period which generated a slight decrease in revenue.

The Group's revenue from property development during the Reporting Period was RMB1,069.0 million, representing a decrease of 0.5% as compared to the same period last year. The decrease was primarily due to a decrease in revenue from property development of the Company since only Chang Xing Star Gardens was completed during the Reporting Period, while other projects were in the selling stage of the remaining units.

Sales and Services Cost

The Group's sales and services cost decreased by 6% from approximately RMB745.3 million for the year ended 31 December 2016 to approximately RMB700.3 million during the year ended 31 December 2017, which was mainly due to a corresponding decrease in cost of sales with the decrease in the sales for the year.

Gross Profit

During the Reporting Period, the Group's gross profit was RMB376.3 million, representing an increase of 12% from RMB336.7 million for the year ended 31 December 2016. The gross profit margin was 35% during the Reporting Period, as compared to 31% for the year ended 31 December 2016.

During the Reporting Period, the Group's gross profit of property development was RMB368.7 million, representing an increase of 12% from RMB329.1 million for the year ended 31 December 2016. The increase in the gross profit of property development of the Group was mainly due to the increase in the gross profit of property development of the project of Chang Xing Star Gardens.

During the Reporting Period and for the year ended 31 December 2016, the gross profit margin of property development of the Group was 34% and 31%, respectively.

Other Income and Gains

The Group's other income and gains were RMB25.7 million during the Reporting Period, as compared to RMB10.2 million for the year ended 31 December 2016, which was primarily due to the increase in the gains from financial assets investments.

Net Profit Attributable to Owners of the Company

During the Reporting Period, net profit attributable to owners of the Company was RMB170.5 million, representing an increase of 12% from RMB151.8 million for the year ended 31 December 2016. The increase of the net profit attributable to owners of the Company which was primarily due to the increase in net profit of the Group as a result of the increase in wealth management income and the decrease in the sales and services costs for the year.

Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties decreased from RMB164.0 million for the year ended 31 December 2016 to RMB163.0 million for the year ended 31 December 2017, which was primarily due to the decrease in fair value of Grand International Mall.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 21% from RMB58.9 million for the year ended 31 December 2016 to RMB46.6 million for the year ended 31 December 2017, which was primarily due to the decrease of RMB13.8 million in advertising expenses during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by 19% from RMB38.1 million for the year ended 31 December 2016 to RMB45.2 million for the year ended 31 December 2017. This was primarily due to the substantial increase in the expense for project visits during the Reporting Period.

Finance Costs

The Group's finance costs increased by 79% from RMB3.8 million for the year ended 31 December 2016 to RMB6.8 million for the year ended 31 December 2017, which was primarily due to the increase of loans during the Reporting Period.

Income Tax Expense

The Group's income tax expense increased from RMB89.4 million for the year ended 31 December 2016 to RMB116.5 million for the year ended 31 December 2017, which was primarily due to the increase in profit before tax.

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 RMB150.5 million for the year ended 31 December 2016 to RMB176.4 million for the year ended 31 December 2017.

Cash Position

As at 31 December 2017, the Group's cash and cash equivalents were RMB282.5 million, representing a decrease of 3% as compared to RMB290.6 million as at 31 December 2016.

Net Operating Cash Flow

The Group recorded a negative operating cash flow of RMB320.8 million as at 31 December 2017 while the Group recorded a positive operating cash flow of RMB831.1 million as at 31 December 2016.

Borrowings

The Group had outstanding bank borrowings of RMB446.0 million as at 31 December 2017 while the Group had outstanding bank borrowings of RMB281.0 million as at 31 December 2016.

Pledged Assets

Some of the Group's borrowings were secured by its properties under development and investment properties or combinations of the above. As at 31 December 2017, the assets pledged to secure certain borrowing granted to the Group amounted to RMB587.2 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 relies 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 time when 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 2017, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB1,548.7 million.

The Group had no other material contingent liabilities as at 31 December 2017.

Gearing Ratio

As at 31 December 2017, based on the Group's total debt of approximately RMB446.0 million and total equity of approximately RMB1,107.7 million, the gearing ratio of the Group was 40% (31 December 2016: approximately 27%). The increase in gearing ratio was mainly due to an increase in total debt during the year.

Foreign Currency Risk

The Group operates mainly in the PRC. Most of its revenue and expenses are settled in RMB. The Group's exposure to foreign currency risk is the risk that the value of the bank balances denominated in HK dollar will fluctuate due to changes in foreign exchange rates. Due to the effects of various factors, such as the changes in the political and economic conditions in the PRC, the exchange rate of RMB against HK dollar may fluctuate. The Board expects that the fluctuation of RMB exchange rate will not have material and adverse effects to the Group. The Group does not have hedging policy in respect of the foreign currency risk.

Material Acquisitions and Disposals and Significant Investments

On 13 April 2017, Chenxing Real Estate Development Co., Ltd. (辰興房地產發展有限公司) ("**Chenxing**"), a domestic subsidiary of the Group, acquired 100% equity interest in Hainan DeGao Investment Co., Ltd. (海南德高投資有限公司) ("**Hainan Degao**") at a maximum consideration of RMB250,000,000 (equivalent to approximately HK$282,500,000). Hainan Degao, which was established under the laws of the PRC with limited liability on 30 May 2007, is not engaged in any business activity, and its major asset is a land parcel situated in Haikou High Technology Development District Medicine Valley Industrial Park, Hainan Province, the PRC with an aggregate area of 43,795.32 sq.m..

On 15 September 2017, Chenxing, a domestic subsidiary of the Group, acquired 100% equity interest in Hainan Yousheng Hongtor Real Estate Development Company Limited (海南友升宏拓房地產開發有限公司) ("**Yousheng Hongtor**") at a consideration of RMB147,000,000 (equivalent to approximately HK$174,930,000). Yousheng Hongtor, which was established under the laws of the PRC with limited liability on 3 March 2008, is not engaged in any business activity, and its major asset is a land parcel situated in Haiyu East Line in Haikou City, Hainan Province, the PRC with an aggregate area of 87,021.33 sq.m..

Save as disclosed in this announcement, the Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

Events after the Reporting Period

On 31 January 2018, Jinzhong Chenxing Shiguang Zhicheng Real Estate Development Co., Ltd. (晉中辰興時光之城房地產開發有限公司), a domestic subsidiary of the Group, signed the land use rights grant contract with the Ministry of Land and Resources of Jinzhong City, acquiring a land parcel located in Jinzhong Economic and Technology Development District with a site area of 28,296.2 sq.m. for an aggregate grant consideration of RMB63.7 million.

On 31 January 2018, Jinzhong Chenxing Yijun Real Estate Development Co., Ltd. (晉中辰興頤郡房地產開發有限公司), a domestic subsidiary of the Group, signed the land use rights grant contracts with the Development District Branch of the Ministry of Land and Resources of Jinzhong City, acquiring four land parcels located in Jinzhong Development District with a total site area of 197,285.28 sq.m. for an aggregate grant consideration of RMB352.6 million.

Future Plans for Material Investments or Capital Assets

The Group 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 of the Company dated 22 June 2015 and mentioned above, the Group did not have any future plans for material investments as at the date hereof.

Employees and Remuneration Policies

During the Reporting Period, the Group had approximately 183 employees. During the Reporting Period, the Group incurred employee costs of approximately RMB23.5 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.

FINAL DIVIDEND

The Board recommended the payment of the Final Dividend for the year ended 31 December 2017 of HK$0.2 per share, a total of HK$100.0 million (equivalent to RMB83.6 million), to the Shareholders whose names appeared on the register of members of the Company on Friday, 8 June 2018. Subject to the Shareholders' approval at the forthcoming annual general meeting of the Company (the "**AGM**") to be convened on Thursday, 31 May 2018, the Final Dividend will be paid on or before 20 June 2018.

ANNUAL GENERAL MEETING

The AGM will be convened on Thursday, 31 May 2018, a notice of which will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed for the period from Friday, 25 May 2018 to Thursday, 31 May 2018 (both dates inclusive). In order to be eligible to attend and vote at the AGM, all share transfer documents together with relevant share certificate 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 Thursday, 24 May 2018 for registration.

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, 6 June 2018 to Friday, 8 June 2018 (both dates inclusive). In order to be eligible to receive the Final Dividend, all share transfer documents together with relevant share certificate 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, 5 June 2018 for registration.

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 of all Shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders. The Board considers that sound corporate governance 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 (the "**Listing Rules**") on the Stock Exchange as its own code of corporate governance. During the Reporting Period, the Company has complied with the CG Code.

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

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's 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 a 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 be thoroughly implemented.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

As 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 Board, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including review of the annual results for the year ended 31 December 2017. 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

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

In accordance with the requirements under the Listing Rules, the annual report for the year ended 31 December 2017 containing information about the Company will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company, respectively, in due course.

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

Hong Kong, 27 March 2018

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