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 2018

FINANCIAL HIGHLIGHTS

— For the year ended 31 December 2018 (the "**Reporting Period**"), contracted sales amounted to approximately RMB1,862.1 million and the corresponding contracted gross floor area ("**GFA**") amounted to approximately 229,855 sq.m., representing an increase of approximately 25.0% and a decrease of approximately 3.3% comparing with the same period last year, respectively;

— Revenue for the Reporting Period amounted to approximately RMB1,064.7 million, of which approximately RMB1,057.4 million was revenue from property development;

— Gross profit for the Reporting Period amounted to approximately RMB366.7 million, of which approximately RMB359.4 million was gross profit from property development;

— Net profit for the Reporting Period amounted to approximately RMB131.2 million, of which approximately RMB124.9 million was net profit attributable to equity holders of the Company;

— Total GFA of land bank amounted to approximately 2,878,473 sq.m. and the average cost of land bank was approximately RMB746.3 per sq.m. as at the end of Reporting Period;

— Contracted average sales price (the "**Average Sales Price**") for the Reporting Period was approximately RMB8,101.2 per sq.m.;

— Basic earnings per share for the Reporting Period was RMB0.25; and

— The Board resolved not to declare the payment of final dividend for the year ended 31 December 2018.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 the audited annual results of the Group for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018** ***RMB'000***	2017 *RMB'000*
REVENUE	*5*	**1,064,690**	1,076,685
Cost of sales		**(697,999)**	(700,354)
Gross profit		**366,691**	376,331
Other income and gains	*5*	**35,110**	25,673
Selling and distribution expenses		**(55,063)**	(46,611)
Administrative expenses		**(73,395)**	(45,190)
Other expenses		**(26,633)**	(7,356)
Finance costs	*6*	**(19,679)**	(6,806)
Share of losses of:			
Joint venture		**(295)**	—
Associate		**(10)**	—
PROFIT BEFORE TAX	*7*	**226,726**	296,041
Income tax expense	*8*	**(95,540)**	(116,473)
PROFIT FOR THE YEAR		**131,186**	179,568
Attributable to:			
Owners of the parent		**124,889**	170,519
Non-controlling interests		**6,297**	9,049
		131,186	179,568
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted	*9*	**RMB0.25**	RMB0.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 *RMB'000*	2017 *RMB'000*
PROFIT FOR THE YEAR	**131,186**	179,568
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,348**	(3,129)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**1,348**	(3,129)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,348**	(3,129)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**132,534**	176,439
Attributable to:		
Owners of the parent	**126,237**	167,390
Non-controlling interests	**6,297**	9,049
	132,534	176,439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**76,683**	65,471
Investment properties		**145,000**	163,000
Properties under development		**474,331**	546,057
Intangible assets		**9**	300
Investment in a joint venture		**195**	—
Investment in an associate		**22,490**	—
Deferred tax assets		**207,183**	173,179
Prepaid land lease payments		**1,329**	1,374
Prepayments for land use rights		**—**	416,300
Prepayments for property, plant and equipment		**—**	6,086
Total non-current assets		**927,220**	1,371,767
CURRENT ASSETS			
Properties under development		**4,836,741**	3,158,817
Completed properties held for sale		**841,439**	1,333,444
Inventories		**13,250**	2,160
Prepayments, other receivables and other assets		**607,538**	468,564
Tax recoverable		**70,418**	57,310
Financial assets at fair value through profit or loss		**111,774**	—
Available-for-sale investments		**—**	173,610
Pledged deposits		**40,171**	22,305
Restricted bank balance		**103,000**	103,839
Cash and cash equivalents		**1,447,161**	282,513
Total current assets		**8,071,492**	5,602,562
CURRENT LIABILITIES			
Trade payables	*11*	**703,162**	753,398
Other payables and accruals		**1,749,912**	1,665,188
Advances from customers		**—**	2,889,441
Contract liabilities		**4,342,213**	—
Interest-bearing bank and other borrowings	*12*	**224,620**	151,000
Due to related parties		**98,300**	1,717
Due to a director		**91**	87
Tax payable		**42,469**	101,054
Total current liabilities		**7,160,767**	5,561,885

	Notes	**2018** *RMB'000*	2017 *RMB'000*
NET CURRENT ASSETS		**910,725**	40,677
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,837,945**	1,412,444
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**633,949**	295,000
Deferred tax liabilities		**6,169**	9,740
Total non-current liabilities		**640,118**	304,740
Net assets		**1,197,827**	1,107,704
EQUITY			
Equity attributable to owners of the parent			
Share capital		**4,003**	4,003
Reserves		**1,074,966**	1,015,118
		1,078,969	1,019,121
Non-controlling interests		**118,858**	88,583
Total equity		**1,197,827**	1,107,704

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 40 Floor, Sunlight Tower, 248 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

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 financial assets at fair value through profit or loss 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 2018. 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 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 POLICES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 2, amendments to HKFRS 4, HK(IFRIC)-Int 22 and Annual Improvements 2014–2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
	Note	**Category**	**Amount**	**Re-classification**	**ECL**	**Amount**	**Category**
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets							
Available-for-sale investments		AFS[1]	173,610	(173,610)	—	—	N/A
To: Financial assets at fair value through profit or loss	*(i)*			(173,610)	—	—	
Financial assets included in prepayments, other receivables and other assets		L&R[2]	303,021	—	—	303,021	AC[3]
Financial assets at fair value through profit or loss		FVPL[4]	—	173,610	—	173,610	FVPL (mandatory)
From: Available-for-sale investments	*(i)*			173,610	—	—	
Pledged deposits			22,305	—	—	22,305	
Restricted bank balance			103,839	—	—	103,839	
Cash and cash equivalents			282,513	—	—	282,513	
			885,288			885,288	
Financial liabilities							
Trade payables		AC	753,398	—	—	753,398	AC
Financial liabilities included in other payables and accruals		AC	110,955	—	—	110,955	AC
Interest-bearing bank and other borrowings		AC	446,000	—	—	446,000	AC
Due to related parties		AC	1,717	—	—	1,717	AC
Due to a director		AC	87	—	—	87	AC
			1,312,157	—	—	1,312,157	

1 AFS: Available-for-sale investments

2 L&R: Loans and receivables

3 AC: Financial assets or financial liabilities at amortised cost

4 FVPL: Financial assets at fair value through profit or loss

Note:

(i) The Group has classified its unlisted investments previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these non-equity investments did not pass the contractual cash flow characteristics test in HKFRS 9.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 December 2017	**Re-measurement**	**ECL allowances under HKFRS 9 at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	526	—	526

Impact on reserves and retained profits

There is no significant impact on reserves and retained profits under HKFRS 9.

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognised.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognized as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

	Notes	**Increase/ (decrease)** *RMB'000*
Assets		
Properties under development	*(i)*	133,664
Completed properties held for sale	*(i)*	115,103
Prepayments, other receivables and other assets	*(ii)*	38,045
Deferred tax assets	*(iii)*	(9,511)
Total assets		277,301
Liabilities		
Contract liabilities	*(i)*	3,145,485
Advances from customers	*(i)*	(2,881,933)
Total liabilities		263,552
Equity		
Retained profits	*(i) (ii)*	14,748
Non-controlling interests	*(i) (ii)*	(999)
		13,749

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 December 2018:

	Notes	**Amounts prepared under** **HKFRS15** *RMB'000*	**Previous HKFRS** *RMB'000*	**Increase/ (decrease)** *RMB'000*
Revenue	*(i)*	1,064,690	995,828	68,862
Cost of sales	*(i)*	(697,999)	(635,356)	62,643
Gross profit		366,691	360,472	6,219
Selling and distribution expenses	*(ii)*	(55,063)	(61,857)	(6,794)
Administrative expenses	*(ii)*	(73,395)	(73,861)	(466)
Profit before tax		226,726	213,247	13,479
Income tax expense	*(iii)*	(95,540)	(93,725)	1,815
Profit for the year		131,186	119,522	11,664
Attributable to:				
Owners of the parent	*(i) (ii)*	124,889	114,675	10,214
Non-controlling interests	*(i) (ii)*	6,297	4,847	1,450
		131,186	119,522	11,664
Earnings per share attributable to ordinary equity holders of the parent				
— Basic and diluted		RMB0.25	RMB0.23	RMB0.02

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
	Notes	**HKFRS 15**	**Previous HKFRS**	**Increase/ (decrease)**
		RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	*(iii)*	207,183	218,509	(11,326)
Properties under development	*(i)*	5,311,072	5,075,424	235,648
Completed properties held for sale	*(i)*	841,439	788,979	52,460
Prepayments, other receivables and other assets	*(ii)*	607,538	562,233	45,305
Total assets		8,998,712	8,676,625	322,087
Advances from customers	*(i)*	—	4,045,539	(4,045,539)
Contract liabilities	*(i)*	4,342,213	—	4,342,213
Total liabilities		7,800,885	7,504,211	296,674
Net assets		1,197,827	1,172,414	25,413
Retained profits	*(i) (ii)*	599,191	574,229	24,962
Non-controlling interests	*(i) (ii)*	118,858	118,407	451
Total equity		1,197,827	1,172,414	25,413

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Significant financing component for sale of properties

Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. Accordingly, the significant financing component has been capitalised and recorded as properties under development or been expensed off to finance costs. In addition, reclassification has been made from advances from customers to contract liabilities for the outstanding balance of sales proceeds from customers. The adoption of HKFRS 15 resulted in increases in properties under development, completed properties held for sale and contract liabilities of RMB133,664,000, RMB115,103,000, and RMB3,145,485,000 and decreases in retained profits and non-controlling interests of RMB12,404,000 and RMB2,381,000 at 1 January 2018, respectively.

As at 31 December 2018, the adoption of the HKFRS15 resulted in increases in properties under development, completed properties held for sale, contract liabilities, revenue, cost of sales, retained profit and non-controlling interests of RMB235,648,000, RMB52,460,000, RMB4,342,213,000, RMB68,862,000, RMB62,643,000, RMB5,217,000 and RMB1,002,000.

(ii) Incremental cost for sales commission and stamp duty

Upon adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in cost to obtain contracts. Capitalised sales commissions and stamp duty are charged to statement of profit or loss when the revenue from the related sale of properties is recognised and are included as direct operating expenses at that time. Accordingly, the Group has capitalised sales commissions and stamp duty paid/payable related to property sales contracts amounting to RMB38,045,000, resulting in increases in retained profits and non-controlling interests of RMB27,152,000 and RMB1,382,000 at 1 January 2018, respectively.

As at 31 December 2018, the adoption of HKFRS15 resulted in increases in retained profits and non-controlling interests of RMB4,997,000 and RMB448,000, respectively.

(iii) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as tax were adjusted as necessary. Retained profits were adjusted accordingly.

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 revenue to a single customer individually contributed to 10% or more of the Group's total revenue for the Reporting Period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,081,640**	—
Sale of properties	**—**	1,094,019
Revenue from other sources		
Property leasing income	**7,346**	7,717
	1,088,986	1,101,736
Less: Business tax and government surcharges	**(24,296)**	(25,051)
	1,064,690	1,076,685

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018, all the Group's revenue generates from the sale of properties which is recognised at a point in time in Mainland China.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	2018
	RMB'000
Sale of properties	**833,580**

(ii) Performance obligations

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

Sale of properties

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

The transaction prices allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	RMB'000
Within one year	3,141,964
More than one year	908,651
	4,050,615

	2018	2017
	RMB'000	*RMB'000*
Other income		
Bank interest income	**4,195**	1,369
Other interest income from financial assets at fair value through profit or loss/ available-for-sale investments	**11,370**	13,929
Gross rental income	**11,563**	5,313
Compensation income	**7,752**	4,315
Others	**230**	747
	35,110	25,673

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other loans	**40,246**	27,540
Less: Interest capitalised	**(20,567)**	(20,734)
	19,679	6,806

7. PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of properties sold	**697,999**	700,325
Depreciation	**9,369**	9,114
Amortisation of intangible assets*	**291**	307
Minimum lease payments under operating leases	**364**	345
Amortisation of prepaid land lease payments	**45**	45
Auditor's remuneration	**1,850**	1,780
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**15,465**	10,891
Pension scheme contributions	**231**	165
Staff welfare expenses	**2,713**	1,600
	18,409	12,656
Impairment of other receivables	**614**	526
Changes in fair value of investment properties	**18,000**	1,000
Bank interest income	**(4,195)**	(1,369)
Other interest income from financial assets at fair value through profit or loss/available-for-sale investments	**(11,370)**	(13,929)
Impairment/(reversal of impairment) of completed properties held for sale	**1,829**	(335)

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

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% (2017: 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 (2017: Nil).

During the current year, except for Shanxi Chenxing Zhida Trading Co., Ltd. (山西辰興致達貿易有限公司) which was entitled to a preferential income tax rate of 10% for small and micro enterprises, 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:

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
Income tax charge	**105,094**	151,812
LAT	**37,532**	40,002
Deferred tax	**(47,086)**	(75,341)
Total tax charge for the year	**95,540**	116,473

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:

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**226,726**	296,041
Tax at the statutory tax rate	**57,012**	74,702
Provision for LAT	**37,532**	40,002
Tax effect of LAT provision	**(9,383)**	(10,001)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	**6,369**	9,798
Expenses not deductible for tax	**1,343**	1,326
Income not subject to tax	**(1,555)**	—
Tax losses not recognised	**4,222**	646
Tax charge at the Group's effective rate	**95,540**	116,473

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 500,000,000 (2017: 500,000,000) in issue and issuable during the year.

The calculation of basic earnings per share based on:

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**124,889**	170,519

	2018	2017
	'000	*'000*
Share		
Weighted average number of ordinary shares in issue during the year used in 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 2018 and 2017.

10. DIVIDENDS

The board of directors of Company resolved not to declare the payment of final dividend for the year ended 31 December 2018.

11. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Less than 1 year	**491,617**	516,617
1 to 2 years	**41,883**	106,127
2 to 3 years	**85,226**	24,509
3 to 4 years	**22,727**	63,665
4 to 5 years	**46,471**	5,957
Over 5 years	**15,238**	36,523
	703,162	753,398

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2018			2017		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans — secured			**—**	5.22	2018	46,000
Current portion of long term bank loans — secured	**5.23–6.51**	**2019**	**150,620**	5.23–5.70	2018	105,000
Other loans — secured	**7.00**	**2019**	**74,000**			—
			224,620			151,000
Non-current						
Bank loans — secured	**5.23–6.60**	**2021**	**633,949**	5.23–5.70	2020	295,000
			858,569			446,000

	2018	2017
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
Within one year or on demand	**150,620**	151,000
In the second year	**337,000**	135,000
In the third to fifth years, inclusive	**296,949**	160,000
Other borrowings repayable:		
Within one year or on demand	**74,000**	—
	858,569	446,000

Notes:

(i) The bank borrowings of approximately RMB143,000,000 (2017: RMB250,000,000) were secured by certain properties under development of RMB109,644,900 (2017:RMB532,218,000) and were guaranteed by the Company, a director of the Company and the Company's controlling shareholders;

(ii) Certain of the Group's bank loans are secured by mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the Reporting Period of nil (2017: RMB55,000,000);

(iii) The bank borrowings of approximately RMB340,000,000 (2017: RMB150,000,000) were guaranteed by the shareholders of a subsidiary of the Group;

(iv) The bank borrowings of approximately RMB131,569,000 (2017: nil) were guaranteed by a minority shareholder of a subsidiary of the Group;

(v) The bank borrowings of approximately RMB170,000,000 (2017: nil) were guaranteed by a subsidiary of the Group; and

(vi) The other borrowings of approximately RMB74,000,000 (2017: nil) were guaranteed by a subsidiary of the Group.

13. CONTINGENT LIABILITIES

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

	2018	2017
	RMB'000	*RMB'000*
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	**1,545,762**	1,548,694

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 2018.

Review of and Annual Results for 2018

In 2018, numerous control policies on China's real estate market regulation were intensively promulgated. With "residential flats are for shelter, not for speculation" and "equal importance for rental as well as purchase" as the keynotes, the regulation and control policy system was continuously improved, and the real estate industry as a whole demonstrated a rally in the beginning of the year which was cooled down afterwards. In the first half of 2018, "policies customised for individual cities", "categorised regulatory controls" and other principles were implemented throughout China, contributing to the thriving environment of the industry. The steady growth of developers' gross floor area and saleable area exhibited an upward trend. In the second half of 2018, stricter regulation and control policies were introduced one after another to curb the excessive rise in housing prices, contributing to aborted land auctions and disorientation in the real estate intermediary market in a number of cities. The real estate market across China showed signs of an obvious restraint and downward trend. The Group timely adjusted its operating strategy according to the policies in the industry and the market conditions, and successfully continued the satisfactory operating results it had enjoyed throughout 2018.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB1,862.1 million, representing an increase of approximately 25.0% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 229,855 sq.m., representing a decrease of approximately 3.3% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,064.7 million, representing a decrease of approximately 1.1% as compared with the same period last year, among which, revenue from property development was approximately RMB1,057.4 million, representing a decrease of approximately 1.1% as compared with the same period last year. During the year, profit attributable to the owners of the Group was approximately RMB124.9 million, representing a decrease of approximately 27% as compared with the same period last year, which was mainly due to the decrease of Group's revenue and the fair value of the Group's investment properties and the increase of selling and distribution expenses, administrative expenses and finance costs during the Reporting Period.

In respect of land acquisition, the Group actively looked for suitable land resources which were cost effective. Due to more stringent regulatory measures on the real estate industry imposed by the government, as well as tighter financing environment, most of the land markets were weakened, resulting in continuous adjustments of land transaction prices. To avoid paying high prices in acquisition of lands, the Group continued with its prudent strategies in land acquisition and land development. Meanwhile, the Company constantly explored new modes of development and expanded the Group's business by adopting the method of equity merger and acquisition. On 29 June 2018, the Group acquired 80% equity interest in Shanxi Chang Xing Zhicheng Construction Engineering Co., Ltd. (山西昌興致誠建築工程有限公司) ("**Chang Xing Zhicheng**"). After the acquisition, Chang Xing Zhicheng became an indirect subsidiary of the Group.

During the Reporting Period, the Group's land bank of approximately 2,878,473 sq.m..

Final Dividend

The Board resolved not to declare the payment of final dividend for the year ended 31 December 2018.

Prospect for 2019

Amid the steady economic conditions enjoyed by China today, it is exposed to various changes. The external environment has been undergoing profound changes with increasing downward economic pressure. Certain enterprises are experiencing a log of difficulties in their operations such as difficulties in obtaining finance by the private enterprises and conspicuous problems of regional differentiation. Meanwhile, the continuous promulgation of favourable reform policies including personal tax reform and support for private economy will facilitate the relatively steady growth of the real estate industry and property market. It is foreseeable that the regulatory and control policies will continue in 2019, the main theme of regulatory control on the property market and the industry will remain with long term efforts in restraining real estate bubble and minimising regional differentiation.

According to the Group's judgment of the future development trend based on the current situation of China's real estate market, in 2019, the Group will continue to focus on the development of residential properties for buyers with rigid demands, reduce the development cycle, effectively control development costs, actively promote project sales, and effectively utilise the existing inventories to improve the Group's competitiveness in the industry. In addition, the Group will continue to carry out positive and beneficial explorations and attempts in areas such as industrial real estate, cultural tourism and hotel management, and look for multiple ways to promote the Group's diversified development.

In 2019, the Group will be in a critical period characterised by rapid expansion of projects and accelerated extension of its industrial chain, during which a reserve of talents is crucial. The Group will continuously increase its capacity in recruitment of talents to address the talent bottleneck issue. Furthermore, the Group will continue to develop strategic partners, explore different models and expand the scope of cooperation. By capitalising on our cooperative partners' complementary advantages, we hope to achieve the rapid growth of the Group, and create greater benefits for the Group, our cooperative partners and the shareholders.

ACKNOWLEDGMENT

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

Chairman
Bai Xuankui

Jinzhong, Shanxi, China
27 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group's contracted sales amounted to approximately RMB1,862.1 million, representing an increase of approximately 25.0% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB1,064.7 million, representing a decrease of approximately 1.1% as compared with the same period last year, among which, revenue from property development was approximately RMB1,057.4 million, representing a decrease of approximately 1.1% as compared with the same period last year. During the Reporting Period, net profit of the Group amounted to approximately RMB131.2 million., of which net profit attributable to the Company's equity holders was approximately RMB124.9 million.

Contracted Sales

The Group's contracted sales for the years ended 31 December 2018 and 2017 were approximately RMB1,862.1 million and RMB1,489.5 million, respectively, representing an increase of approximately 25.0%. The Group's total contracted GFAs for the years ended 31 December 2018 and 2017 were approximately 229,855 sq.m. and 237,638 sq.m., respectively, representing a decrease of approximately 3.3%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan and Mianyang, were approximately RMB31.6 million, RMB1,245.6 million and RMB584.9 million, respectively, representing approximately 1.7%, 66.9% and 31.4% of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2018 by geographic location:

	Contracted Sales for 2018 *(RMB million)*	Contracted Sales for 2017 *(RMB million)*	Contracted GFA for 2018 *(sq.m.)*	Contracted GFA for 2017 *(sq.m.)*	Average Contracted Sales Price for 2018 *(RMB/sq.m.)*	Average Contracted Sales Price for 2017 *(RMB/sq.m.)*
Jinzhong						
Upper East Gardens (上東庭院) Phase II	—	6.1	—	1,326	—	4,632.0
Grand International Apartments (君豪公寓)	0.9	2.6	248	655	3,745.0	4,001.6
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	30.7	26.1	8,234	5,812	3,725.0	4,496.1
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	207.0	568.0	24,607	72,323	8,412.9	7,854.2
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	965.4	449.3	116,013	63,165	8,321.2	7,113.1
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	73.2	—	8,094	—	9,048.7	—
Mianyang						
Yosemite Valley Town — Mianyang (綿陽優山美郡)	6.6	12.7	1,066	3,008	6,184.9	4,230.2
Elite Gardens (綿陽天御)	1.4	10.8	554	3,279	2,521.8	3,303.9
Chang Xing Star Gardens (綿陽長興星城)	576.9	413.9	71,039	88,070	8,120.6	4,700.2
Total	**1,862.1**	**1,489.5**	**229,855**	**237,638**	**8,101.2**	**6,267.9**

Note:

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

Property Projects

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

As at 31 December 2018, the Group had a completed total GFA of approximately 2,484,143 sq.m. and a land bank with a total GFA of approximately 2,878,473 sq.m., comprising (i) a total GFA of approximately 243,965 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,535,906 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,098,602 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 2018, the Group had investment properties with a total GFA of approximately 21,613 sq.m..

Property Portfolio Summary

Intended use[1]	**Total GFA Completed** *(sq.m.)*	**GFA under development** *(sq.m.)*	**Total GFA Held for future development** *(sq.m.)*
Mid-rise	786,168	91,847	632,108
High-rise	869,043	836,430	—
Townhouses	27,612	—	—
Multi-story garden apartments	576,743	26,350	54,452
Retail outlets	153,235	184,134	171,672
SOHO apartments	6,931	—	29,404
Hotels	—	12,182	89,910
Parking spaces	59,524	365,810	120,801
Ancillary facilities	4,887	19,153	255
Total GFA	**2,484,143**	**1,535,906**	**1,098,602**
Attributable GFA	**2,398,492**	**1,190,908**	**1,022,972**

Notes:

(1) Includes the portion of GFA held by the Group as public facilities (not saleable or leasable).

(2) Includes primarily public facilities which are not saleable.

(3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

Completed Projects

The following table sets forth a summary of the information about the Group's completed projects and corresponding project phases, if any, as at 31 December 2018:

Project	Project type	Actual completion date	Site area	Completed GFA	Saleable/ Leaseable 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 outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Residential/ Commercial	June 2007	7,465	65,544	9,874	8,241	47,429	—	100.00
3. Blossom Gardens (錦綉新城)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Cultural Town (新興國際文教城)									
Phase I	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Residential/ Commercial	April 2012	17,968	93,060	—	—	92,909	151	100.00
Phase III	Residential/ Commercial	December 2009	255,918	545,046	3,079	—	541,967	—	100.00
Phase IV	Residential/ Commercial	July 2016	30,987	71,103	2,941	—	68,162	—	100.00
Phase V	Residential/ Commercial	July 2016	22,578	50,438	3,409	—	45,994	1,035	100.00
5. Upper East Gardens (上東庭院)									
Phase I	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Residential/ Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Commercial/ Complex	September 2009	2,411	9,783	255	—	9,528	—	100.00

Project	Project type	Actual completion date	Site area *(sq.m.)*	Completed GFA *(sq.m.)*	Saleable/ Leaseable GFA remaining unsold *(sq.m.)*	GFA held for investment *(sq.m.)*	GFA sold *(sq.m.)*	Other GFA[1] *(sq.m.)*	Ownership interest[2] *(%)*
8. Riverside Gardens — Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	62,507	—	—	62,167	340	100.00
Phase II	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00
9. Mandarin Gardens — Taigu (太谷文華庭院)	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Retail outlets	August 2015	—	897	—	—	897	—	100.00
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡) — Part of Southern District, Phase I	Residential/ Commercial	December 2014	115,050	340,012	8,715	—	331,297	—	100.00
2. Yosemite Valley Town — Taiyuan (龍城優山美郡) — Part of Northern District, Phase I	Residential/ Commercial	November 2016	91,048	307,416	72,351	—	235,065	—	100.00
Mianyang									
1. Yosemite Valley Town — Mianyang (綿陽優山美郡)	Residential/ Commercial	May 2012	74,124	126,329	14,573	—	109,911	1,845	83.89
2. Elite Gardens (綿陽天御)	Residential/ Commercial	September 2014	68,529	116,888	11,255	—	104,946	687	83.89
3. Chang Xing Star Gardens 綿陽星城一期 (Phase I)	Residential/ Commercial	June 2017	68,150	288,450	117,513	—	169,616	1,321	83.89
Total			**979,846**	**2,484,143**	**243,965**	**18,851**	**2,215,393**	**5,935**	
Total Attributable GFA[3]			**945,886**	**2,398,492**	**220,873**	**18,851**	**2,153,454**	**5,314**	

Notes:

(1) Includes the GFA held by the Group as public facilities (not saleable or leasable).

(2) Calculated based on the Group's actual ownership interests in the respective project companies.

(3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of the information about the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 31 December 2018:

				Under development			Held for future development		
Project	**Project type**	**Site area**	**Actual/ Estimated completion date**	**GFA under development**	**Saleable/ Leasable GFA**	**Pre-sold GFA**	**Planned GFA**	**GFA with the land use certificate not obtained yet**	**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**	**28,921**	**—**	**—**	**51.00**
Stage I	Residential/ Commercial/ Parking Space	14,346	June 2019	78,954	74,203	28,921	—	—	51.00
Stage II	Residential/ Commercial/ Parking Space	24,367	June 2019	110,725	101,386	—	—	—	51.00
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2019	126,120	121,061	—	—	—	51.00
Stage IV	Commercial/ Parking Space	13,422	June 2019	28,819	28,819	—	—	—	51.00
Stage V	Commercial/ Parking Space	50,232	June 2019	105,016	102,531	—	—	—	51.00
2. Yijun Community (頤郡社區)		**63,174**		**116,657**	**106,707**	**—**	**154,347**	**—**	**51.00**
Phase I	Residence	46,763	June 2020	116,657	106,707	—	—	—	51.00
Phase II	Commercial	16,410	August 2021	—	—	—	44,157	—	51.00
Phase III	Residential/ commercial	41,691	June 2021	—	—	—	110,190	—	51.00
3. Yiju Meijun (頤居美郡)		**197,285**		**—**	**—**	**—**	**516,858**	**—**	**100.00**
Stage I	Residential/ commercial	197,285	December 2020	—	—	—	516,858	—	100.00

Project	Project type	Site area	Actual/ Estimated completion date	Under development: GFA under development	Under development: Saleable/ Leasable GFA	Under development: Pre-sold GFA	Held for future development: Planned GFA	Held for future development: GFA with the land use certificate not obtained yet	Ownership interest[1]
		(sq.m.)		*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
4. Shiguang Zhicheng (時光之城)	Commercial	**28,296**	December 2020	**—**	**—**	**—**	**112,476**	**—**	**100.00**
5. Xiyuan (熙苑)	Residential/ commercial	**46,603**	December 2020	**67,400**	**66,971**	**26,823**	**—**	**—**	**33.66**
6. Jinxiu SOHO (錦綉 SOHO)	Commercial	**3,461**	December 2020	**—**	**—**	**—**	**—**	**22,262**	**100.00**
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)		**212,392**		**748,490**	**645,457**	**319,999**	**—**	**—**	**100.00**
Phase I (Southern District)	Commercial/ Parking Space	2,078	June 2019	72,399	72,325	39,614	—	—	100.00
Phase I (Northern District)	Commercial/ Parking Space	16,957	June 2019	84,662	13,835	2,877	—	—	100.00
Phase II	Residential/ commercial	111,477	December 2019	374,549	355,271	269,414	—	—	100.00
Phase III	Residential/ commercial	60,080	December 2021	204,261	204,026	8,094	—	—	100.00
Phase IV	Primary school	21,800	December 2019	12,619	—	—	—	—	100.00
Mianyang									
1. Chang Xing Star Gardens (綿陽長興星城)		**36,158**		**141,543**	**140,586**	**82,721**	**—**	**—**	**83.89**
Phase II	Residential/ commercial	36,158	December 2020	141,543	140,586	82,721	—	—	83.89
Haikou		**130,816**		**—**	**—**	**—**	**173,784**	**—**	**100.00**
1. Degao (德高)	Commercial	43,795	June 2020	—	—	—	69,358	—	100.00
2. Yousheng (友升)	Residence	87,021	December 2020	—	—	—	104,426	—	100.00

Project	Project type	Site area	Actual/ Estimated completion date	Under development: GFA under development	Under development: Saleable/ Leasable GFA	Under development: Pre-sold GFA	Held for future development: Planned GFA	Held for future development: GFA with the land use certificate not obtained yet	Ownership interest[1]
		(sq.m.)		*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Wuzhishan		**92,522**		**12,182**	**—**	**—**	**118,875**	**—**	**100.00**
Yijun Phase I (頤郡一期)	Commercial	28,745	December 2019	12,182	—[3]	—	35,831	—	100.00
Yijun Phase II (頤郡二期)	Residence	23,827	October 2020	—	—[3]	—	28,592	—	100.00
Yijun Phase II (頤郡三期)	Residence	18,244	October 2020	—	—[3]	—	21,893	—	100.00
Yijun Phase IV (頤郡四期)	Residence	21,706	June 2021	—	—[3]	—	32,559	—	100.00
Total		**939,756**		**1,535,906**	**1,387,721**	**458,464**	**1,076,340**	**22,262**	
Total Attributable GFA[2]				**1,190,908**	**1,058,638**	**404,143**	**1,000,710**	**22,262**	

Notes:

(1) Calculated based on the Group's actual ownership interests in the respective project companies.

(2) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

(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 uncertainly with its subsequent development.

The table below sets forth a summary of the information about the Group's investment properties as at 31 December 2018:

Project	Property type	held for investment Total GFA	Effective leased GFA	Occupancy rate	Rental income for the year ended 31 December 2018	2017
		(sq.m.)	*(sq.m.)*	*(%)*	*(RMB million)*	
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	1,082	22.3	1.9	2.8
East Lake Mall (東湖井)	Retail outlets	10,610	9,584	100.0	2.2	1.6
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	3.2	3.3
Total		**21,613**	**13,428**	**—**	**7.3**	**7.7**

The table below sets forth the Group's land bank as at 31 December 2018 by geographic location:

	Completed saleable/ leasable GFA remaining unsold	Under development GFA under development	For future development Planned GFA	Total land bank [(1)] Total GFA	Percentage of total land bank	Average land cost
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*	*(RMB Yuan/sq.m.)*
Jinzhong	19,558	633,692	805,944	1,459,194	50.7	840.2
Taiyuan	81,067	748,489	—	829,556	28.8	393.5
Mianyang	143,340	141,543	—	284,883	9.9	643.5
Haikou	—	—	173,784	173,784	6.0	2,158.3
Wuzhishan	—	12,182	118,874	131,056	4.6	1,192.1
Total	**243,965**	**1,535,906**	**1,098,602**	**2,878,473**	**100.0**	**746.3**

Note:

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

The table below sets forth the Group's land bank as at 31 December 2018 by property type:

	Completed saleable/ leasable GFA remaining unsold	Under development GFA under development	For future development Planned GFA	Total land bank [(1)] Total GFA	Percentage of total land bank
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Mid-rise	3,133	91,847	632,108	727,088	25.3
High-rise	130,015	836,430	—	966,445	33.6
Townhouses	1,909	—	—	1,909	0.1
Multi-story garden apartments	9,564	26,350	54,452	90,366	3.1
Available-for-sale office/commercial properties	47,462	184,134	171,672	403,268	14.0
SOHO apartments	58	—	29,404	29,462	1.0
Hotels	—	12,182	89,910	102,092	3.5
Parking spaces	51,824	365,810	120,801	538,435	18.7
Ancillary facilities [(2)]	—	19,153	255	19,408	0.7
Total	**243,965**	**1,535,906**	**1,098,602**	**2,878,473**	**100.0**

Notes:

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

(2) Mainly includes public facilities not saleable.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB1,064.7 million, representing a decrease of approximately 1.1% as compared with approximately RMB1,076.7 million in the same period last year. The decrease was mainly due to the fact that the Group did not have any projects delivered for the first time during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB1,057.4 million, representing a decrease of approximately 1.1% as compared with the same period last year. The decrease was mainly due to the fact that the Group did not have any projects delivered for the first time during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 0.3% from approximately RMB700.3 million for the year ended 31 December 2017 to approximately RMB698.0 million for the Reporting Period, and the decrease was mainly due to a corresponding decrease in the sales and services cost with the decrease in the sales revenue during the Reporting Period.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB366.7 million, representing a decrease of approximately 3% from approximately RMB376.3 million for the year ended 31 December 2017. During the Reporting Period, the gross profit margin was approximately 34%, as compared with approximately 35% in the same period last year.

During the Reporting Period, the Group's gross profit from property development was approximately RMB359.4 million, representing a decrease of approximately 3% from approximately RMB368.7 million for the year ended 31 December 2017. The decrease in the Group's gross profit from property development was mainly due to the decrease in the property sales revenue because the Group did not have any projects delivered for the first time during the Reporting Period.

During the Reporting Period, the Group's gross profit margin of property development was approximately 34%, while that for the year ended 31 December 2017 was approximately 34%.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were approximately RMB35.1 million, as compared to approximately RMB25.7 million for the year ended 31 December 2017. The increase was primarily due to the increase in the outlet rental income and bank interest income.

Net Profit Attributable to Owners of the Company

During the Reporting Period, the net profit attributable to owners of the Company was approximately RMB124.9 million, representing a decrease of approximately 27% from RMB approximately 170.5 million for the year ended 31 December 2017. The decrease in the net profit attributable to owners of the Company was mainly due to the decrease of Group's revenue and the fair value of the Group's investment properties and the increase of selling and distribution expenses, administrative expenses and finance costs during the Reporting Period.

Change in Fair Value of Investment Properties

The fair value of the Group's investment properties decreased by approximately 11% from approximately RMB163.0 million as at 31 December 2017 to approximately RMB145.0 million as at the end of the Reporting Period, and the decrease was primarily due to the decrease in the fair value of East Lake Mall (東湖井商城).

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 18% from approximately RMB46.6 million for the year ended 31 December 2017 to approximately RMB55.1 million for the Reporting Period, and the increase was primarily due to the increase in the advertising and publicity expenses during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 62% from approximately RMB45.2 million for the year ended 31 December 2017 to approximately RMB73.4 million for the Reporting Period, and the increase was primarily due to the increase in the legal service fees and the employee expenses during the Reporting Period.

Finance Costs

The Group's financing expenses increased by approximately 190% from approximately RMB6.8 million for the year ended 31 December 2017 to approximately RMB19.7 million for the Reporting Period, and the increase was primarily due to the increase in loans during the Reporting Period.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 18% from approximately RMB116.5 million for the year ended 31 December 2017 to approximately RMB95.5 million for the Reporting Period, and the decrease was primarily due to the decrease in the profit before tax.

Total Profit and Comprehensive Income for the Year

As a result of the foregoing, the Group's total profit and comprehensive income for the year decreased by approximately 25% from approximately RMB176.4 million for the year ended 31 December 2017 to approximately RMB132.5 million for the Reporting Period.

Cash Position

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB1,447.2 million, representing an increase of approximately 412% as compared to approximately RMB282.5 million as at 31 December 2017, and the increase was primarily due to the increase in pre-sales of properties and borrowings during the Reporting Period.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB867.5 million as at the end of the Reporting Period, while the Group recorded a negative operating cash flow of approximately RMB320.8 million as at 31 December 2017, and the increase was primarily due to the increase in pre-sales of properties during the Reporting Period.

Borrowings

The Group had outstanding bank and other borrowings of approximately RMB858.6 million as at the end of the Reporting Period while the Group had outstanding bank borrowings of approximately RMB446.0 million as at 31 December 2017.

Pledged Assets

Some of the Group's borrowings are secured with properties under development for sale. As at the end of the Reporting Period, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB109.6 million.

Financial Guarantees and Contingent Liabilities

In line with the market practices, the Group entered into agreements with a number of banks for the provision of mortgage financing to customers. The Group does not conduct independent reviews of customers' credit standings, but relies on credit reviews conducted by mortgage banks. Banks usually require the Group to provide guarantees for customers' obligations in repaying property mortgage loans, just as they require other Chinese property developers. The guarantee period for a typical case generally expires when a bank receives the strata-title building ownership certificate from the customer as security for the mortgage loan granted. As at the end of the Reporting Period, the Group's outstanding guarantees for clients' mortgages was approximately RMB1,545.8 million.

The Group had no other material contingent liabilities as at the end of the Reporting Period.

Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB858.6 million and total equity of approximately RMB1,197.8 million, the gearing ratio of the Group was approximately 72% (31 December 2017: approximately 40%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The increase in gearing ratio was mainly due to the increase of interest-bearing bank and other borrowings during the Reporting Period.

Foreign Currency Risk

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

Material Acquisitions and Disposals and Material Investments

On 29 June 2018, Shanxi Chenxing Zhicheng Construction Engineering Co., Ltd. (山西辰興致誠建築工程有限公司), a domestic subsidiary of the Group, acquired 80% equity in ChangXing Zhicheng at a maximum consideration of no more than RMB40,000,000 (equivalent to approximately HK$47,395,297). Chang Xing Zhicheng is a limited liability company incorporated on 30 January 2018 under the laws of the PRC and currently does not have any assets apart from cash as a result of payment of registered capital. For details of the acquisition, please refer to the Company's announcement dated 29 June 2018.

On 12 December 2018, Chenxing Real Estate Development Co., Ltd. (辰興房地產發展有限公司) ("**Chen Xing**"), a domestic subsidiary of the Group, entered into an equity transfer agreement with Xishuangbanna Haoyuan Tourism Development Co., Ltd. (西雙版納昊緣旅遊發展有限公司) ("**Haoyuan Company**"), pursuant to which Chen Xing acquired 49% of equity interests in Xishuangbanna Jingyuan Investment Development Co., Ltd. (西雙版納景緣投資開發有限公司) ("**Jingyuan Company**") and assumed the loans provided by Haoyuan Company to the Jingyuan Company plus interest, at an aggregate consideration of approximately RMB224.90 million (equivalent to approximately HK$256.16 million) (the "**49% Acquisition**"). Jingyuan Company is a limited liability company incorporated on 9 September 2013 under the laws of the PRC, and its main assets are three parcels of land located in Phase II of Xishuangbanna Tourist Resort in Yunnan Province, the PRC (the "**Land**"), with a total area of approximately 223,833.33 sq.m., of which 204,080 sq.m. have been assigned for the purpose of residential use and 19,753.33 sq.m. have been assigned for commercial use. Jingyuan Company is currently engaged in the construction and development of the Land and construction is scheduled to be completed by 2022. For details of the 49% Acquisition, please refer to the Company's announcement dated 12 December 2018.

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

Events after the Reporting Period

On 2 January 2019, Chen Xing, a domestic subsidiary of the Group, entered into a short-term loan agreement with Xishuangbanna Yunchen Real Estate Co., Ltd. (西雙版納雲辰置業有限公司) ("**Yunchen Real Estate**"), an associate of the Group, pursuant to which Chen Xing provided Yunchen Real Estate with a loan of RMB102,600,000 (equivalent to approximately HK$116,900,000) for twelve months from 3 January 2019 to 2 January 2020. The loan granted to Yunchen Real Estate will be used primarily for property development purposes or as the operating capital of Yunchen Real Estate. Chen Xing and Yunnan Metropolitan Real Estate Development Co., Ltd. (雲南城投置業股份有限公司) ("**Yunnan Metropolitan**") beneficially owns 49% and 51% of the equity of Yunchen Real Estate, respectively. Yunnan Metropolitan has agreed to provide its 51% equity in Yunchen Real Estate as a collateral for repayment of 51% of the loan (including interest). For details of the borrowing, please refer to the Company's announcement dated 2 January 2019.

On 4 January 2019, Chen Xing, a domestic subsidiary of the Group, entered into an equity transfer agreement with Beijing Sunshine Real Estate Comprehensive Development Co., Ltd. (北京陽光房地產綜合開發有限公司) ("**Sunshine Comprehensive**"), pursuant to which Chen Xing acquired 51% equity interest of Jingyuan Company and assumed the loans provided by Sunshine Comprehensive to Jingyuan Company plus interest, at an aggregate consideration of approximately RMB393.56 million (equivalent to approximately HK$448.26 million) (the "**51% Acquisition**"). For details of the 51% Acquisition, please refer to the Company's announcement dated 4 January 2019. Since the 49% Acquisition and 51% Acquisition ("together, the "**100% Acquisitions**") when treated as standalone transactions or when aggregated together are classified as major transaction under the Listing Rules, the Company will send a circular to the Shareholders in due course and seek Shareholders' approval for the 100% Acquisitions at an extraordinary general meeting.

On 28 February 2019, the Group completed the equity capital raising activity in which one rights share was issued on the basis of every five existing shares held as at the record date at the subscription price of HK$1.50 per rights share. Valid applications and acceptances in respect of a total of 130,896,878 rights shares had been received, representing approximately 130.9% of the 99,999,989 total number of rights shares available for subscription under the rights issue. A total of 99,999,989 rights shares were allotted and issued pursuant to the rights issue and the number of issued shares of the Company as at the date of this announcement is 599,999,989 shares. The proceeds from the rights issue will be used for the payment of unpaid registered capital of Jinzhong Chenxinghui Science & Trade Co., Ltd. (晉中辰興匯科貿有限公司) and general working capital of the Group. Dealings in the fully-paid rights shares on The Stock Exchange of Hong Kong Limited have commenced at 9:00 a.m. on Friday, 8 March 2019. For details of the rights issue, please refer to the Company's announcements dated 11 January and 6 March 2019 and the prospectus of the Company dated 12 February 2019.

Future Plans for Material Investments or Capital Assets

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

Employees and Remuneration Policies

As at the end of the Reporting Date, the Group had 185 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB31.4 million. Employee compensations generally include salaries and quarterly performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be convened on Friday, 31 May 2019, a notice of which will be published and delivered to the Company's shareholders at the appropriate time.

FINAL DIVIDEND

The Board resolved not to declare the payment of final dividend for the year ended 31 December 2018 (31 December 2017: HK$0.2 per share).

CORPORATE GOVERNANCE PRACTICES

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

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 of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. During the Reporting Period, the Company had complied with all the CG Code.

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

The Board consists of four executive directors and three independent non-executive directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's business, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and 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's servicing as Director and Chairman since the establishment of the Company is conducive to the Company's formulating a correct development strategy. In terms of 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 THE COMPANY'S SECURITIES

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 of the Company, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the annual results for the year ended 31 December 2018. The Audit Committee considers that the annual results are in compliance with the applicable accounting principles and policies, laws and regulations, and that the Company has made appropriate disclosures thereof.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

In accordance with the requirements under the Listing Rules, this 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 2018 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 2019

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.