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 2019

FINANCIAL HIGHLIGHTS

— For the year ended 31 December 2019 (the "**Reporting Period**"), contracted sales amounted to approximately RMB2,144.3 million and the corresponding contracted gross floor area ("**GFA**") amounted to approximately 251,771 sq.m., representing increases of approximately 15.2% and 9.5% comparing with the same period last year, respectively;

— Revenue for the Reporting Period amounted to approximately RMB1,307.1 million, of which approximately RMB1,262.8 million was revenue from property development;

— Gross profit for the Reporting Period amounted to approximately RMB351.5 million, of which approximately RMB338.1 million was gross profit from property development;

— Net profit for the Reporting Period amounted to approximately RMB115.0 million, of which approximately RMB106.0 million was net profit attributable to equity holders of the Company;

— Total GFA of land bank amounted to approximately 2,961,620 sq.m. and the average cost of land bank was approximately RMB751.8 per sq.m. as at the end of Reporting Period;

— Contracted average sales price (the "**Average Sales Price**") for the Reporting Period was approximately RMB8,516.9 per sq.m.;

— Basic earnings per share for the Reporting Period was RMB0.18; and

— The Board has resolved not to declare a final dividend for the year ended 31 December 2019.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2019** **RMB'000**	2018 RMB'000
REVENUE	*5*	**1,307,084**	1,064,690
Cost of sales		**(955,554)**	(697,999)
Gross profit		**351,530**	366,691
Other income and gains	*5*	**39,845**	35,110
Selling and distribution expenses		**(77,560)**	(55,063)
Administrative expenses		**(82,219)**	(73,395)
Other expenses		**(6,957)**	(26,633)
Finance costs	*6*	**(22,168)**	(19,679)
Share of profits and losses of:			
Joint ventures		**1,198**	(295)
Associate		**(10)**	(10)
PROFIT BEFORE TAX	*7*	**203,659**	226,726
Income tax expense	*8*	**(88,666)**	(95,540)
PROFIT FOR THE YEAR		**114,993**	131,186
Attributable to:			
Owners of the parent		**106,028**	124,889
Non-controlling interests		**8,965**	6,297
		114,993	131,186
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted	*9*	**RMB0.18**	RMB0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**114,993**	131,186
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**5,144**	1,348
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**5,144**	1,348
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(92,739)**	—
Income tax effect	**23,185**	—
	(69,554)	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(69,554)**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(64,410)**	1,348
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**50,583**	132,534
Attributable to:		
Owners of the parent	**41,618**	126,237
Non-controlling interests	**8,965**	6,297
	50,583	132,534

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**74,234**	76,683
Investment properties		**141,000**	145,000
Right-of-use assets	*11(b)*	**2,929**	—
Prepaid land lease payments	*11(a)*	**—**	1,329
Properties under development		**601,408**	474,331
Intangible assets		**163**	9
Investments in joint ventures		**1,393**	195
Investment in an associate		**48,980**	22,490
Equity investments designated at fair value through other comprehensive income	*12*	**62,898**	—
Deferred tax assets		**225,551**	207,183
Total non-current assets		**1,158,556**	927,220
CURRENT ASSETS			
Properties under development		**8,395,674**	4,836,741
Completed properties held for sale		**411,983**	841,439
Inventories		**16,561**	13,250
Trade receivables	*13*	**5,679**	—
Prepayments, other receivables and other assets		**1,142,309**	607,538
Tax recoverable		**133,214**	70,418
Financial assets at fair value through profit or loss		**1,500**	111,774
Pledged deposits		**68,257**	40,171
Restricted bank balance		**—**	103,000
Cash and cash equivalents		**1,107,248**	1,447,161
Total current assets		**11,282,425**	8,071,492
CURRENT LIABILITIES			
Trade payables	*14*	**1,036,422**	703,162
Other payables and accruals		**1,831,239**	1,848,303
Contract liabilities		**5,335,734**	4,342,213
Interest-bearing bank and other borrowings	*15*	**429,556**	224,620
Tax payable		**34,121**	42,469
Total current liabilities		**8,667,072**	7,160,767

	Notes	2019 RMB'000	2018 RMB'000
NET CURRENT ASSETS		**2,615,353**	910,725
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,773,909**	1,837,945
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	**2,386,478**	633,949
Deferred tax liabilities		**12,846**	6,169
Total non-current liabilities		**2,399,324**	640,118
Net assets		**1,374,585**	1,197,827
EQUITY			
Equity attributable to owners of the parent			
Share capital		**4,855**	4,003
Reserves		**1,241,307**	1,074,966
		1,246,162	1,078,969
Non-controlling interests		**128,423**	118,858
Total equity		**1,374,585**	1,197,827

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, wealth management products and equity investment 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 2019. 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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015–2017 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 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties, machinery and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The Group did not recognise assets and liabilities at the date of initial application for operating leases as the lease contracts were short-term leases that ends within 12 months before 1 January 2019.

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

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

No information about major customers is presented as no revenue from sales to a single customer individually accounted for 10% or more of the Group's total revenue for the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,301,064**	1,057,344
Revenue from other sources		
Gross rental income from		
investment property operating leases:		
Other lease payments, including fixed payments	**6,020**	7,346
	1,307,084	1,064,690

Revenue from contracts with customers

(a) Disaggregated revenue information

	2019	2018
	RMB'000	*RMB'000*
Type of goods or services		
Sale of properties	**1,262,763**	1,057,344
Sale of construction materials	**36,670**	—
Construction services	**1,482**	—
Real estate agency services	**149**	—
Total revenue from contracts with customers	**1,301,064**	1,057,344
Timing of revenue recognition		
Goods transferred at a point in time	**1,299,433**	1,057,344
Services transferred over time	**1,631**	—
Total revenue from contracts with customers	**1,301,064**	1,057,344

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:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**1,106,126**	833,580

	2019	2018
	RMB'000	*RMB'000*
Other income		
Bank interest income	**10,253**	4,195
Interest income from loans to an associate	**11,740**	—
Other interest income from financial assets at fair value through profit or loss	**4,051**	11,370
Gross rental income	**10,939**	11,563
Compensation income	**—**	7,752
Others	**908**	230
	37,891	35,110
Gains		
Foreign exchange gains, net	**1,896**	—
Gain on disposal of items of property, plant and equipment	**58**	—
	1,954	—
	39,845	35,110

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	RMB'000	*RMB'000*
Interest on bank and other loans	**129,344**	40,246
Interest on lease liabilities	**187**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**129,531**	40,246
Less: Interest capitalised	**(107,363)**	(20,567)
	22,168	19,679

7. PROFIT BEFORE TAX

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

	Notes	2019 RMB'000	2018 RMB'000
Cost of properties sold		**924,740**	697,999
Cost of construction materials sold		**29,932**	—
Cost of services provided		**882**	—
Depreciation of property, plant and equipment		**10,330**	9,369
Depreciation of right-of-use assets (2018: amortisation of land lease payments)	*11(a), 11(b)*	**2,239**	45
Amortisation of intangible assets*		**56**	291
Minimum lease payments under operating leases		**—**	364
Lease payments not included in the measurement of lease liabilities	*11(d)*	**410**	—
Auditor's remuneration		**3,580**	1,850
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**21,077**	15,465
Pension scheme contributions		**1,140**	231
Staff welfare expenses		**3,258**	2,713
		25,475	18,409
Impairment of trade receivables	*13*	**281**	—
Impairment of other receivables		**1,030**	614
Changes in fair value of investment properties		**4,000**	18,000
Gain on disposal of items of property, plant and equipment		**(58)**	—
Foreign exchange gains, net		**(1,896)**	—
Bank interest income		**(10,253)**	(4,195)
Interest income from loans to an associate		**(11,740)**	—
Other interest income from financial assets at fair value through profit or loss		**(4,051)**	(11,370)
Impairment of completed properties held for sale		**816**	1,829

* 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 the British Virgin Islands are not subject to any income tax. Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is based on a tax rate of 16.5% (2018: 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 (2018: 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:

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Income tax charge	**44,070**	105,094
LAT	**33,102**	37,532
Deferred tax	**11,494**	(47,086)
Total tax charge for the year	**88,666**	95,540

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:

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**203,659**	226,726
Tax at the statutory tax rate	**50,821**	57,012
Provision for LAT	**33,102**	37,532
Tax effect of LAT provision	**(8,275)**	(9,383)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	**6,668**	6,369
Expenses not deductible for tax	**4,259**	1,343
Income not subject to tax	**(2,174)**	(1,555)
Tax losses not recognised	**4,265**	4,222
Tax charge at the Group's effective rate	**88,666**	95,540

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 584,384,000 (2018: 500,000,000) in issue during the year, as adjusted to reflect the right issue during the year.

The calculation of basic earnings per share is based on:

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**106,028**	124,889

	Number of shares	
	2019	2018
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**584,384**	500,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

10. DIVIDENDS

The Board has resolved not to declare a final dividend for the year ended 31 December 2019.

11. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, machinery and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1.25 and 5 years. Machinery and other equipment generally have lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Prepaid land lease payments (before 1 January 2019)

	RMB'000
Carrying amount at 1 January 2018	1,419
Recognised in profit or loss during the year	(45)
Carrying amount at 31 December 2018	1,374
Current portion included in prepayments, other receivables and other assets	(45)
Non-current portion	1,329

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
As at 1 January 2019	1,374	—	1,374
Additions	—	3,794	3,794
Depreciation charge	(45)	(2,194)	(2,239)
As at 31 December 2019	1,329	1,600	2,929

(c) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2019
	RMB'000
Carrying amount at 1 January	**—**
New leases	**3,794**
Accretion of interest recognised during the year	**187**
Payments	**(2,416)**
Carrying amount at 31 December	**1,565**
Analysed into:	
Current portion	**1,036**
Non-current portion	**529**

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019
	RMB'000
Interest on lease liabilities	**187**
Depreciation of right-of-use assets	**2,239**
Expense relating to leases of low-value assets (included in selling and distribution expenses)	**190**
Expense relating to leases of low-value assets (included in administrative expenses)	**220**
Total amount recognised in profit or loss	**2,836**

The Group as a lessor

The Group leases its investment properties, office buildings and completed properties held for sale under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB16,959,000 (2018: RMB18,909,000), details of which are included in note 5 to the financial statements.

12. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	RMB'000	*RMB'000*
Listed equity investment, at fair value		
JINSHANG BANK Co., Ltd.	**62,898**	—

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

13. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**5,960**	—
Impairment	**(281)**	—
	5,679	—

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

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**5,170**	—
Over 1 month	**509**	—
	5,679	—

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**—**	—
Impairment losses (note 7)	**281**	—
At end of year	**281**	—

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The loss rate applied as at 31 December 2019 was assessed to be minimal.

14. TRADE PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
Less than 1 year	**421,071**	491,617
1 to 2 years	**433,577**	41,883
2 to 3 years	**25,151**	85,226
3 to 4 years	**83,689**	22,727
4 to 5 years	**19,489**	46,471
Over 5 years	**53,445**	15,238
	1,036,422	703,162

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2019			31 December 2018		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Lease liabilities (note 11(c))	**4.75**	**2020**	**1,036**	—	—	—
Current portion of long term bank loans — secured	**5.23–6.80**	**2020**	**428,520**	5.23–6.51	2019	150,620
Other loans — secured	**—**	**—**	**—**	7.00	2019	74,000
			429,556			224,620
Non-current						
Lease liabilities (note 11(c))	**4.75**	**2021**	**529**	—	—	—
Bank loans — secured	**6.18–15.00**	**2022**	**2,385,949**	5.23–6.60	2021	633,949
			2,386,478			633,949
			2,816,034			858,569

	2019	2018
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**428,520**	150,620
In the second year	**1,897,949**	337,000
In the third to fifth years, inclusive	**488,000**	296,949
	2,814,469	784,569
Other borrowings repayable:		
Within one year or on demand	**1,036**	74,000
In the second year	**529**	—
	1,565	74,000
	2,816,034	858,569

Notes:

(i) The bank borrowings of approximately RMB20,000,000 (2018: RMB143,000,000) are secured by the pledge of certain of the Group's properties under development of RMB109,644,900 (2018: RMB109,644,900) and are guaranteed by the Company, a director of the Company and the Company's controlling shareholder.

(ii) The bank borrowings of approximately RMB246,000,000 (2018: Nil) are secured by the pledge of certain of the Group's completed properties held for sale of RMB60,520,800 (2018: Nil), the Group's investment properties of RMB141,000,000 (2018: Nil), the Group's buildings of RMB36,418,400 (2018: Nil) and are guaranteed by the Company.

(iii) The bank borrowings of approximately RMB130,469,000 (2018: RMB131,569,000) are guaranteed by a non-controlling shareholder of a subsidiary of the Group.

(iv) The bank borrowings of approximately RMB325,000,000 (2018: RMB340,000,000) are guaranteed by a subsidiary of the Group and a non-controlling shareholder of a subsidiary of the Group.

(v) The bank borrowings of approximately RMB100,000,000 (2018: Nil) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.

(vi) The bank borrowings of approximately RMB1,450,000,000 (2018: Nil) are pledged by 100% equity interest of a subsidiary of the Group and are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.

(vii) The bank borrowings of approximately RMB98,000,000 (2018: Nil) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (2018: Nil) and are guaranteed by a subsidiary of the Group.

(viii) The bank borrowings of approximately RMB295,000,000 (2018: Nil) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (2018: Nil) and 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group.

(ix) The bank borrowings of approximately RMB150,000,000 (2018: Nil) are pledged by 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group.

16. CONTINGENT LIABILITIES

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

	2019	2018
	RMB'000	*RMB'000*
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	**1,796,911**	1,545,762

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 2019.

Review of and Annual Results for 2019

From the perspective of macro-economic environment, the main theme of regulatory controls on the real estate industry continued to provide a stabilising effect in the real estate market in 2019. The real estate industry as a whole demonstrated a rally in the beginning of the year which was weakened for the rest of the year, delivering a slower growth rate of overall sales in the industry compared to 2018. On the one hand, numerous regulatory policies on real estate industry were promulgated, leading to an improved operating system in the industry. On the other hand, with stricter regulatory policies introduced to the market and specific measures adopted by different cities, a trend of differentiation in the industry has become increasingly obvious. Established enterprises in the core first-tier and second-tier cities had stronger ability to withstand the impact of risks and therefore they had relatively more room for development; while most of the enterprises in the third-tier and fourth-tier cities are small and medium-sized enterprises, bearing greater pressure in terms of cash flows and having less ability to endure risks, resulting in increasingly fierce market competition. In addition, as there was an improved buying sentiment with the buyers' increased income, numerous real estate enterprises were faced with transformation and upgrading of product quality. With the upgrade of consumption demand and consumption structure, the real estate industry was directed to cater for the mainstream demand by constantly striving for product innovation and product quality improvement, in order to maintain the sustained growth of sales performance.

As the Group was slightly affected by the regulatory policies and market uncertainties, it has actively implemented adjustment measures in response to market changes based on its analysis of industry policies and market changes. During the year, the Group focused on enhancing management efficiency by improving its corporate governance structure and revising the operational and management systems of the Company. Meanwhile, to effectively mitigate market risks, the Group has timely adjusted its operating strategies by seeking diversified approaches such as enhancing product quality and providing further input to product development, so as to maintain the steady growth of the Company's operating performance.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB2,144.3 million, representing an increase of approximately 15.2% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 251,771 sq.m., representing an increase of approximately 9.5% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,307.1 million, representing an increase of approximately 22.8% as compared with the same period last year, among which, revenue from property development was approximately RMB1,262.8 million, representing an increase of approximately 19.4% as compared with the same period last year. Profit attributable to the owners of the Group for the year was approximately RMB106.0 million, representing a decrease of approximately 15.1% as compared with the same period last year, which was mainly attributable to the increase of the Group's operating costs of principal activities.

As at the end of the Reporting Period, the Group's land bank was approximately 2,961,620 sq.m..

Final Dividend

The Board has resolved not to declare a final dividend for the year ended 31 December 2019.

Prospect for 2020

In 2019, the real estate industry has maintained its stable performance despite the fact that it was on a downward trend. We expect the principle of "housing is for accommodation, not for speculation" will remain as the main theme of the industry, and the industry and market policies will become more rational and flexible. Regulatory controls on real estate will focus on a balance of many aspects, especially the balance between macroeconomic stability and the real estate market stability, as well as the balance of supply and demand of land in the long-term. According to its in-depth analysis on the situation of China's property market, the overall social environmental changes and the Group's future development, the Group will take a path which is in line with the government's policies in 2020. The Group's strategic direction will be focused on its steady development by readjusting its operating strategies, deepening the development of existing projects and expediting the collection of the Group's sales proceeds. To actively respond to market changes, the Group will enhance its soft power by optimizing its management structure as well as reviewing its management systems and work processes.

In the area of its business structure, the Group will focus on facilitating the development of cultural tourism, through cooperation with quality branded enterprises and accelerating the process of transforming and upgrading its business structure. Meanwhile, the Group will provide special assistance and supports to those newly established companies, in order to facilitate the rapid development of the newly established companies and their early integration into the Group's development strategies.

In the area of product development and design, the Group will focus on the mainstream demand of the market. While developing products with rigid demands, the Group will also increase its efforts in improving the products by paying more attention to product design and research and development, and actively train and recruit a design and development team, so as to enhance the competitive advantage of the Group's products as well as its core competitiveness as a corporation.

As for the land bank, the Group will continue with its prudent strategies in land acquisition and maintain a cautious investment attitude. In 2020, the Group will focus on deepening the development of the existing land bank, increase investment amounts in developing the existing lands and accelerate the development cycle of the existing projects. Meanwhile, the Group will seize the market opportunities, and continue to look for quality land parcels to provide the Group with sufficient land bank for development.

ACKNOWLEDGMENT

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

Chairman
Bai Xuankui

Jinzhong, Shanxi, China
30 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group's contracted sales amounted to approximately RMB2,144.3 million, representing an increase of approximately 15.2% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB1,307.1 million, representing an increase of approximately 22.8% as compared with the same period last year, among which, revenue from property development was approximately RMB1,262.8 million, representing an increase of approximately 19.4% as compared with the same period last year. During the Reporting Period, net profit of the Group amounted to approximately RMB115.0 million, of which net profit attributable to the Company's equity holders was approximately RMB106.0 million.

Contracted Sales

The Group's contracted sales for the years ended 31 December 2019 and 2018 were approximately RMB2,144.3 million and RMB1,862.1 million, respectively, representing an increase of approximately 15.2%. The Group's total contracted GFAs for the years ended 31 December 2019 and 2018 were approximately 251,771 sq.m. and 229,855 sq.m., respectively, representing an increase of approximately 9.5%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan and Mianyang, were approximately RMB970.7 million, RMB994.7 million and RMB178.9 million, respectively, representing approximately 45.3%, 46.4% and 8.3% of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2019 by geographic location:

	Contracted Sales for 2019 *(RMB million)*	Contracted Sales for 2018 *(RMB million)*	Contracted GFA for 2019 *(sq.m.)*	Contracted GFA for 2018 *(sq.m.)*	Average Contracted Sales Price for 2019 *(RMB/sq.m.)*	Average Contracted Sales Price for 2018 *(RMB/sq.m.)*
Jinzhong						
Yijun Community (頤郡小區)	470.7	—	55,754	—	8,441.6	—
Chenxing Yijun (辰興頤郡)	43.7	—	5,003	—	8,736.2	—
Xiyuan (熙苑)	450.7	—	52,789	—	8,537.9	—
Grand International Apartments (君豪公寓)	—	0.9	—	248	—	3,745.0
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	5.6	30.7	1,626	8,234	3,447.7	3,725.0
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	114.9	207.0	11,312	24,607	10,155.8	8,412.9
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	255.2	965.4	22,977	116,013	11,107.5	8,321.2
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	624.6	73.2	67,285	8,094	9,282.7	9,048.7
Mianyang						
Yosemite Valley Town (優山美郡)	4.0	6.6	2,882	1,066	1,378.1	6,184.9
Elite Gardens (天禦)	4.5	1.4	2,841	554	1,576.2	2,521.8
Chang Xing Star Gardens (長興星城)	170.4	576.9	29,302	71,039	5,813.8	8,120.6
Total	**2,144.3**	**1,862.1**	**251,771**	**229,855**	**8,516.9**	**8,101.2**

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 the end of the Reporting Period, the Group had a completed total GFA of approximately 2,637,903 sq.m. and a land bank with a total GFA of approximately 2,961,620 sq.m., comprising (i) a total GFA of approximately 146,841 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,772,349 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,042,430 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 the end of the Reporting Period, 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	181,074	425,086
High-rise	866,201	836,430	218,256
Townhouses	27,612	5,354	107,259
Multi-story garden apartments	576,743	26,350	61,940
Retail outlets	173,378	308,119	79,227
SOHO apartments	6,931	—	31,775
Hotels	—	111,359	—
Parking spaces	195,983	282,985	112,611
Ancillary facilities[2]	4,887	20,678	6,275
Total GFA	**2,637,903**	**1,772,349**	**1,042,430**
Attributable GFA[3]	**2,552,263**	**1,427,351**	**966,800**

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 2019:

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	9,081	8,241	48,222	—	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	2,587	—	542,459	—	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	3,265	—	46,138	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
8. Riverside Gardens — Heshun (和順濱河小區)									
Stage I	Residential	June 2008	60,100	62,507	—	—	62,167	340	100.00
Stage II	Residential	October 2012	5,898	51,217	—	—	51,217	—	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] (%)
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)									
— Southern District, Phase I	Residential/ Commercial	December 2014	117,128	406,164	36,991	—	369,173	—	100.00
— Northern District, Phase I	Residential/ Commercial	November 2016	108,005	395,096	21,292	—	303,425	70,379	100.00
Mianyang									
1. Yosemite Valley Town (優山美郡)	Residential/ Commercial	May 2012	74,124	126,329	5,679	—	118,805	1,845	83.89
2. Elite Gardens (天禦)	Residential/ Commercial	September 2014	68,529	116,816	1,505	—	114,624	687	83.89
3. Chang Xing Star Gardens Phase I (長興星城一期)	Residential/ Commercial	June 2017	68,150	288,450	63,245	—	223,884	1,321	83.89
Total			**998,881**	**2,637,903**	**146,841**	**18,851**	**2,395,898**	**76,313**	
Total Attributable GFA[3]			**964,921**	**2,552,263**	**135,495**	**18,851**	**2,322,225**	**75,692**	

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 2019:

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.)*	*(%)*
Jinzhong									
1. Phase I of Longtian Project (龍田項目一期)		**129,049**		**449,634**	**428,000**	**30,059**	**—**	**—**	**51.00**
Stage I	Residential/ Commercial/ Parking Space	14,346	December 2020	78,954	74,203	30,059	—	—	51.00
Stage II	Residential/ Commercial/ Parking Space	24,367	December 2020	110,725	101,386	—	—	—	51.00
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2020	126,120	121,061	—	—	—	51.00
Stage IV	Commercial/ Parking Space	13,422	December 2020	28,819	28,819	—	—	—	51.00
Stage V	Commercial/ Parking Space	50,232	December 2020	105,016	102,531	—	—	—	51.00
2. Yijun Community (頤郡小區)		**104,865**		**116,657**	**106,707**	**55,754**	**154,347**	**—**	**51.00**
Stage I	Residence	46,763	December 2020	116,657	106,707	55,754	—	—	51.00
Stage II	Commercial	16,410	December 2021	—	—	—	44,157	—	51.00
Stage III	Residential/ commercial	41,691	December 2021	—	—	—	110,190		51.00
3. Chenxing Yijun (辰興頤郡)		**197,285**		**130,237**	**89,228**	**5,003**	**356,400**	**—**	**100.00**
Stage I	Residential/ commercial	56,601	December 2021	130,237	89,228	5,003	—	—	100.00
Stage II	Residential/ commercial	37,462	December 2022	—	—	—	99,500	—	100.00
Stage III	Residential/ commercial	85,669	December 2022	—	—	—	209,300	—	100.00
Stage IV	Residential/ commercial	17,554	December 2022	—	—	—	47,600	—	100.00

Project	Project type	Site area	Actual/ Estimated completion date	Under development			Held for future development		
				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.)*	*(%)*
4. Shiguang Zhicheng (時光之城)	Commercial	**28,296**	December 2020	**112,382**	**53,880**	**—**	**—**	**—**	**100.00**
5. Xiyuan (熙苑)	Residential/ commercial	**46,603**	December 2020	**67,400**	**66,971**	**52,789**	**—**	**—**	**33.66**
6. Jinxiu SOHO (錦綉中心)	Commercial	**3,461**	October 2021	**—**	**—**	**—**	**20,507**	**—**	**100.00**
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)		**193,357**		**591,429**	**559,297**	**371,334**	**—**	**—**	**100.00**
Phase II	Residential/ commercial	111,477	July 2020	374,549	355,271	291,998	—	—	100.00
Phase III	Residential/ commercial	60,080	November 2021	204,261	204,026	79,335	—	—	100.00
Phase IV	Primary school	21,800	September 2020	12,619	—	—	—	—	100.00
Mianyang									
1. Chang Xing Star Gardens (長興星城) Phase II	Residential/ commercial	**36,158**	December 2020	**141,543**	**140,586**	**112,801**	**—**	**—**	**83.89**
Haikou									
1. Shangpinhui (尚品匯)	Commercial	**43,795**	March 2021	**98,139**	**—**	**—**	**—**	**—**	**100.00**
2. Yousheng (友升)	Residence	**87,021**	December 2021	**—**	**—**	**—**	**104,426**	**—**	**100.00**
Wuzhishan									
1. Feicui Yijun (翡翠頤郡)		**92,522**		**48,013**	**—**[3]	**—**	**88,409**	**—**	**100.00**
Phase I	Commercial	28,745	January 2021	48,013	—[3]	—	—	—	100.00
Phase II	Residence	23,827	September 2021	—	—[3]	—	35,274	—	100.00
Phase III	Residence	18,244	December 2023	—	—[3]	—	26,666	—	100.00
Phase IV	Residence	21,706	December 2023	—	—[3]	—	26,469	—	100.00

				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.)*	*(%)*
Xishuangbanna									
1. International Health City (國際健康城)		**223,837**		**16,915**	**—**	**—**	**318,341**	**—**	**100.00**
Phase I	Residential/ Commercial	11,290	October 2020	16,915	—	—	—	—	100.00
Phase II	Residential/ Commercial	66,820	December 2021	—	—	—	100,085	—	100.00
Phase III	Residential	145,727	December 2022	—	—	—	218,256	—	100.00
Total		**1,186,249**		**1,772,349**	**1,444,669**	**627,740**	**1,042,430**	**—**	
Total Attributable GFA[2]				**1,427,351**	**1,115,586**	**532,499**	**966,800**	**—**	

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 Group'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 2019:

Project	Property type	held for investment Total GFA	Effective leased GFA	Occupancy rate	Rental income for the year ended 31 December 2019	2018
		(sq.m.)	*(sq.m.)*	*(%)*	*(RMB million)*	
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	433	8.9	0.8	1.9
East Lake Mall (東湖井)	Retail outlets	10,610	8,161	85.2	1.5	2.2
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	3.7	3.2
Total		**21,613**	**11,356**	**—**	**6.0**	**7.3**

The table below sets forth the Group's land bank as at 31 December 2019 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	18,130	876,311	531,254	1,425,695	48.2	850.1
Taiyuan	58,282	591,428	—	649,710	21.9	393.5
Mianyang	70,429	141,543	—	211,972	7.2	643.5
Haikou	—	98,139	104,426	202,565	6.8	1,851.7
Wuzhishan	—	48,013	88,409	136,422	4.6	1,145.2
Xishuangbanna	—	16,915	318,341	335,256	11.3	836.8
Total	**146,841**	**1,772,349**	**1,042,430**	**2,961,620**	**100.0**	**751.8**

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 2019 by property type:

	Completed saleable/ leasable GFA remaining unsold (sq.m.)	Under development GFA under development (sq.m.)	For future development Planned GFA (sq.m.)	Total land bank[1] Total GFA (sq.m.)	Percentage of total land bank (%)
Mid-rise	2,728	181,074	425,086	608,888	20.6
High-rise	47,845	836,430	218,256	1,102,531	37.2
Townhouses	1,472	5,354	107,259	114,085	3.9
Multi-story garden apartments	3,959	26,350	61,940	92,249	3.1
Available-for-sale office/commercial properties	43,727	308,119	79,227	431,073	14.6
SOHO apartments	58	—	31,775	31,833	1.1
Hotels	—	111,359	—	111,359	3.8
Parking spaces	47,052	282,985	112,612	442,649	14.9
Ancillary facilities[2]	—	20,678	6,275	26,953	0.9
Total	**146,841**	**1,772,349**	**1,042,430**	**2,961,620**	**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 RMB1,307.1 million, representing an increase of approximately 22.8% as compared with approximately RMB1,064.7 million in the same period last year. The increase was mainly due to the completion of parking space and northern district commercial of Phase I of Yosemite Valley Town-Taiyuan generated a substantial increase in revenue.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB1,262.8 million, representing an increase of approximately 19.4% as compared with the same period last year. The increase was mainly due to the increase in revenue from property development of the Company in relation to Phase I of Yosemite Valley Town-Taiyuan and Chang Xing Star Gardens Phase I.

Sales and Services Cost

The Group's sales and services cost increased by approximately 36.9% from approximately RMB698.0 million for the year ended 31 December 2018 to approximately RMB955.6 million for the Reporting Period, which was mainly due to a corresponding increase in cost of sales with the increase in sales revenue.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB351.5 million, representing a decrease of approximately 4.1% as compared with approximately RMB366.7 million in the same period last year. During the Reporting Period, the gross profit margin was approximately 27%, as compared with approximately 34% in the same period last year.

During the Reporting Period, the Group's gross profit from property development was approximately RMB338.1 million, representing a decrease of approximately 5.9% as compared with approximately RMB359.4 million in the same period last year, which was mainly due to the decrease of sale price for destocking and the increase of sales and services cost. During the Reporting Period, the Group's gross profit margin of property development was approximately 27%, representing a decrease of approximately 7% as compared with approximately 34% in the same period last year, and the decrease was mainly due to the decrease of the sale price of parking space of Yosemite Valley Town and Elite Gardens in Mianyang and the increase of sales and services cost of northern district of Yosemite Valley Town-Taiyuan.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were approximately RMB39.8 million, representing an increase of approximately 13.4% as compared with approximately RMB35.1 million in the same period last year. The increase was primarily due to the increase in bank interest income and the increase in interest income from loans to an associate.

Net Profit Attributable to Owners of the Company

During the Reporting Period, the net profit attributable to owners of the Company was approximately RMB106.0 million, representing a decrease of approximately 15.1% from approximately RMB124.9 million in the same period last year. The decrease in the net profit attributable to owners of the Company was mainly due to the decrease in gross profit margin resulted from the decrease of sales price for destocking and the increase of the Group's sales and service cost of principal activities.

Change in Fair Value of Investment Properties

The fair value of the Group's investment properties decreased by approximately 2.8% from approximately RMB145 million as at 31 December 2018 to approximately RMB141 million as at the end of the Reporting Period, and the decrease was primarily due to the impairment of Grand International Mall & Apartments.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 40.8% from approximately RMB55.1 million for the year ended 31 December 2018 to approximately RMB77.6 million for the Reporting Period, and the increase was primarily due to the increase in the advertising and publicity expense for sales promotion of new projects.

Administrative Expenses

The Group's administrative expenses increased by approximately 12.0% from approximately RMB73.4 million for the year ended 31 December 2018 to approximately RMB82.2 million for the Reporting Period, and the increase was primarily due to the increase in staff cost resulted from newly established or acquired companies, as well as the increase in professional service fee caused by the acquisition activities.

Finance Costs

The Group's financing expenses increased by approximately 12.7% from approximately RMB19.7 million for the year ended 31 December 2018 to approximately RMB22.2 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 7.1% from approximately RMB95.5 million for the year ended 31 December 2018 to approximately RMB88.7 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 61.8% from approximately RMB132.5 million for the year ended 31 December 2018 to approximately RMB50.6 million for the Reporting Period, which was primarily due to the decrease of fair value of equity investments designated at fair value through other comprehensive income and the decrease of the profit for the year.

Cash Position

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB1,107.2 million, representing a decrease of approximately 23.5% as compared to approximately RMB1,447.2 million as at 31 December 2018, and the decrease was primarily due to the increase in payment for construction costs and other various operation costs during the Reporting Period.

Net Operating Cash Flow

The Group recorded a negative operating cash flow of approximately RMB1,501.3 million as at the end of the Reporting Period, while the Group recorded a positive operating cash flow of approximately RMB867.5 million as at 31 December 2018, and the decrease was primarily due to the increase in payment for construction costs and other various operation costs during the Reporting Period.

Borrowings

The Group had outstanding bank borrowings and other borrowings of approximately RMB2,816.0 million as at the end of the Reporting Period while the Group had outstanding bank borrowings and other borrowings of approximately RMB858.6 million as at 31 December 2018.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development, completed properties held for sale, investment properties, as well as buildings or a combination of the above items. As at the end of the Reporting Period, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB700.2 million.

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at the end of the Reporting Period, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,796.9 million.

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

Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB2,816.0 million and total equity of approximately RMB1,374.6 million, the gearing ratio of the Group was approximately 205% (31 December 2018: approximately 72%). 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 borrowing 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 12 December 2018, Chenxing Real Estate Development Co, Ltd. (辰興房地產發展有限公司) ("**Chenxing Real Estate**"), a wholly-owned indirect subsidiary of the Company, 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 Chenxing Real Estate 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 Jingyuan Company plus interest, at an aggregate consideration of approximately RMB256.85 million (equivalent to approximately HK$300.26 million) (the "**49% Acquisition**"). On 4 January 2019, Chenxing Real Estate 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 Chenxing Real Estate 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 RMB418.56 million (equivalent to approximately HK$489.30 million) (the "**51% Acquisition**"). For details of the acquisitions, please refer to the Company's announcements dated 12 December 2018 and 4 January 2019, and the Company's circular dated 30 September 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 transactions under the Rules Governing the Listing of Securities (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), it is necessary to seek approval from the shareholders of the Company ("**Shareholders**") for the 100% Acquisitions at an extraordinary general meeting. At the extraordinary general meeting of the Company held on 23 October 2019, the 100% Acquisitions were approved by the Shareholders.

On 28 June 2019, Chen Xing Real Estate (as limited partner) entered into the limited partnership agreement with Runhui Enterprise (Shenzhen) Limited* (潤惠實業(深圳)有限公司) (as general partner) and Hengqin Runchuang Investment Fund (Limited Partnership)* (橫琴潤創投資基金(有限合夥)) (as limited partner). Pursuant to the limited partnership agreement, the partners thereto agreed to, among other things, invest in the limited partnership with an aggregate capital of RMB500 million. The capital commitment to be made by the Group to the limited partnership will be RMB250.5 million, representing 50.1% of the total capital commitment to be made by all partners of the limited partnership, and to be satisfied in cash on or before 30 June 2024. For details of the limited partnership investment, please refer to the Company's announcement dated 28 June 2019.

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

Other Significant Events during the Reporting Period

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 130,896,578 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 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 13 February 2019.

On 29 May 2019, Chenxing Real Estate and Guangdong Jinglong Construction Group Co., Ltd.* (廣東景龍建設集團有限公司) ("**Guangdong Jinglong**") entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") pursuant to which the parties shall cooperate to form a strategic alliance in the development and management of various commercial properties, residential properties, cultural tourism projects and health and wellness projects for a fixed term of five years. Guangdong Jinglong, a well-established decoration project design and decoration supplier, and its subsidiaries form a group of companies, which principally engages in property development projects and offers various property development related services including construction materials logistics, project management, architectural design, cost consulting, advertisement and property management. Pursuant to the Strategic Cooperation Agreement, On 21 June 2019, Chenxing Real Estate and Guangdong Jinglong established a company, namely Shanxi Chenxing Jinglong Decoration Engineering Co., Ltd.* (山西辰興景龍裝飾工程有限公司) ("**Chenxing Jinglong**"), which mainly engages in the business of building decoration engineering design, construction, engineering and technical consultancy services, residential interior decoration, etc. Chenxing Jinglong has commenced operation and regularly reports work to both parties. For details of the Strategic Cooperation Agreement, please refer to the Company's announcement dated 29 May 2019.

On 27 June 2019, Chenxing Real Estate (as investor), entered into the cornerstone investment agreement with Jinshang Bank Co., Ltd. ("**Jinshang Bank**") (as issuer), CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited (as joint sponsors and joint representatives) and Jinzhong Chenxinghui Science and Trade Co., Ltd.* (晉中辰興匯科貿有限公司), a wholly-owned indirect subsidiary of the Company (as guarantor), pursuant to which Chenxing Real Estate has agreed to pay a consideration of US$22 million to acquire the shares of Jinshang Bank at the offer price as part of the international offering through the joint representatives (and/or their affiliates) in their capacity as the representatives of the international underwriters of the relevant portion of the international offering. Completion of the cornerstone investment took place on 4 July 2019. For details of the cornerstone investment, please refer to the Company's announcement dated 27 June 2019.

Events after the Reporting Period

On 2 January 2020, Chenxing Real Estate, a wholly-owned indirect subsidiary of the Company, entered into a short-term loan extension 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 Chenxing Real Estate agreed to extend the maturity date of the loan agreement between Chenxing Real Estate and Yunchen Real Estate dated 2 January 2019 (the "**Loan Agreement**") by 12 months to 2 January 2021, while other terms and provisions of the Loan Agreement remain unchanged and are in full force and effect. For details of the Loan Agreement, please refer to the Company's announcement dated 2 January 2019.

As at the date of this results announcement, the Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of the circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.

Saved as disclosed above, as at the date of this results announcement, the Group has no other significant events that require additional disclosures or adjustments occurred after the financial year ended 31 December 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 278 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB43.5 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.

The Group has established the remuneration committee to review the remuneration policy and structure of the Group for the remuneration of all Directors and the senior management of the Group after considering the operating results of the Group, individual performance and contribution, time commitment and responsibilities of the Directors and senior management as well as the remuneration paid by comparable companies.

The Group has formulated and implemented remuneration policies to motivate employees and, in turn, support the long-term development of the Group. Such policies are consistent with the business strategies and development objectives of the Group, which will be helpful in attracting and retaining professional employees with the relevant knowledge and skills.

Employee Training

In order to enhance the professional quality and work ethics of the employees of the Group, to raise their service awareness and service level, to boost the cohesion, attractiveness, centripetal force and combatant power of the Group, to reduce errors at work, to increase efficiency at work, the Group cultivate talents for the Group. Along with the development of the Group, the Group puts emphasis on the training of new employees. Through new employees training, the Group promotes the history of the Group, the organizational structure, the corporate culture and personnel policies, and increase employees' organization ability, communication skills, team spirit, etc. The Group helps strengthen organizational discipline so that employees can adapt to the new environment and the corporate culture as soon as possible. Each department is asked to hold departmental and positional training for new employees so that they can get used to the new working environment as soon as possible and increase their efficiency at work. In order to push the employees' development further and to enrich their professional knowledge, the Group conducts internal training according to departmental needs, and pay for external training expenses. Other than professional and technical training, the Group also improves management skills of the middle and senior levels. Training includes total budget, leadership, executive power, etc.

Share Option Scheme

The Company has adopted a share option scheme ("**Share Option Scheme**") on 12 June 2015. Since the adoption, the Company has not granted any share options under the Share Option Scheme.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be convened on Friday, 29 May 2020, a notice of which will be published and delivered to the Company's shareholders at the appropriate time.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2019 (31 December 2018: nil).

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company had complied with all the code provisions under the CG Code.

To ensure that the Company complies with the CG Code, the Company will constantly review and strengthen its corporate governance practices and enhance its internal control 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 Stock Exchange 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, 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 audited financial statements of the Group for the year ended 31 December 2019 and this results announcement. 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 Stock Exchange 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 Stock Exchange Listing Rules, the annual report for the year ended 31 December 2019 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, 30 March 2020

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.

* *for identification purpose only*