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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 2020

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2020 (the “**Reporting Period**”), contracted sales amounted to approximately RMB922.2 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 137,480 sq.m., representing decreases of approximately 57.0% and 45.4% comparing with the same period last year, respectively;
- Revenue for the Reporting Period amounted to approximately RMB1,207.5 million, of which approximately RMB1,180.8 million was revenue from property development;
- Gross profit for the Reporting Period amounted to approximately RMB463.9 million, of which approximately RMB457.3 million was gross profit from property development;
- Net profit for the Reporting Period amounted to approximately RMB236.1 million, of which approximately RMB206.7 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to approximately 2,742,730 sq.m. and the average cost of land bank was approximately RMB755.9 per sq.m. as at the end of Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) for the Reporting Period was approximately RMB6,707.6 per sq.m.;
- Basic earnings per share for the Reporting Period was approximately RMB0.34; and
- The Board has resolved not to declare a final dividend for the year ended 31 December 2020.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 together with the comparative figures for the year ended 31 December 2019.

Consolidated statement of profit or loss and other comprehensive income

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
REVENUE	5	1,207,502	1,307,084
Cost of sales		<u>(743,629)</u>	<u>(955,554)</u>
Gross profit		463,873	351,530
Other income and gains	5	93,015	39,845
Selling and distribution expenses		(50,932)	(77,560)
Administrative expenses		(67,865)	(82,219)
Other expenses		(22,165)	(6,957)
Finance costs	6	(3,806)	(22,168)
Share of profits and losses of:			
Joint ventures		1,452	1,198
Associate		<u>(127)</u>	<u>(10)</u>
PROFIT BEFORE TAX	7	413,445	203,659
Income tax expense	8	<u>(177,344)</u>	<u>(88,666)</u>
PROFIT FOR THE YEAR		<u>236,101</u>	<u>114,993</u>
Attributable to:			
Owners of the parent		206,738	106,028
Non-controlling interests		<u>29,363</u>	<u>8,965</u>
		<u>236,101</u>	<u>114,993</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted	9	<u>RMB0.34</u>	<u>RMB0.18</u>

Consolidated statement of profit or loss and other comprehensive income (continued)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>236,101</u>	<u>114,993</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(3,259)</u>	<u>5,144</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(3,259)</u>	<u>5,144</u>
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	<u>1,603</u>	<u>(92,739)</u>
Income tax effect	<u>(401)</u>	<u>23,185</u>
	<u>1,202</u>	<u>(69,554)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>1,202</u>	<u>(69,554)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(2,057)</u>	<u>(64,410)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>234,044</u>	<u>50,583</u>
Attributable to:		
Owners of the parent	<u>204,681</u>	<u>41,618</u>
Non-controlling interests	<u>29,363</u>	<u>8,965</u>
	<u>234,044</u>	<u>50,583</u>

Consolidated statement of financial position

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		78,051	74,234
Investment properties		138,000	141,000
Right-of-use assets		1,735	2,929
Properties under development		253,101	601,408
Intangible assets		111	163
Investments in joint ventures		2,846	1,393
Investment in an associate		—	48,980
Equity investments designated at fair value through other comprehensive income	<i>11</i>	64,501	62,898
Deferred tax assets		224,166	225,551
		<hr/>	<hr/>
Total non-current assets		762,511	1,158,556
CURRENT ASSETS			
Properties under development		8,875,146	8,395,674
Completed properties held for sale		931,224	411,983
Inventories		31,916	16,561
Trade receivables	<i>12</i>	4,319	5,679
Prepayments, other receivables and other assets		1,429,486	1,142,309
Tax recoverable		93,182	133,214
Financial assets at fair value through profit or loss		—	1,500
Pledged deposits		20,652	68,257
Restricted cash		1,033	—
Cash and cash equivalents		534,101	1,107,248
		<hr/>	<hr/>
Total current assets		11,921,059	11,282,425
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	1,210,518	1,036,422
Other payables and accruals		1,841,889	1,831,239
Contract liabilities		5,125,592	5,335,734
Interest-bearing bank and other borrowings	<i>14</i>	2,034,122	429,556
Tax payable		131,288	34,121
		<hr/>	<hr/>
Total current liabilities		10,343,409	8,667,072

Consolidated statement of financial position (continued)

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NET CURRENT ASSETS		1,577,650	2,615,353
TOTAL ASSETS LESS CURRENT LIABILITIES		2,340,161	3,773,909
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>14</i>	706,737	2,386,478
Deferred tax liabilities		23,823	12,846
Total non-current liabilities		730,560	2,399,324
Net assets		1,609,601	1,374,585
EQUITY			
Equity attributable to owners of the parent			
Share capital		4,855	4,855
Reserves		1,445,988	1,241,307
		1,450,843	1,246,162
Non-controlling interests		158,758	128,423
Total equity		1,609,601	1,374,585

1. CORPORATE AND GROUP INFORMATION

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, Dah Sing Financial Centre, 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 investments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020. 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 POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9 HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group as the Group does not have any rent concessions.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and 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 resource 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	1,203,140	1,301,064
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	4,362	6,020
	<u>1,207,502</u>	<u>1,307,084</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Type of goods or services		
Sale of properties	1,180,816	1,262,763
Sale of construction materials	22,324	36,670
Construction services	—	1,482
Real estate agency services	—	149
	<u>1,203,140</u>	<u>1,301,064</u>
Timing of revenue recognition		
Goods transferred at a point in time	1,203,140	1,299,433
Services transferred over time	—	1,631
	<u>1,203,140</u>	<u>1,301,064</u>

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Sale of properties	1,182,662	1,106,126
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Other income</u>		
Bank interest income	6,499	10,253
Interest income from loans to an associate	8,716	11,740
Other interest income from third parties	1,079	—
Other interest income from financial assets at fair value through profit or loss	1,313	4,051
Dividend income from equity investments at fair value through other comprehensive income	4,396	—
Gross rental income	9,931	10,939
Compensation income	10,620	—
Others	1,023	908
	43,577	37,891
<u>Gains</u>		
Foreign exchange gains, net	—	1,896
Gain on disposal of items of property, plant and equipment	23	58
Gain on disposal of a subsidiary	2,917	—
Gain on disposal of an associate	46,498	—
	49,438	1,954
	93,015	39,845

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans	219,507	129,344
Interest on lease liabilities	40	187
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	219,547	129,531
Less: Interest capitalised	(215,741)	(107,363)
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	3,806	22,168
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7. PROFIT BEFORE TAX

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

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of properties sold		723,492	924,740
Cost of construction materials sold		20,137	29,932
Cost of services provided		—	882
Depreciation of property, plant and equipment		11,058	10,330
Depreciation of right-of-use assets		1,194	2,239
Amortisation of intangible assets*		83	56
Lease payments not included in the measurement of lease liabilities		202	410
Auditor's remuneration		2,150	3,580
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		21,197	21,077
Pension scheme contributions		135	1,140
Staff welfare expenses		3,689	3,258
		25,021	25,475
Impairment of trade receivables	12	252	281
Impairment of other receivables		4,929	1,030
Changes in fair value of investment properties		3,000	4,000
Gain on disposal of items of property, plant and equipment		(23)	(58)
Gain on disposal of a subsidiary		(2,917)	—
Gain on disposal of an associate		(46,498)	—
Dividend income from equity investments at fair value through other comprehensive income		(4,396)	—
Foreign exchange losses/(gain), net		6,124	(1,896)
Bank interest income		(6,499)	(10,253)
Interest income from loans to an associate		(8,716)	(11,740)
Other interest income from third parties		(1,079)	—
Other interest income from financial assets at fair value through profit or loss		(1,313)	(4,051)
Impairment of completed properties held for sale		5,440	816

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

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 the 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% (2019: 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 (2019: 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Income tax charge	101,764	44,070
LAT	63,619	33,102
Deferred tax	11,961	11,494
	<hr/>	<hr/>
Total tax charge for the year	177,344	88,666
	<hr/> <hr/>	<hr/> <hr/>

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before tax	413,445	203,659
	<hr/> <hr/>	<hr/> <hr/>
Tax at the statutory tax rate	103,779	50,821
Provision for LAT	63,619	33,102
Tax effect of LAT provision	(15,905)	(8,275)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	10,986	6,668
Expenses not deductible for tax	10,429	4,259
Income not subject to tax	(1,359)	(2,174)
Tax losses not recognised	5,795	4,265
	<hr/>	<hr/>
Tax charge at the Group's effective rate	177,344	88,666
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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 600,000,000 (2019: 584,384,000) 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u>206,738</u>	<u>106,028</u>
	Number of shares	
	2020 <i>'000</i>	2019 <i>'000</i>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>600,000</u>	<u>584,384</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

10. DIVIDENDS

The directors resolved not to declare a final dividend for the year ended 31 December 2020 (2019: Nil).

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Listed equity investment, at fair value JINSHANG BANK Co., Ltd.	<u>64,501</u>	<u>62,898</u>

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.

12. TRADE RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	4,852	5,960
Impairment	<u>(533)</u>	<u>(281)</u>
	<u>4,319</u>	<u>5,679</u>

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	502	5,170
3 to 6 months	3,392	—
Over 6 months	<u>425</u>	<u>509</u>
	<u>4,319</u>	<u>5,679</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At beginning of year	281	—
Impairment losses (note 7)	252	281
	<hr/>	<hr/>
At end of year	533	281
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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 current conditions and forecasts of future economic conditions. The loss rate applied as at 31 December 2020 was assessed to be minimal.

13. TRADE AND BILLS PAYABLES

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 1 year	469,822	421,071
1 to 2 years	213,607	433,577
2 to 3 years	385,995	25,151
3 to 4 years	12,858	83,689
4 to 5 years	74,321	19,489
Over 5 years	53,915	53,445
	<hr/>	<hr/>
	1,210,518	1,036,422
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The trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2020			31 December 2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4.75	2021	480	4.75	2020	1,036
Current portion of long term bank loans — secured	6.18–15.00	2021	<u>2,033,642</u>	5.23–6.80	2020	<u>428,520</u>
			<u>2,034,122</u>			<u>429,556</u>
Non-current						
Lease liabilities	—	—	—	4.75	2021	529
Bank loans — secured	6.80–8.65	2022–2025	<u>706,737</u>	6.18–15.00	2022	<u>2,385,949</u>
			<u>706,737</u>			<u>2,386,478</u>
			<u>2,740,859</u>			<u>2,816,034</u>
				2020		2019
				RMB'000		RMB'000
Analysed into:						
Bank loans repayable:						
Within one year or on demand				2,033,642		428,520
In the second year				409,583		1,897,949
In the third to fifth years, inclusive				297,154		488,000
				<u>2,740,379</u>		<u>2,814,469</u>
Other borrowings repayable:						
Within one year or on demand				480		1,036
In the second year				—		529
				<u>480</u>		<u>1,565</u>
				<u>2,740,859</u>		<u>2,816,034</u>

Notes:

- (i) The bank borrowings of approximately RMB181,000,000 (2019: RMB246,000,000) are secured by the pledge of certain of the Group's completed properties held for sale of RMB69,111,465 (2019: RMB60,520,800), the Group's investment properties of RMB138,000,000 (2019: RMB141,000,000), and the Group's buildings of RMB33,207,034 (2019: RMB36,418,400) and are guaranteed by the Company.
- (ii) The bank borrowings of approximately RMB129,369,000 (2019: RMB130,469,000) are guaranteed by a subsidiary of a non-controlling shareholder of a subsidiary of the Group.

- (iii) The bank borrowings of approximately RMB100,000,000 (2019: RMB100,000,000) are guaranteed by three subsidiaries of the Group, a director of the Company and the Company's controlling shareholder.
- (iv) The bank borrowings of approximately RMB1,450,000,000 (2019: RMB1,450,000,000) are secured by a 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.
- (v) The bank borrowings of approximately RMB98,000,000 (2019: RMB98,000,000) are secured by the pledge of certain of the Group's properties under development of RMB100,900,000 (2019: RMB100,900,000) and are guaranteed by a subsidiary of the Group.
- (vi) The bank borrowings of approximately RMB255,000,000 (2019: RMB295,000,000) are secured by the pledge of certain of the Group's properties under development of RMB251,700,000 (2019: RMB251,700,000) and a 100% equity interest of a subsidiary of the Group and are guaranteed by a subsidiary of the Group.
- (vii) The bank borrowings of approximately RMB196,460,000 (2019: RMB150,000,000) are secured by the pledge of certain of the Group's properties under development of RMB63,700,000 (2019: RMB63,700,000) and a 100% equity interest of a subsidiary of the Group and are guaranteed by two subsidiaries of the Group.
- (viii) The bank borrowings of approximately RMB20,550,000 (2019: Nil) are secured by the pledge of certain of the Group's completed properties held for sale of RMB18,108,422 (2019: Nil) and are guaranteed by a subsidiary of the Group, a director of the Company and the Company's controlling shareholder.
- (ix) The bank borrowings of approximately RMB180,000,000 (2019: Nil) are guaranteed by a subsidiary of the Group and a non-controlling shareholder of a subsidiary of the Group.
- (x) The bank borrowings of approximately RMB130,000,000 (2019: Nil) are secured by the pledge of certain of the Group's properties under development of RMB204,933,162 (2019: Nil) and are guaranteed by a subsidiary of the Group and the Company's controlling shareholder.

15. CONTINGENT LIABILITIES

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	<u>2,477,533</u>	<u>1,796,911</u>

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 2020.

Review of and Annual Results for 2020

In 2020, the national real estate industry has been heavily impacted by the COVID-19 epidemic (the “**epidemic**”), with the overall sales performance of the real estate market being lower than that of the same period in 2018 and 2019. Year-round sales maintained negative growth over a long period of time, while growth for most real estate enterprises slowed down and faced higher pressure in inventory turnover and business operation. Meanwhile, in 2020, the government has put forward the policy requirement of “Three Red Lines” for real estate enterprises. Under the capital control requirement of “Three Red Lines”, the financing, investment and development pace of real estate enterprises have slowed down to varying degrees, reducing the capital bubble of real estate enterprises while enhancing the stable development of the real estate industry.

During the Reporting Period, the Group has been affected by the epidemic and regulatory policies, and the sales scale, construction area and financing speed have been appropriately reduced to ensure the smooth operation of the Group. The Group proactively made adjustments in response to market shifts according to analyses on changes in industry and market as well as interpretation on government policies. As the Group revised the management system during the year, it focused on adjusting the direction of product research and development and optimizing product design as its major business direction, analysing market demands and enhancing product quality in order to enhance the Group's market competitiveness and achieve stable development of the Group's operating results.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB922.2 million, representing a decrease of approximately 57.0% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 137,480 sq.m., representing a decrease of approximately 45.4% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,207.5 million, representing a decrease of approximately 7.6% as compared with the same period last year, among which, revenue from property development was approximately RMB1,180.8 million, representing a decrease of approximately 6.5% as compared with the same period last year. Profit attributable to the owners of the Group for the year was approximately RMB206.7 million, representing an increase of approximately 95.0% as compared with the same period last year, which was mainly attributable to the higher profit margin of the projects of land parcel B of Yosemite Valley Town-Taiyuan and Phase II of Chang Xing Star Gardens in Mianyang, and gain on disposal of an associate.

As at the end of the Reporting Period, the Group's land bank was approximately 2,742,730 sq.m.

Final Dividend

The Board has resolved not to declare a final dividend for the year ended 31 December 2020.

Prospect for 2021

In 2020, the real estate industry was in a downturn. As the impact of the epidemic has not completely eliminated, it is expected that the domestic real estate market will still be tested in 2021. Under the backdrop of a slowdown in the growth of the industry as a whole, the impacts of the epidemic and “Three Red Lines” will further test the operational strength of real estate enterprises. Therefore, preventing risks and adapting to market adjustments are our major development direction. In accordance with in-depth analyses of the real estate market and the development of the Group, the Group will continue to focus on stable development as a key development strategy in 2021, deepen its development on existing projects, optimize product design, enhance the operational capability of regional projects and strengthen the Group’s defense against market risks and core competitiveness by adjustments in product strategies.

In 2021, the Group will focus on product research and development as well as design. As there are numerous existing products of the same category in the market, the product competition pressure arises from product homogeneity. Therefore, based on the analysis of existing products in the market, the Group will put emphasis on optimizing its product design and enhancing product quality in all aspects. In addition to creating mainstream products with rigid demands, we will focus on creating improvement products through product design concepts, material choice for construction and product services, in order to win market approval through improvement in product quality, enhance the Group’s corporate and product competitiveness, and gain development opportunities and market competitive advantages.

With regards to market analysis, the domestic consumption structure has been gradually changing as the consumption market puts more emphasis on the characteristics and changing trends of customer demands. The Group will conduct in-depth research on the real estate industry and the real estate market, strengthen the market analytic capability and product planning capability of the Company’s management, enhance the accuracy in market analysis, and provide precise and effective information assurance for the product research and development as well as operation and management of the Group.

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

25 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group's contracted sales amounted to approximately RMB922.2 million, representing a decrease of approximately 57.0% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB1,207.5 million, representing a decrease of approximately 7.6% as compared with the same period last year, among which, revenue from property development was approximately RMB1,180.8 million, representing a decrease of approximately 6.5% as compared with the same period last year. During the Reporting Period, net profit of the Group amounted to approximately RMB236.1 million, of which net profit attributable to the Company's equity holders was approximately RMB206.7 million.

Contracted Sales

The Group's contracted sales for the years ended 31 December 2020 and 2019 were approximately RMB922.2 million and RMB2,144.3 million, respectively, representing a decrease of approximately 57.0%. The Group's total contracted GFAs for the years ended 31 December 2020 and 2019 were approximately 137,480 sq.m. and 251,771 sq.m., respectively, representing a decrease of approximately 45.4%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan and Mianyang, were approximately RMB397.0 million, RMB447.4 million and RMB77.8 million, respectively, representing approximately 43.1%, 48.5% and 8.4% of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2020 by geographic location:

	Contracted Sales for 2020 (RMB million)	Contracted Sales for 2019 (RMB million)	Contracted GFA for 2020 (sq.m.)	Contracted GFA for 2019 (sq.m.)	Average Contracted Sales Price for 2020 (RMB/sq.m.)	Average Contracted Sales Price for 2019 (RMB/sq.m.)
Jinzhong						
Yijun Community (頤郡小區)	27.9	470.7	3,692	55,754	7,568.0	8,441.6
Chenxing Yijun (辰興頤郡)	333.6	43.7	42,281	5,003	7,889.0	8,736.2
Xiyuan (熙苑)	31.1	450.7	3,573	52,789	8,717.3	8,537.9
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	4.4	5.6	2,123	1,626	2,067.8	3,447.7
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡)(Phase I)	38.4	114.9	4,745	11,312	8,081.8	10,155.8
Yosemite Valley Town — Taiyuan (龍城優山美郡)(Phase II)	51.5	255.2	6,223	22,977	8,271.7	11,107.5
Yosemite Valley Town — Taiyuan (龍城優山美郡)(Phase III)	357.5	624.6	49,998	67,285	7,150.5	9,282.7
Mianyang						
Yosemite Valley Town (優山美郡)	3.4	4.0	1,695	2,882	1,983.6	1,378.1
Elite Gardens (天禦)	2.3	4.5	1,140	2,841	1,989.8	1,576.2
Chang Xing Star Gardens (長興星城)	72.1	170.4	22,010	29,302	3,277.2	5,813.8
Total	922.2	2,144.3	137,480	251,771	6,707.6	8,516.9

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 the end of the Reporting Period, the Group had a completed total GFA of approximately 2,887,508 sq.m. and a land bank with a total GFA of approximately 2,742,730 sq.m., comprising(i) a total GFA of approximately 200,254 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,604,134 sq.m. which is under development; and (iii) a total planned GFA of approximately 938,342 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	844,994	116,743	425,086
High-rise	1,010,806	706,297	82,297
Townhouses	27,612	19,966	123,489
Multi-story garden apartments	576,743	74,194	14,096
Retail outlets	178,573	293,175	75,151
SOHO apartments	6,931	15,984	15,791
Hotels	—	111,359	20,499
Parking spaces	235,199	247,356	161,933
Ancillary facilities ⁽²⁾	6,650	19,060	20,000
Total GFA	2,887,508	1,604,134	938,342
Attributable GFA⁽³⁾	2,749,847	1,313,306	862,712

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 2020:

Project	Location	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⁾ (%)
Jinzhong (晉中)										
1. East Lake Mall (東湖井)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—	100.00
3. Blossoms Gardens (錦繡新城)	Jinzhong, Shanxi (山西省晉中市)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Culture Town (新興國際文教城)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	April 2012	17,968	93,060	—	—	92,909	151	100.00
Phase III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2009	255,918	545,046	2,587	—	542,459	—	100.00
Phase IV	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	July 2016	30,987	71,103	2,821	—	68,282	—	100.00
Phase V	Jinzhong, Shanxi (山西省晉中市)	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	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong, Shanxi (山西省晉中市)	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	Jinzhong, Shanxi (山西省晉中市)	Residential	June 2008	60,100	62,507	—	—	62,167	340	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership Interest ⁽²⁾ (%)
						GFA remaining unsold (sq.m.)				
9. Mandarin Gardens — Taigu (太谷文華庭院)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	August 2015	—	897	—	—	897	—	100.00
11. Yijun Community (頤郡小區) Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential	November 2020	25,661	59,660	45,220	—	13,609	831	51.00
Taiyuan (太原)										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)										
— Southern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	December 2014	117,128	406,164	30,131	—	376,033	—	100.00
— Northern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	November 2016	108,005	397,938	15,193	—	312,367	70,378	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	June 2020	16,108	45,655	1,123	—	44,532	—	100.00
Mianyang (綿陽)										
1. Yosemite Valley Town (優山美郡)	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	May 2012	74,124	126,329	5,288	—	119,196	1,845	83.89
2. Elite Gardens (天禦)	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	September 2014	68,529	116,817	1,265	—	114,864	688	83.89
3. Chang Xing Star Gardens (長興星城)										
Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	June 2017	68,150	288,450	11,499	—	275,630	1,321	83.89
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	November 2020	36,158	141,447	72,526	—	67,990	931	83.89
Total				1,076,808	2,887,508	200,254	18,851	2,590,328	78,075	
Total Attributable GFA⁽³⁾				1,024,449	2,749,847	163,504	18,851	2,490,595	76,897	

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 2020:

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)	Ownership interest ⁽¹⁾ (%)
Jinzhong (晉中)										
1. Phase I of Longtian Project (龍田項目一期)			129,049		449,634	428,000	30,059	—	—	51.00
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	14,346	December 2021	78,954	74,203	30,059	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	24,367	December 2021	110,725	101,386	—	—	—	51.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	26,682	December 2021	126,120	121,061	—	—	—	51.00
Stage IV	Jinzhong, Shanxi (山西省晉中市)	Commercial/ Parking Space	13,422	December 2021	28,819	28,819	—	—	—	51.00
Stage V	Jinzhong, Shanxi (山西省晉中市)	Commercial/ Parking Space	50,232	December 2021	105,016	102,531	—	—	—	51.00
2. Yijun Community (頤郡小區)			79,203		52,641	19,267	916	154,347	—	51.00
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential	21,102	December 2021	52,641	19,267	916	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Commercial	16,410	August 2022	—	—	—	44,157	—	51.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	41,691	August 2022	—	—	—	110,190	—	51.00
3. Chenxing Yijun (辰興頤郡)			197,286		130,236	87,468	47,111	356,400	—	100.00
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	56,601	December 2021	130,236	87,468	47,111	—	—	100.00
Stage 2	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	37,462	December 2022	—	—	—	99,500	—	100.00
Stage 3	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	85,669	December 2022	—	—	—	209,300	—	100.00
Stage 4	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	17,554	December 2022	—	—	—	47,600	—	100.00

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)	Ownership interest ⁽¹⁾ (%)
4. Shiguang Zhicheng (時光之城)	Jinzhong, Shanxi (山西省晉中市)	Commercial	28,296	December 2022	112,382	53,880	—	—	—	100.00
5. Xiyuan (熙苑)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	46,603	December 2021	67,400	66,971	53,344	—	—	33.66
6. Jinxu SOHO (錦綉中心)	Jinzhong, Shanxi (山西省晉中市)	Commercial	3,461	May 2022	20,506	—	—	—	—	100.00
Taiyuan (太原)										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)			177,248		557,373	526,709	385,295	—	—	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	95,127	December 2021	327,874	310,064	255,296	—	—	100.00
Phase III	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	60,273	November 2021	216,880	216,645	129,999	—	—	100.00
Phase IV	Taiyuan, Shanxi (山西省太原市)	Primary School	21,848	September 2021	12,619	—	—	—	—	100.00
Haikou (海口)										
1. Shangpinhui (尚品匯)	Haikou, Hainan (海南省海口市)	Commercial	43,795	October 2021	98,139	38,524	—	—	—	100.00
2. Yousheng (友升)	Haikou, Hainan (海南省海口市)	Residential	87,021	December 2022	—	—	—	104,426	—	100.00
Wuzhishan (五指山)										
1. Feicui Yijun (翡翠頤郡)			92,522		115,823	— ⁽³⁾	—	20,599	—	100.00
Phase I	Wuzhishan, Hainan (海南省五指山市)	Commercial	28,745	November 2021	48,013	— ⁽³⁾	—	—	—	100.00
Phase II	Wuzhishan, Hainan (海南省五指山市)	Residential	23,827	May 2022	21,178	— ⁽³⁾	—	14,096	—	100.00
Phase III	Wuzhishan, Hainan (海南省五指山市)	Residential	18,244	May 2022	26,666	— ⁽³⁾	—	—	—	100.00
Phase IV	Wuzhishan, Hainan (海南省五指山市)	Residential	21,706	December 2023	19,966	— ⁽³⁾	—	6,503	—	100.00

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)	Ownership interest ⁽¹⁾ (%)
Xishuangbanna (西雙版納)										
1. International Health City (國際健康城)			223,780		—	—	—	302,570	—	100.00
Stage I	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省雲南省 西雙版納傣族自治州)	Residential/ Commercial	51,965	November 2021	—	—	—	59,247	—	100.00
Stage II	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省雲南省 西雙版納傣族自治州)	Residential/ Commercial	171,815	December 2022	—	—	—	243,323	—	100.00
Total			1,108,264			1,604,134	1,220,819	516,725	938,342	—
Total Attributable GFA⁽²⁾						1,313,306	957,230	466,159	862,712	—

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, Qiongzong 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 at this moment, the government has not yet to release its implementation plan. The Group's Wuzhishan project is affected by the policy and there is uncertainty with its subsequent development.

The table below sets forth a summary of the information about the Group's investment properties as at 31 December 2020:

Project	Property type	Held for investment	Effective leased	Occupancy rate	Rental income for the year ended	
		Total GFA	GFA		31 December 2020	2019
		(sq.m.)	(sq.m.)	(%)	(RMB million)	
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	—	—	0.2	0.8
East Lake Mall (東湖井)	Retail outlets	10,610	8,161	85.2	1.5	1.5
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	2.7	3.7
Total		21,613	10,923	—	4.4	6.0

The table below sets forth the Group's land bank as at 31 December 2020 by geographic location:

	Completed saleable/leasable GFA remaining unsold	Under development	For future development	Total land bank ⁽¹⁾	Percentage of total land bank	Average land cost
		GFA under development	Planned GFA	Total GFA	(%)	(RMB /sq.m.)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)	(RMB /sq.m.)
Jinzhong	63,229	832,799	510,747	1,406,775	51.3	851.5
Taiyuan	46,447	557,373	—	603,820	22.0	393.5
Mianyang	90,578	—	—	90,578	3.3	643.5
Haikou	—	98,139	104,426	202,565	7.4	1,851.7
Wuzhishan	—	115,823	20,599	136,422	5.0	1,145.2
Xishuangbanna	—	—	302,570	302,570	11.0	927.2
Total	200,254	1,604,134	938,342	2,742,730	100.0	755.9

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 2020 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	47,828	116,743	425,086	589,657	21.5
High-rise	58,661	706,294	82,297	847,255	30.9
Townhouses	1,472	19,966	123,489	144,927	5.3
Multi-story garden apartments	3,408	74,194	14,096	91,698	3.3
Available-for-sale office/commercial properties	36,955	293,175	75,151	405,281	14.8
SOHO apartments	58	15,984	15,791	31,833	1.2
Hotels	—	111,359	20,499	131,858	4.8
Parking spaces	51,872	247,356	161,933	461,161	16.8
Ancillary facilities ⁽²⁾	—	19,060	20,000	39,060	1.4
Total	200,254	1,604,134	938,342	2,742,730	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) Includes primarily public facilities which are not saleable.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB1,207.5 million, representing a decrease of approximately 7.6% as compared with approximately RMB1,307.1 million in the same period last year. The decrease was mainly due to the decrease in GFA of completed properties delivered by the Group during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB1,180.8 million, representing a decrease of approximately 6.5% as compared with the same period last year. The decrease was mainly due to the decrease in GFA of completed properties delivered by the Group during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 22.2% from approximately RMB955.6 million for the year ended 31 December 2019 to approximately RMB743.6 million for the Reporting Period, the decrease of which was mainly due to a corresponding decrease in cost of sales and services with the decrease in revenue.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB463.9 million, representing an increase of approximately 32.0% as compared with approximately RMB351.5 million in the same period last year. During the Reporting Period, the gross profit margin was approximately 38%, as compared with approximately 27% in the same period last year.

During the Reporting Period, the Group's gross profit from property development was approximately RMB457.3 million, representing an increase of approximately 35.3 % as compared with approximately RMB338.1 million in the same period last year, which was mainly due to the increase in the selling prices of newly delivered projects.

During the Reporting Period, the Group's gross profit margin of property development was approximately 39%, representing an increase of approximately 12% as compared with approximately 27% in the same period last year.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were approximately RMB93.0 million, representing an increase of approximately 133.7% as compared with approximately RMB39.8 million in the same period last year. The increase was primarily due to the investment gain from the disposal of an associate during the year.

Net Profit Attributable to Owners of the Company

During the Reporting Period, the net profit attributable to owners of the Company was approximately RMB206.7 million, representing an increase of approximately 95.0% from approximately RMB106.0 million in the same period last year. The increase in the net profit attributable to owners of the Company was mainly due to the increase in gross profit and other income and gains.

Change in Fair Value of Investment Properties

The fair value of the Group's investment properties decreased by approximately 2.1% from approximately RMB141 million as at 31 December 2019 to approximately RMB138 million as at 31 December 2020, and the decrease was primarily due to the impairment of Grand International Mall & Apartments and Office Building of West Yingbin Street.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 34.4% from approximately RMB77.6 million for the year ended 31 December 2019 to approximately RMB50.9 million for the Reporting Period, and the decrease was primarily due to the decrease in advertising and publicity expenses during the Reporting Period.

Administrative Expenses

The Group's administrative expenses decreased by approximately 17.4% from approximately RMB82.2 million for the year ended 31 December 2019 to approximately RMB67.9 million for the Reporting Period, and the decrease was primarily due to the decrease in legal service fees and entertainment expenses during the Reporting Period.

Finance Costs

The Group's financing expenses decreased by approximately 82.9% from approximately RMB22.2 million for the year ended 31 December 2019 to approximately RMB3.8 million for the Reporting Period, and the decrease was primarily due to the repayment of loans.

Income Tax Expenses

The Group's income tax expenses increased by approximately 99.9% from approximately RMB88.7 million for the year ended 31 December 2019 to approximately RMB177.3 million for the Reporting Period, and the increase was primarily due to the increase in 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 increased by approximately 362.5% from approximately RMB50.6 million for the year ended 31 December 2019 to approximately RMB234.0 million for the Reporting Period.

Cash Position

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB534.1 million, representing a decrease of approximately 51.8% as compared to approximately RMB1,107.2 million as at 31 December 2019, and the decrease was primarily due to the payment for construction costs and the repayment of loans during the Reporting Period.

Net Operating Cash Flow

The Group recorded a negative operating cash flow of approximately RMB406.3 million as at the end of the Reporting Period, while the Group recorded a negative operating cash flow of approximately RMB1,501.3 million as at 31 December 2019.

Borrowings

The Group had outstanding bank borrowings of approximately RMB2,740.9 million as at the end of the Reporting Period while the Group had outstanding bank borrowings of approximately RMB2,816.0 million as at 31 December 2019.

Pledged Assets

Certain of the Group's borrowings were secured by completed properties held for sale, properties under development, 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 RMB879.7 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 RMB2,477.5 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 RMB2,740.9 million and total equity of approximately RMB1,609.6 million, the gearing ratio of the Group was approximately 170% (31 December 2019: approximately 205%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to the decrease of interest-bearing bank borrowings and the increase of net profit.

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 30 October 2020, 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 Global Sunac Tourism Development Co., Ltd. (西雙版納環球融創旅遊發展有限公司) (“**Global Sunac**”). Global Sunac acquired 49% of equity interests in Xishuangbanna Yunchen Real Estate Co., Ltd. (西雙版納雲辰置業有限公司) (“**Yunchen Real Estate**”) at a consideration of RMB95.35 million (equivalent to approximately HK\$104.89 million). Upon the completion of the equity transfer, our Company will no longer hold any equity interest in Yunchen Real Estate and Yunchen Real Estate will cease to be an associate of our Company and its financial statements will no longer be accounted for in the financial statements of our Group under the equity rule. It is expected that Chenxing Real Estate will record a gain of approximately RMB46.35 million (equivalent to approximately HK\$50.99 million) after the disposal of the equity interest. For details of the disposal of equity interest, please refer to the Company's announcement dated 30 October 2020.

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 27 October 2020, Chen Xing International Holdings Limited (“**Chen Xing International**”), a wholly owned indirect subsidiary of the Company and Banyan Tree Hotels & Resorts Pte. Ltd. (“**Banyan Tree Group**”) entered into a strategic cooperation agreement. Chen Xing International and Banyan Tree Group will cooperate in strategic operation and both parties will fully leverage their advantages in expertise, operation and management in their respective business areas and explore cooperation opportunities in the development and operation of real estate, hotels and other related projects. The entering into the strategic cooperation agreement with Banyan Tree Group is beneficial to the business development of the Company and is the interest of the Company and its shareholders as a whole. For details of the strategic cooperation agreement, please refer to the Company’s announcement dated 27 October 2020.

Events after the Reporting Period

Save as disclosed in this announcement, as at the date of this announcement, the Group has not made any material acquisitions and disposals and significant investments.

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 of the Company dated 22 June 2015 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 309 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB48.1 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, 28 May 2021, 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 2020 (31 December 2019: 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 Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. During the Reporting Period, save as disclosed below, the Company had complied with all the code provisions under the CG Code.

On 30 November 2020, Mr. Gu Jiong ("**Mr. Gu**") resigned as an independent non-executive director of the Company, the chairman of the audit committee, the member of each of the remuneration committee and nomination committee of the Company due to his other business commitments. Following the resignation of Mr. Gu, the Board fails to meet the requirements of having: (i) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; (ii) the audit committee comprising only non-executive directors with a minimum of three members; (iii) at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (iv) any of the other requirements set out in Rule 3.21 regarding the audit committee under Rule 3.23 of the Listing Rules.

On 26 February 2021, the Board appointed Ms. Gao Jianhua as an independent non-executive director and member of each of the audit committee, remuneration committee and nomination committee of the Company. On the same day, Mr. Tian Hua was appointed as the chairman of the audit committee. Since then, the Company has complied with the requirement of Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of 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 currently 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. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua.

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 annual results of the Group for the year ended 31 December 2020. 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 2020 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, 25 March 2021

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. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua.

* *for identification purpose only*