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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 2016

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2016 (the “**Reporting Period**”), contracted sales amounted to RMB1,689.1 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 326,957 sq.m., representing an increase of 31.5% and 31.1% comparing with the same period last year, respectively;
- Revenue for the Reporting Period amounted to RMB1,082.0 million, of which RMB1,073.9 million was revenue from property development;
- Gross profit for the Reporting Period amounted to RMB336.7 million, of which RMB329.1 million was gross profit from property development;
- Net profit for the Reporting Period amounted to RMB147.0 million, of which RMB151.8 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to 2,296,143 sq.m. and the average cost of land bank was RMB627.8 per sq.m. for the Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) for the Reporting Period was RMB5,166.1 per sq.m.;
- Basic earnings per share for the Reporting Period was RMB0.30; and
- The Board proposed a final dividend of HK\$0.3 per share.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is pleased to announce to the Company’s shareholders (the “**Shareholders**”) the audited annual results of the Group for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	<i>Notes</i>	2016 <i>RMB’000</i>	2015 <i>RMB’000</i>
REVENUE	6	1,081,989	966,213
Cost of sales		(745,308)	(684,824)
Gross profit		336,681	281,389
Other income and gains	6	10,248	292,871
Selling and distribution expenses		(58,879)	(47,420)
Administrative expenses		(38,104)	(60,778)
Other expenses		(9,823)	(19,553)
Finance costs	8	(3,763)	(6,894)
PROFIT BEFORE TAX	7	236,360	439,615
Income tax expense	9	(89,398)	(151,583)
PROFIT FOR THE YEAR		146,962	288,032
Attributable to:			
Owners of the parent		151,832	290,103
Non-controlling interests		(4,870)	(2,071)
		146,962	288,032
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year	10	RMB0.30	RMB0.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>146,962</u>	<u>288,032</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>3,518</u>	<u>10,235</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>3,518</u>	<u>10,235</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	—	31,108
Income tax effect	<u>—</u>	<u>(7,777)</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>—</u>	<u>23,331</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>3,518</u>	<u>33,566</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>150,480</u>	<u>321,598</u>
Attributable to:		
Owners of the parent	155,350	323,669
Non-controlling interests	<u>(4,870)</u>	<u>(2,071)</u>
	<u>150,480</u>	<u>321,598</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Notes</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		69,560	67,718
Investment properties		164,000	161,000
Properties under development		143,861	157,473
Intangible assets		630	711
Deferred tax assets		103,040	54,130
Prepaid land lease payments		1,419	1,464
		<hr/>	<hr/>
Total non-current assets		482,510	442,496
CURRENT ASSETS			
Properties under development		3,805,980	3,689,517
Completed properties held for sale		1,046,771	569,910
Inventories		2,044	2,271
Prepayments, deposits and other receivables		205,818	377,329
Tax recoverable		17,673	15,868
Due from a related party		—	159
Available-for-sale investments		493,810	91,900
Pledged deposits		14,323	42,159
Cash and cash equivalents		290,594	617,215
		<hr/>	<hr/>
Total current assets		5,877,013	5,406,328
CURRENT LIABILITIES			
Trade payables	<i>12</i>	1,109,982	991,184
Other payables, deposits received and accruals		1,509,194	1,179,898
Advances from customers		2,249,277	1,689,073
Interest-bearing bank borrowings	<i>13</i>	241,000	369,000
Due to related parties		567	892
Due to a director		93	85
Tax payable		132,433	90,216
Provision		—	7,213
		<hr/>	<hr/>
Total current liabilities		5,242,546	4,327,561

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i>
NET CURRENT ASSETS		634,467	1,078,767
TOTAL ASSETS LESS CURRENT LIABILITIES		1,116,977	1,521,263
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	<i>13</i>	40,000	293,000
Due to a related party		—	80,000
Deferred tax liabilities		14,942	24,983
Total non-current liabilities		54,942	397,983
Net assets		1,062,035	1,123,280
EQUITY			
Equity attributable to owners of the parent			
Share capital		4,003	4,003
Reserves		978,498	1,034,873
		982,501	1,038,876
Non-controlling interests		79,534	84,404
Total equity		1,062,035	1,123,280

Notes

1. GENERAL INFORMATION ON THE GROUP

The Company was incorporated as an exempted limited company in the Cayman Islands on 3 November 2014. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business in the People's Republic of China (the “**PRC**”) is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the PRC, and the principal place of business in Hong Kong is located at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. On 3 July 2015, the Company completed the global offering and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Group is focusing on development projects primarily comprising residential properties and, to a lesser extent, commercial properties.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries. The consolidated results set out in this announcement do not constitute the consolidated financial statements of Group for the year ended 31 December 2016 but are extracted from those financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The measurement basis used in the preparation of these financial statements is historical cost basis, except for investment properties and available-for-sale investments, which are measured at their fair values.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2016. 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 following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

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

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

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions²</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts²</i>
HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 7	<i>Disclosure Initiative¹</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses¹</i>

1 Effective for annual periods beginning on or after 1 January 2017

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

3 Effective for annual periods beginning on or after 1 January 2019

4 No mandatory effective date yet determined but available for adoption

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

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

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

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the Reporting Period.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Revenue		
Sale of properties	1,130,392	1,016,055
Property leasing income	8,320	8,530
	1,138,712	1,024,585
Less: Business tax and government surcharges	(56,723)	(58,372)
	1,081,989	966,213

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Other income		
Government grants	—	283,883
Bank interest income	2,151	1,836
Income from available-for-sale investments	2,543	1,666
Gross rental income	2,282	211
Others	272	569
	<hr/> 7,248 <hr/>	<hr/> 288,165 <hr/>
Gains		
Fair value gains on investment properties	3,000	4,483
Gain on disposal of property, plant and equipment	—	223
	<hr/> 3,000 <hr/>	<hr/> 4,706 <hr/>
	<hr/> 10,248 <hr/> <hr/>	<hr/> 292,871 <hr/> <hr/>

7. PROFIT BEFORE TAX

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Cost of properties sold	744,825	684,824
Depreciation	8,064	7,191
Amortisation of intangible assets	348	287
Minimum lease payments under operating leases	741	1,156
Amortisation of prepaid land lease payments	45	45
Auditor's remuneration	1,700	1,700
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	10,414	9,461
Pension scheme contributions	1,326	1,316
Staff welfare expenses	1,682	1,791
	<u>13,422</u>	<u>12,568</u>
Changes in fair value of investment properties	(3,000)	(4,483)
Government grants	—	(283,883)
Bank interest income	(2,151)	(1,836)
Income from available-for-sale investments	(2,543)	(1,666)
Gain on disposal of property, plant and equipment	<u>—</u>	<u>(223)</u>
Other expenses:		
Loss on disposal of investment properties	—	11,303
Impairment of completed properties held for sale	<u>9,036</u>	<u>—</u>

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest on bank loans	34,669	50,518
Interest on loans from a related party	2,405	1,743
Less: Interest capitalised	<u>(33,311)</u>	<u>(45,367)</u>
Total finance costs	<u>3,763</u>	<u>6,894</u>

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the laws and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is based on a tax rate of 16.5% (2015: 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 (2015: 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:

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Income tax charge	131,012	39,409
LAT	17,337	16,812
Deferred tax	(58,951)	95,362
Total tax charge for the year	<u>89,398</u>	<u>151,583</u>

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:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit before tax	<u>236,360</u>	<u>439,615</u>
Tax at the statutory tax rate	59,551	113,780
Provision for LAT	17,337	16,812
Tax effect of LAT provision	(4,334)	(4,203)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	15,370	24,983
Expenses not deductible for tax	410	211
Tax losses not recognised	<u>1,064</u>	<u>—</u>
Tax charge at the Group's effective rate	<u>89,398</u>	<u>151,583</u>

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

The calculation of the basic earnings per share amounts for the year is based on profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 500,000,000 (2015: 450,278,000) in issue during the year.

The calculation of basic earnings per share based on:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	<u>151,832</u>	<u>290,103</u>
	2016 <i>'000</i>	2015 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	<u>500,000</u>	<u>450,278</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

11. DIVIDENDS

Subsequent to the end of the Reporting Period, the Directors of the Company proposed a final dividend of HK\$0.3 (2015: HK\$0.5) per share for the year ended 31 December 2016, totaling HK\$150.0 million (equivalent to RMB134.2 million), subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. TRADE PAYABLES

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Less than 1 year	876,859	685,943
1 to 2 years	90,328	254,540
2 to 3 years	97,748	8,250
3 to 4 years	7,584	3,360
4 to 5 years	510	3,780
Over 5 years	36,953	35,311
	<u>1,109,982</u>	<u>991,184</u>

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

13. INTEREST-BEARING BORROWINGS

	2016			2015		
	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current						
Bank loans — secured	5.22	2017	46,000	6.63	2016	47,000
Current portion of long term bank loans — secured	4.75–5.23	2017	<u>195,000</u>	6.15–6.77	2016	<u>322,000</u>
			<u>241,000</u>			<u>369,000</u>
Non-current						
Bank loans — secured	5.23	2018	<u>40,000</u>	4.75–6.60	2018	<u>293,000</u>
			<u>281,000</u>			<u>662,000</u>

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Analysed into:		
Bank loans:		
Within one year or on demand	241,000	369,000
In the second year	40,000	—
In the third to fifth years, inclusive	—	293,000
	<u> </u>	<u> </u>
	<u>281,000</u>	<u>662,000</u>

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

- (i) mortgages over the Group's buildings, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB42,483,000 (2015: RMB44,762,000);
- (ii) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB164,000,000 (2015: RMB118,000,000);
- (iii) mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the Reporting Period of approximately RMB817,238,000 (2015: RMB1,232,706,000);

In addition, Mr. Bai Xuankui, the Director and the controlling shareholder of the Company, and Mr. Bai Wukui, the Director and the chief executive officer of the Company, have guaranteed certain of the Group's bank loans up to RMB75,000,000 as at the end of the Reporting Period (2015: RMB93,000,000).

14. CONTINGENT LIABILITIES

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

	2016	2015
	<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>2,454,696</u>	<u>866,697</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 2016.

REVIEW OF ANNUAL RESULTS FOR 2016

The year 2016 is the first full financial year after the listing of the Company, throughout which the Company has strictly complied with the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”), achieving satisfactory results with good corporate governance.

In 2016, both de-stocking policy and tightening policies for certain cities with overheated real estate markets were implemented in China. In particular, in the first half year, a series of de-stocking measures such as reducing down payment percentage and easing monetary policy were introduced. By September, the control policies, including restrictions on housing purchases and loans, were reinstated in more than 20 cities across China, in order to curb the bubbles in the property market. Leveraging on the industry trend on a prudent basis, the Group focused on the development of products for home upgraders' demand and for rigid demand, achieving a significant growth in sales performance and revenue from its main businesses.

For the year ended 31 December 2016, the Group achieved contracted sales of approximately RMB1,689.1 million, representing an increase of approximately 31.5% as compared with RMB1,284.0 million in the same period last year, exceeding the contracted sales target of RMB1,465.0 million for the year by 15.3%. Contracted GFA amounted to approximately 326,957 sq.m., an increase of approximately 31.1% as compared with 249,484 sq.m. in the same period of last year.

For the year ended 31 December 2016, the Group recorded sales revenue of approximately RMB1,082.0 million, representing an increase of 12% as compared with RMB966.2 million in the same period last year. Revenue from property development was approximately RMB1,073.9 million, an increase of approximately 12% as compared with RMB958.2 million in the same period last year.

For the year ended 31 December 2016, the profit for the year attributable to owners of the parent of the Group amounted to approximately RMB151.8 million, representing a decrease of 48% as compared with approximately RMB290.1 million in the same period last year, mainly due to substantial decrease in the revenue from other businesses.

In respect of land bank, the Group was able to take advantage of an ideal land acquisition opportunity. On 25 October 2016, the Group successfully bid a parcel of land in Jinzhong Economic and Technology Development Zone with a site area of 28,296.2 sq.m. at a land cost of RMB2,251.12 per sq.m.

As at 31 December 2016, the Group had a land bank with a total GFA of approximately 2.3 million sq.m..

FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2016 of HK\$0.3 per share (the “**Final Dividend**”). The Final Dividend will be paid subject to the approval of shareholder of the Company at the annual general meeting of the Company to be convened on 31 May 2017. The dividend yield for the year is approximately 88% of the profit attributable to owners of the parent for the year.

Prospect for 2017

At the Central Economic Work Conference in December 2016, it was proposed that the development of real estate should be steady and healthy, the position that “properties are for accommodation but not for speculation” should be adhered to, as well as new urbanization as a policy in the industry should be continuously promoted. It is foreseeable that in 2017, the regulations and controls on real estates in cities of real estate hotspots will continue. Meanwhile, for the continued progress of urbanization, coexistence of policies to support owners’ occupation rather than investment, stimulate urbanization and curb asset bubbles will continue for a long period of time.

In 2017, the Group will continue to focus on the development of residential projects for buyers of rigid demand as well as home upgrade, strengthen the Group’s profitability and competitiveness, and strive for excellence in terms of product positioning, quality and service, so as to bring the best products to our customers and realise the value of the Group.

In respect of land investment, as at 20 January 2017, the Group had successfully bid four parcels of land in Jinzhong Economic and Technology Development Zone with a total site area of 197,285.28 sq.m. at an average land cost of RMB1,787.26. In 2017, the Group will continue with its prudent strategy of land acquisition and project sites selection and endeavor to acquire premium land parcels with cost competitive advantage, in order to maintain a premium quality land bank for the Group.

According to the current market situation of China’s real estate market and our judgement on future development trend, the Group will continue to focus on its principal business of residential properties development, and enlarge its market share with premium quality products and service. Meanwhile, the Group will also explore new development ideas, continue to improve the coverage of industry chain and seek for opportunities in other industries. In addition, the Group will look for a win-win cooperative development model and will actively seek for strategic cooperation partners. Through in-depth and comprehensive cooperation with enterprises of competitive advantage, we look forward to sharing our financial commitments and complementing each other, with an aim to achieve accelerated growth and create greater benefits for the shareholders.

Acknowledgement

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

Bai Xuankui

Chairman

Jinzhong, Shanxi, the PRC

24 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2016, the amount of the Group's contracted sales were RMB1,689.1 million, an increase of 31.5% as compared to the same period last year. For the year ended 31 December 2016, the Group's revenue was RMB1,082.0 million, representing an increase of 12.0% as compared to the same period last year. Revenue derived from property development was RMB1,073.9 million, representing an increase of 12% as compared to the same period last year. For the year ended 31 December 2016, the Group had net profit of RMB147.0 million of which net profit attributable to equity holders of the Company was RMB151.8 million.

Contracted Sales

For the years ended 31 December 2016 and 2015, the amount of the Group's contracted sales were approximately RMB1,689.1 million and approximately RMB1,284.0 million, respectively, representing a growth of 31.5%. Contracted total GFA for the years ended 2016 and 2015 were approximately 326,957 sq.m. and approximately 249,484 sq.m., respectively, representing a growth of 31.1% as compared to the same period last year. The Group's contracted sales from Jinzhong, Taiyuan and Mianyang by geographic location were RMB48.8 million, RMB1,008.6 million and RMB631.7 million, respectively, accounting for approximately 2.9%, 59.7% and 37.4%, of the Group's total contracted sales respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2016 by geographic location:

	Contracted Sales for 2016 (RMB million)	Contracted Sales for 2015 (RMB million)	Contracted GFA for 2016 (sq.m.)	Contracted GFA for 2015 (sq.m.)	Contracted Average Sales Price for 2016 (RMB/sq.m.)	Contracted Average Sales Price for 2015 (RMB/sq.m.)
Jinzhong						
Riverside Gardens- Heshun (和順濱河小區)	1.6	—	833	—	1,920.7	—
Upper East Gardens (上東庭院) Phase II	4.2	—	894	—	4,698.7	—
Grand International Apartments (君豪公寓)	6.0	13.1	1,401	2,727	4,272.2	4,806.8
Grand International Mall (君豪商城)	—	0.8	—	81	—	10,221.8
Shuncheng Street Underground Space (順城街地下空間)	—	11.4	—	897	—	12,682.4
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	37.0	155.6	9,428	32,084	3,926.2	4,850.7
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	477.9	809.4	84,247	145,494	5,673.1	5,660.9
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	530.7	—	90,235	—	5,881.5	—
Mianyang						
Yosemite Valley Town — Mianyang (綿陽優山美郡)	78.3	43.7	19,786	10,806	3,956.4	4,047.9
Elite Gardens (綿陽天禦)	50.3	61.8	12,825	15,101	3,919.0	4,093.0
Chang Xing Star Gardens (綿陽長興星城)	503.1	188.2	107,308	42,294	4,688.2	4,448.6
Total	1,689.1	1,284.0	326,957	249,484	5,166.1	5,146.6

Note:

Contracted sales, total contracted GFA and contracted Average Sales Price in the above table also include car parking spaces sold, if applicable.

Property Projects

The Group's property projects are divided into the following three categories depending on their development stage: completed properties, properties under development and properties held for future development. As some of our projects are developed successively in several phases, a single project may involve different development phases like completed, under development and held for future development.

As at 31 December 2016, the Group had a completed total GFA of 2,189,407 sq.m. and a land bank with a total GFA of 2,296,143 sq.m. comprising (i) a total GFA of 343,171 sq.m. which is completed but unsold; (ii) a total GFA of 1,277,776 sq.m. which is under development; and (iii) a total planned GFA of 675,196 sq.m. held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As at 31 December 2016, the Group had investment properties with a total GFA of 21,613 sq.m..

Property Portfolio Summary

Intended use⁽¹⁾	Completed Total GFA (sq.m.)	Under development Total GFA (sq.m.)	Held for future development Total GFA (sq.m.)
Mid-rise	786,168	—	145,023
High-rise	652,479	747,186	209,547
Townhouses	27,619	—	—
Multi-story garden apartments	576,757	21,735	54,452
Retail Outlets	118,731	196,905	128,909
SOHO apartments	6,931	—	15,791
Hotels	—	—	22,119
Parking Spaces	17,156	304,914	84,732
Ancillary ⁽²⁾	3,566	7,036	14,623
Total GFA	2,189,407	1,277,776	675,196
Attributable GFA⁽³⁾	2,150,218	1,009,721	572,004

Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Comprises primarily utilities which are not available for sale
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 31 December 2016:

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
Jinzhong									
1. East Lake Mall (東湖井)	Retail Outlet	July 2000	1,330	17,886	—	10,610	7,276	—	100
2. Grand International Mall & Apartments (君豪國際)	Residential/Commercial	June 2007	7,465	65,543	10,614	8,241	46,688	—	100
3. Blossom Gardens (錦繡新城)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100
4. Xin Xing International Cultural Town (新興國際文教城)									
Phase I	Residential	December 2005	5,600	24,602	—	—	24,602	—	100
Phase II	Residential/Commercial	April 2012	17,968	93,060	161	—	92,748	151	100
Phase III	Residential/Commercial	December 2009	255,918	545,046	3,582	—	541,464	—	100
Phase IV	Residential/Commercial	July 2016	30,987	71,106	5,839	—	65,267	—	100
Phase V	Residential/Commercial	July 2016	22,578	50,370	7,358	—	41,977	1,035	100
5. Upper East Gardens (上東庭院)									
Phase I	Residential/Commercial	November 2006	19,361	47,926	—	—	47,926	—	100
Phase II	Residential/Commercial	December 2011	24,343	75,889	1,863	—	74,026	—	100
6. Riverside Gardens — Zuoqua (左權濱河嘉園)	Residential/Commercial	December 2007	73,035	98,545	—	—	97,990	555	100
7. SOLO Apartments (尚座公寓)	Commercial/Complex	September 2009	2,411	9,783	312	—	9,471	—	100
8. Riverside Gardens — Heshun (和順濱河小區)									
Phase I	Residential	June 2008	60,100	62,507	—	—	62,167	340	100
Phase II	Residential	October 2012	5,898	51,217	—	—	51,217	—	100
9. Mandarin Gardens — Taigu (太谷文華庭院)	Residential/Commercial	May 2011	30,690	51,525	—	—	51,525	—	100
10. Shuncheng Street Underground Space (順城街地下空間)	Retail Outlet	August 2015	—	897	—	—	897	—	100

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
Taiyuan									
1. Yosemite Valley Town — Taiyuan Phase I (Southern District) (龍城優山美郡一期南區)	Residential/ Commercial	December 2014	115,050	340,099	55,934	—	284,165	—	100
2. Yosemite Valley Town — Taiyuan Phase I (Northern District) (龍城優山美郡一期北區)	Residential	November 2016	83,279	301,078	201,618	—	99,460	—	100
Mianyang									
1. Yosemite Valley Town — Mianyang (綿陽優山美郡)	Residential/ Commercial	May 2012	74,124	126,372	28,686	—	95,841	1,845	83.89
2. Elite Gardens (綿陽天禦)	Residential/ Commercial	September 2014	68,529	116,876	27,204	—	88,985	687	83.89
Total			903,927	2,189,407	343,171	18,851	1,822,772	4,613	
Total Attributable GFA⁽³⁾			880,946	2,150,218	334,167	18,851	1,792,997	4,205	

Notes:

- (1) Includes the portion of GFA held by the Group as utilities not saleable or leasable.
- (2) Calculated based on the Group's effective ownership interest in the respective project companies.
- (3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 31 December 2016:

Project	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.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with the land use right certificate not yet obtained (sq.m.)	Ownership interest ⁽¹⁾ (%)
Jinzhong									
1. Phase I of Longtian Project (龍田項目一期)		129,049		449,634	428,000	4,188	—	—	51
Stage I	Residential/ Commercial/ Parking Space	14,346	May 2017	78,954	74,203	4,188	—	—	51
Stage II	Residential/ Commercial/ Parking Space	24,367	May 2017	110,725	101,386	—	—	—	51
Stage III	Residential/ Commercial/ Parking Space	26,682	May 2017	126,120	121,061	—	—	—	51
Stage IV	Commercial/ Parking Space	13,422	May 2017	28,819	28,819	—	—	—	51
Stage V	Commercial/ Parking Space	50,232	May 2017	105,016	102,531	—	—	—	51
2. Beiliubao (北六堡)		63,173		—	—	—	161,196	—	51
Phase I	Residential	46,763	December 2018	—	—	—	117,039	—	51
Phase II	Commercial	16,410	December 2019	—	—	—	44,157	—	51
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)		220,161		531,838	447,674	109,098	232,693	—	100
Phase I (Southern District)	Commercial/ Parking Space	2,078	June 2017	72,399	72,325	18,863	—	—	100
Phase I (Northern District)	Commercial/ Parking Space	24,726	December 2017	90,855	20,173	—	—	—	100
Phase II	Residential/ Commercial	111,477	December 2018	368,584	355,176	90,235	8,893	—	100
Phase III	Residential/ Commercial	60,080	December 2019	—	—	—	212,400	—	100
Phase IV	Primary School	21,800	December 2017	—	—	—	11,400	—	100

Project	Project Type	Site area (sq.m.)	Actual/ Estimated completion date	Under development			Held for future development GFA with the land use right certificate			Ownership interest ⁽¹⁾ (%)
				GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	not yet obtained (sq.m.)		
Mianyang										
1. Chang Xing Star Gardens (綿陽長興星城)		104,308		296,304	291,754	148,557	150,250	—	83.89	
Phase I	Residential/ Commercial	68,150	June 2017	296,304	291,754	148,557	—	—	83.89	
Phase II	Residential/ Commercial	36,158	May 2019	—	—	—	150,250	—	83.89	
Wuzhishan										
Phase I	Commercial	92,522 28,745	December 2018	—	—	—	131,057 48,013	—	100 100	
Phase II	Residential	23,827	October 2019	—	—	—	28,592	—	100	
Phase III	Residential	18,244	October 2019	—	—	—	21,893	—	100	
Phase IV	Residential	21,706	October 2020	—	—	—	32,559	—	100	
Total		609,213		1,277,776	1,167,428	261,843	675,196	—		
Total Attributable GFA⁽²⁾				1,009,721	910,706	235,859	572,004	—		

Notes:

- (1) Calculated based on the Group's effective ownership interest in the respective project companies.
- (2) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

The table below sets forth a summary of information on the Group's investment properties as at 31 December 2016:

Project	Type of property	Total GFA held for Investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the year ended 31 December	
					2016 (RMB million)	2015
Grand International Mall & Apartments (君豪國際)	Retail Outlet	8,241	4,234	87.4	3.2	4.3
East Lake Mall (東湖井)	Retail Outlet	10,610	9,584	100	1.5	1.8
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlet	2,762	2,762	100	3.4	2
Total		21,613	16,580	—	8.1	8.1

The table below sets forth a summary of the Group's land bank as at 31 December 2016 by geographical location:

	Completed saleable/ leasable GFA remaining unsold (sq.m.)	Under development GFA under development (sq.m.)	Future development Planned GFA (sq.m.)	Total land bank ⁽¹⁾ Total GFA (sq.m.)	% of total land bank (%)	Average land cost (RMB/sq.m.)
Jinzhong	29,729	449,634	161,196	640,559	27.9	817.3
Taiyuan	257,552	531,838	232,693	1,022,083	44.5	393.5
Mianyang	55,890	296,304	150,250	502,444	21.9	643.5
Wuzhishan	—	—	131,057	131,057	5.7	1,192.1
Total	343,171	1,277,776	675,196	2,296,143	100.0	627.8

Note:

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

The table below sets forth a summary of the Group's land bank as at 31 December 2016 by type of property:

	Completed saleable/ leasable GFA remaining unsold (sq.m.)	Under development GFA under development (sq.m.)	Future development Planned GFA (sq.m.)	Total land bank ⁽¹⁾ Total GFA (sq.m.)	% of total land bank (%)
Mid-rise	9,462	—	145,023	154,485	6.7
High-rise	237,423	747,186	209,547	1,194,156	52.0
Townhouses	2,361	—	—	2,361	0.1
Multi-story garden apartments	38,208	21,735	54,452	114,395	5.0
Retail Outlets	39,783	196,905	128,909	365,597	15.9
SOHO apartments	113	—	15,791	15,904	0.7
Hotels	—	—	22,119	22,119	1.0
Parking spaces	15,821	304,914	84,732	405,467	17.7
Ancillary ⁽²⁾	—	7,036	14,623	21,659	0.9
Total	343,171	1,277,776	675,196	2,296,143	100.0

Notes:

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

(2) Comprises primarily utilities which are not available for sale.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2016, the Group's revenue was RMB1,082.0 million, representing an increase of 12% from RMB966.2 million for the same period last year. The increase was mainly due to the completion of phase V of Xin Xing International Cultural Town and Northern District of Phase I of Yosemite Valley Town — Taiyuan which generated a substantial increase in revenue.

The Group's Revenue from property development for the year ended 31 December 2016 was RMB1,073.9 million, representing an increase of 12% as compared to the same period last year. The increase was primarily due to an increase in revenue from property development of the Company in relation to phase V of Xin Xing International Cultural Town and Northern District of Phase I of Yosemite Valley Town — Taiyuan.

Sales and Services Cost

The Group's sales and services cost increased by 9% from RMB684.8 million for the year ended 31 December 2015 to RMB745.3 million for the year ended 31 December 2016, which was mainly due to a corresponding increase in cost of sales with the increase in the sales for the year.

Gross Profit

For the year ended 31 December 2016, the Group's gross profit was RMB336.7 million, representing an increase of 20% from RMB281.4 million for the year ended 31 December 2015. The gross profit margin was 31% for the year ended 31 December 2016, as compared to 29% for the year ended 31 December 2015.

For the year ended 31 December 2016, the Group's gross profit of property development was RMB329.1 million, representing an increase of 20% from RMB273.3 million for the year ended 31 December 2015. The increase in the gross profit of property development of the Group was mainly due to the increase in the gross profit of property development of the projects of phase V of Xin Xing International Cultural Town and Northern District of Phase I of Yosemite Valley Town — Taiyuan for the year ended 31 December 2016.

For the years ended 31 December 2016 and 2015, the gross profit margin of property development of the Group was 31% and 29%, respectively.

Other Income and Gains

The Group's other income and gains were RMB10.2 million for the year ended 31 December 2016, as compared to RMB292.9 million for the year ended 31 December 2015, which was primarily due to less government grants were awarded for the year. For the details of government grants, please refer to page 303 to 304 of the Company's prospectus dated 22 June 2015 (the "Prospectus").

Net Profit Attributable to Owners of the Company

For the year ended 31 December 2016, net profit attributable to owners of the Company was RMB151.8 million, representing a decrease of 48% from RMB290.1 million for the year ended 31 December 2015. The decrease of the net profit attributable to owners of the Company which was primarily due to the decrease in net profit of the Group as a result of less government grants were awarded for the year.

Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties increased from RMB161.0 million for the year ended 31 December 2015 to RMB164.0 million for the year ended 31 December 2016, which was primarily due to the increased fair values of various investment properties.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 24% from RMB47.4 million for the year ended 31 December 2015 to RMB58.9 million for the year ended 31 December 2016, which was primarily due to the fact that more marketing efforts were put on the Group's projects, Yosemite Valley Town — Taiyuan and Chang Xing Star Gardens.

Administrative Expenses

The Group's administrative expenses decreased by 37% from RMB60.8 million for the year ended 31 December 2015 to RMB38.1 million for the year ended 31 December 2016. This was primarily due to the listing costs incurred for the listing process of the Company on the Stock Exchange in 2015.

Finance Costs

The Group's finance costs decreased by 45% from RMB6.9 million for the year ended 31 December 2015 to RMB3.8 million for the year ended 31 December 2016, which was primarily due to the repayment of loans by the Group during the Reporting Period.

Income Tax Expense

The Group's income tax expense decreased from RMB151.6 million for the year ended 31 December 2015 to RMB89.4 million for the year ended 31 December 2016, which was primarily due to the decrease in profit before tax.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, the Group's profit and total comprehensive income for the year decreased from RMB321.6 million for the year ended 31 December 2015 to RMB150.5 million for the year ended 31 December 2016.

Cash Position

As at 31 December 2016, the Group's cash and cash equivalents were RMB290.6 million, representing a decrease of 53% as compared to RMB617.2 million as at 31 December 2015.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of RMB831.1 million as at 31 December 2016 while the Group recorded a positive operating cash flow of RMB204.1 million as at 31 December 2015.

Borrowings

The Group had outstanding bank borrowings of RMB281.0 million as at 31 December 2016, while the Group had outstanding bank borrowings and borrowings from a related party of RMB662.0 million and RMB80.0 million as at 31 December 2015, respectively.

Pledged Assets

Some of the Group's borrowings were secured by its properties under development, investment properties and property, plant and equipment or combinations of the above. As at 31 December 2016, the assets pledged to secure certain borrowing granted to the Group amounted to RMB1,023.7 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into schemes of arrangement with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on credit checks conducted by mortgagee banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the time when the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 31 December 2016, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB2,454.7 million.

The Group had no other material contingent liabilities as at 31 December 2016.

Material Acquisitions and Disposals and Significant Investments

On 25 October 2016, Chenxing Real Estate Development Co., Ltd. (辰興房地產發展有限公司) (“**Chen Xing**”), an indirect subsidiary of the Company, succeeded in the bid for a land parcel located in Jinzhong Economic and Technology Development District with an aggregate site area of 28,296.2 sq.m. at a listing-for-sale for an aggregate grant consideration of RMB63.7 million. Chen Xing had received the confirmation letter of deal completion in relation to successful bidding for grant of land use rights on 25 October 2016. The Group is preparing to enter into land transfer contracts for completion of land acquisition.

Save as disclosed in the Prospectus and mentioned above, the Group did not have any material acquisitions and disposals and significant investments during the year ended 31 December 2016.

Events after the Reporting Period

On 20 January 2017, Chen Xing succeeded in the bid for four land parcels located in Jinzhong Economic and Technology Development District with an aggregate site area of 197,285.28 sq.m. at a listing-for-sale for an aggregate grant consideration of RMB352.6 million. Chen Xing had received the confirmation letter of deal completion in relation to successful bidding for grant of land use rights on 20 January 2017. The Group is preparing to enter into land transfer contracts for completion of land acquisition.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the Prospectus and mentioned above, the Group did not have any future plans for material investments as at the date hereof.

Employees and Remuneration Policies

As at 31 December 2016, the Group had approximately 184 employees. For the year ended 31 December 2016, the Group incurred employee costs of approximately RMB18.4 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

USE OF PROCEEDS FROM LISTING

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

FINAL DIVIDEND

The Board recommended the payment of the Final Dividend of total HK\$150.0 million (equivalent to RMB134.2 million) to the shareholders whose names appeared on the register of members of the Company on Thursday, 8 June 2017. Subject to the Company's shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") to be convened on 31 May 2017, the Final Dividend will be paid on or before Monday, 19 June 2017.

ANNUAL GENERAL MEETING

The AGM will be convened on Wednesday, 31 May 2017, a notice of which will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfer documents together with relevant share certificate must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2017.

For ascertaining the Shareholders' entitlement to the Final Dividend, subject to the Shareholders' approval at the AGM, the register of members of the Company will be closed from Tuesday, 6 June 2017 to Thursday, 8 June 2017, both days inclusive. In order to be eligible to receive the Final Dividend, all share transfer documents together with relevant share certificate must be lodged with the Company's Hong Kong branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 June 2017 for registration.

CORPORATE GOVERNANCE PRACTICE

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

The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. For the year ended 31 December 2016, the Company has complied with the CG Code.

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

The Board consists of four executive directors and three independent non-executive directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's businesses, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and have contributed to the Board with their professional opinions.

Mr. Bai Xuankui ("**Chairman Bai**") is an executive director and the Chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai has been serving as a director and the Chairman of the Board since its establishment, which facilitates the Company in formulating appropriate development strategies. Regarding business operations, the Company's senior management, which comprises experienced and high caliber individuals from various sectors, will ensure decisions made by the Board be thoroughly implemented.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

For the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Stock Exchange.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed with the management and the Board, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including review of the annual results for the year ended 31 December 2016. The Audit Committee considered that the annual results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

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

In accordance with the requirements under the Listing Rules, the annual report for the year ended 31 December 2016 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, 24 March 2017

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.