



CHEN XING

Chen Xing Development Holdings Limited

辰興發展控股有限公司

(Incorporated in Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286

股份代號：2286



誠以致遠，
信達天下

2019

INTERIM REPORT

中期報告

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Bai Xuankui *(Chairman)*
Mr. Bai Wukui
Mr. Bai Guohua
Mr. Dong Shiguang

Independent Non-executive Directors

Mr. Gu Jiong
Mr. Tian Hua
Mr. Qiu Yongqing

COMPANY SECRETARY

Ms. Ng Wing Shan

AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua
Ms. Ng Wing Shan

AUDIT COMMITTEE

Mr. Gu Jiong *(Chairman)*
Mr. Tian Hua
Mr. Qiu Yongqing

REMUNERATION COMMITTEE

Mr. Tian Hua *(Chairman)*
Mr. Gu Jiong
Mr. Bai Xuankui

NOMINATION COMMITTEE

Mr. Bai Xuankui *(Chairman)*
Mr. Qiu Yongqing
Mr. Gu Jiong

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Merchants Bank Co., Ltd.
China Construction Bank Corporation
Bank of China Limited
Bank of Jinzhong Co., Ltd.

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law
L&C Legal LLP (in association with
Jingtian & Gongcheng)

As to PRC law
Jingtian & Gongcheng

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PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")

STOCK CODE

2286

COMPANY WEBSITE

www.chen-xing.cn

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) is pleased to announce to the Company’s shareholders (the “**Shareholders**”) the interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2019 together with the comparative figures for the same period in 2018.

- For the six months ended 30 June 2019 (the “**Reporting Period**”), the contracted sales amounted to approximately RMB1,360.0 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 163,090 square meters (“**sq.m.**”), representing an increase of approximately 33.9% and 29.9% as compared with the same period of last year, respectively;
- Revenue for the Reporting Period amounted to approximately RMB614.2 million, of which approximately RMB589.6 million was revenue from property development;
- Gross profit for the Reporting Period amounted to approximately RMB190.8 million, of which approximately RMB185.9 million was gross profit from property development;
- Net profit for the Reporting Period amounted to approximately RMB82.3 million, of which approximately RMB78.8 million was net profit attributable to equity holders of the Company;
- Total GFA of land bank amounted to approximately 3,110,666 sq.m. and the average cost of land bank was approximately RMB751.3 per sq.m. as at the end of the Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) for the Reporting Period was approximately RMB8,338.7 per sq.m.;
- Basic earnings per share for the Reporting Period was approximately RMB0.13; and
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2019.

REVIEW OF FIRST HALF YEAR OF 2019

Under the backdrop of the government's pledge that homes are built "for living in, not for speculation" together with the deepening of policies such as "customized policies by city" and "one policy for one city", the heated real estate market of China cooled down a bit in the first half of 2019, showing a slower growth rate as compared with the same period in 2018, while the industry has maintained steady performance in general. In the first half of 2019, the amount of investment in real estate development maintained its high growth rate with steadily increased GFA of newly commenced projects. Meanwhile, the transaction volume of land sales in popular cities increased as real estate enterprises showed keen interests in acquiring lands. Although the Group was slightly affected by the policy adjustments and market uncertainties, it was able to adjust its business strategies timely in accordance with the industry policies and market conditions. In the first half of 2019, the Group has maintained steady growth and continued to achieve satisfactory business performance.

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB1,360.0 million, representing an increase of approximately 33.9% as compared with the same period of last year. Contracted GFA sold amounted to approximately 163,090 sq.m., representing an increase of approximately 29.9% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB614.2 million, representing an increase of approximately 43.9% as compared with the same period of last year, including revenue from property development of approximately RMB589.6 million, an increase of approximately 39.2% as compared with the same period of last year. The profit for the period attributable to equity holders of the Group was approximately RMB78.8 million, an increase of approximately 33.8% as compared with the same period of last year.

As at the end of the Reporting Period, the Group had a land bank of approximately 3,110,666 sq.m..

PROSPECTS FOR SECOND HALF YEAR OF 2019

While the heated real estate market of China has cooled down a bit in the first half of 2019, it still maintained steady performance. It is anticipated that regulatory controls will continue to keep the market in balance throughout the second half of 2019 and further adjustment of market size is expected. For the sake of maintaining steady development of the market, the growth of investment and newly commenced projects may possibly show a downward adjustment. Although the cities where some of the Group's projects are located are subject to the impact of the regulatory and control policies, the Group has already put in place corresponding preventive and adjustment measures. Therefore, the Group does not expect the policy adjustments to have a material adverse effect on the performance of the Group in the second half of 2019.

Corresponding to its in-depth analysis on the current situation of China's property market and future development trend, the Group will take a path which is line with the government's policies. The Group will make changes as well as certain adjustments to its business directions, according to its analysis of the market, industry trend and the Group's development strategies. The Group will be strategically positioned to enlarge its scale, by consolidating its existing business operations, improving various aspects of its management systems and reviewing its management and operation processes, with a view in enhancing the management efficiency of the Group and the capabilities of corporate governance.

In the area of product design and research and development, the Group will continue to focus on the development of residential properties for buyers with rigid demands, and increase efforts in the construction of improvements on residential properties. While more attention will be paid to product design and research and development, the Group will also put emphasis on customer service and the brand name of the Group. Through the enhancement of product quality and customer service, the Group expects to uplift the competitive edge of its products and its core competitiveness as an enterprise.

As for the reserve of talents, the Group will actively seek out various types of industry elites to increase its pool of talents. In terms of employee development, the Group pays more attention to the employees' professional accomplishments as well as their overall qualities. The Group will continue to launch talent development plans, which involve targeted training and assessments for improvement of employees' capabilities at work, as well as effective incentive measures to improve the employees' work ability and enthusiasm.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

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

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
20 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB1,360.0 million, representing an increase of approximately 33.9% as compared with the same period of last year. During the Reporting Period, the Group's revenue was approximately RMB614.2 million, representing an increase of approximately 43.9% as compared to the same period of last year. Revenue derived from property development was approximately RMB589.6 million, representing an increase of approximately 39.2% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB190.8 million, net profit of approximately RMB82.3 million, of which net profit attributable to equity holders of the Company was approximately RMB78.8 million.

CONTRACTED SALES

For the six months ended 30 June 2019 and 2018, the Group's contracted sales were approximately RMB1,360.0 million and approximately RMB1,015.4 million, respectively, representing an increase of approximately 33.9%. Contracted total GFA for the six months ended 30 June 2019 and 2018 were approximately 163,090 sq.m. and 125,507 sq.m., respectively, representing an increase of approximately 29.9%. The Group's contracted sales by geographic location from Jinzhong, Taiyuan and Mianyang were approximately RMB853.1 million, RMB404.8 million and RMB102.1 million, respectively, accounting for approximately 62.7%, 29.8% and 7.5%, of the Group's total contracted sales, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales during the Reporting Period by geographic location:

	Contracted Sales for 2019 (RMB million)	Contracted Sales for 2018 (RMB million)	Contracted GFA for 2019 (sq.m.)	Contracted GFA for 2018 (sq.m.)	Contracted Average Sales Price for 2019 (RMB/sq.m.)	Contracted Average Sales Price for 2018 (RMB/sq.m.)
Jinzhong						
Yijun Community (頤郡小區)	455.1	—	54,131	—	8,406.5	—
Xiyuan (熙苑)	397.2	—	46,124	—	8,612.6	—
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	0.8	28.6	270	6,454	3,092.6	4,424.4
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	40.4	116.3	3,162	13,896	12,762.7	8,367.8
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	95.7	659.1	8,912	77,618	10,740.3	8,491.1
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	268.7	—	30,753	—	8,735.9	—
Mianyang						
Yosemite Valley Town (優山美郡)	—	7.1	—	1,154	—	6,117.4
Elite Gardens (天御)	—	0.7	—	341	—	2,033.5
Chang Xing Star Gardens (長興星城)	102.1	203.6	19,738	26,044	5,172.7	7,816.9
Total	1,360.0	1,015.4	163,090	125,507	8,338.7	8,090.4

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property Projects

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

As at the end of the Reporting Period, the Group had completed projects with a total GFA of approximately 2,484,143 sq.m. and a land bank with a total GFA of approximately 3,110,666 sq.m. comprising (i) a total GFA of approximately 137,134 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,734,214 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,239,318 sq.m. which is held for future development.

The Group selectively retains the ownership of substantially all self-developed commercial properties with strategic values 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⁾	Completed	Under	Held for future
	Total GFA (sq.m.)	development Total GFA (sq.m.)	development Total GFA (sq.m.)
Mid-rise	786,168	181,074	425,086
High-rise	869,043	836,430	218,256
Townhouses	27,612	5,354	107,259
Multi-story garden apartments	576,743	26,350	61,940
Retail outlets	153,235	209,322	203,182
SOHO apartments	6,931	—	31,775
Hotels	—	63,338	43,487
Parking spaces	59,524	393,030	140,695
Ancillary ⁽²⁾	4,887	19,316	7,638
Total GFA	2,484,143	1,734,214	1,239,318
Attributable GFA⁽³⁾	2,398,492	1,389,216	1,163,688

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the end of the Reporting Period:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA		GFA sold (sq.m.)	Other GFA ⁽¹⁾ (sq.m.)	Ownership interest ⁽²⁾ (%)
					remaining unsold (sq.m.)	held for investment (sq.m.)			
8. Riverside Gardens – Heshun (和順濱河小區)									
Stage I	Residential	June 2008	60,100	62,507	–	–	62,167	340	100.00
Stage II	Residential	October 2012	5,898	51,217	–	–	51,217	–	100.00
9. Mandarin Gardens – Taigu (太谷文華庭院)									
	Residential/ Commercial	May 2011	30,690	51,525	–	–	51,525	–	100.00
10. Shuncheng Street Underground Space (順城街地下空間)									
	Retail Outlet	August 2015	–	897	–	–	897	–	100.00
Taiyuan									
1. Yosemite Valley Town – Taiyuan (龍城優山美郡) – Part of Southern District, Phase I									
	Residential/ Commercial	December 2014	115,050	340,012	8,102	–	331,910	–	100.00
2. Yosemite Valley Town – Taiyuan (龍城優山美郡) – Part of Northern District, Phase I									
	Residential/ Commercial	November 2016	91,048	307,416	13,043	–	294,373	–	100.00
Mianyang									
1. Yosemite Valley Town (優山美郡)									
	Residential/ Commercial	May 2012	74,124	126,329	14,573	–	109,911	1,845	83.89
2. Elite Gardens (天御)									
	Residential/ Commercial	September 2014	68,529	116,888	11,255	–	104,946	687	83.89
3. Chang Xing Star Gardens Phase I (長興星城一期)									
	Residential/ Commercial	June 2017	68,150	288,450	70,603	–	216,526	1,321	83.89
Total			979,846	2,484,143	137,134	18,851	2,322,224	5,935	
Total Attributable GFA⁽³⁾			945,886	2,398,492	121,599	18,851	2,252,728	5,314	

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the end of the Reporting Period:

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 land use right certificate not yet obtained (sq.m.)	Ownership interest ⁽¹⁾ (%)
Jinzhong									
1. Phase I of Longtian (龍田項目一期)		129,049		449,634	428,000	29,408	—	—	51.00
Stage I	Residential/ Commercial/ Parking Space	14,346	December 2019	78,954	74,203	29,408	—	—	51.00
Stage II	Residential/ Commercial/ Parking Space	24,367	October 2019	110,725	101,386	—	—	—	51.00
Stage III	Residential/ Commercial/ Parking Space	26,682	December 2019	126,120	121,061	—	—	—	51.00
Stage IV	Commercial/ Parking Space	13,422	December 2019	28,819	28,819	—	—	—	51.00
Stage V	Commercial/ Parking Space	50,232	October 2019	105,016	102,531	—	—	—	51.00
2. Yijun Community (頤居小區)		104,865		116,657	106,707	—	154,347	—	51.00
Phase I	Residential	46,763	December 2020	116,657	106,707	—	—	—	51.00
Phase II	Commercial	16,410	December 2021	—	—	—	44,157	—	51.00
Phase III	Residential/ Commercial	41,691	December 2021	—	—	—	110,190	—	51.00
3. Yiju Meijun (頤居美郡)		197,285		130,237	—	—	356,400	—	100.00
Stage I	Residential/ Commercial	56,601	December 2021	130,237	—	—	—	—	100.00
Stage II	Residential/ Commercial	37,462	December 2022	—	—	—	99,500	—	100.00
Stage III	Residential/ Commercial	85,669	December 2022	—	—	—	209,300	—	100.00
Stage IV	Residential/ Commercial	17,554	December 2022	—	—	—	47,600	—	100.00
4. Shiguang Zhicheng (時光之城)	Commercial	28,296	December 2020	—	—	—	112,476	—	100.00
5. Xi Yuan (熙苑)	Residential/ Commercial	20,569	December 2020	67,400	66,971	47,145	—	—	33.66
6. Jinxiu Centre (錦繡中心)	Commercial	3,461	December 2020	—	—	—	—	22,105	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Project type	Site area (sq.m.)	Actual/estimated completion date	Under development			Held for future development		Ownership interest ⁽¹⁾ (%)
				GFA under development (sq.m.)	Saleable/leasable GFA (sq.m.)	GFA pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA with land use right not yet obtained (sq.m.)	
Taiyuan									
1. Yosemite Valley Town (龍城優山美郡)		212,392		748,490	645,457	363,321	—	—	100.00
Phase I (Southern District)	Commercial/ Parking Space	2,078	December 2019	72,399	72,325	39,866	—	—	100.00
Phase I (Northern District)	Commercial/ Parking Space	16,957	December 2019	84,662	13,835	5,678	—	—	100.00
Phase II	Residential/ Commercial	111,477	December 2019	374,549	355,271	278,326	—	—	100.00
Phase III	Residential/ Commercial	60,080	December 2021	204,261	204,026	39,451	—	—	100.00
Phase IV	Primary School	21,800	December 2019	12,619	—	—	—	—	100.00
Mianyang									
1. Chang Xing Star Gardens (長興星城)		36,158		141,543	140,586	90,562	—	—	83.89
Phase II	Residential/ Commercial	36,158	December 2020	141,543	140,586	90,562	—	—	83.89
Haikou									
1. Shangpinhui (尚品匯)	Commercial	43,795	June 2020	15,325	—	—	187,240	—	100.00
2. Yousheng (友升)	Residential	87,021	December 2020	—	—	—	104,426	—	100.00
Wuzhishan									
Phase I of Yijun (頤郡)	Commercial	28,745	December 2019	48,013	— ⁽³⁾	—	88,409	—	100.00
Phase II of Yijun (頤郡)	Residential	23,827	October 2020	—	— ⁽³⁾	—	35,274	—	100.00
Phase III of Yijun (頤郡)	Residential	18,244	October 2020	—	— ⁽³⁾	—	26,666	—	100.00
Phase IV of Yijun (頤郡)	Residential	21,706	June 2021	—	— ⁽³⁾	—	26,469	—	100.00
Xishuangbanna									
Phase I of International Health City (國際健康城)	Residential/ Commercial	11,290	December 2019	16,915	—	—	—	—	100.00
Phase II of International Health City (國際健康城)	Residential/ Commercial	66,820	December 2021	—	—	—	100,085	—	100.00
Phase III of International Health City (國際健康城)	Residential	145,727	December 2022	—	—	—	218,256	—	100.00
Total		1,179,250		1,734,214	1,387,721	530,436	1,217,213	22,105	
Total Attributable GFA⁽²⁾				1,389,216	1,058,638	470,161	1,141,583	22,105	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Calculated based on the Group's effective ownership interest in the respective project companies.
- (2) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.
- (3) On 28 September 2017, Hainan Provincial People's Government issued the "Hainan Provincial People's Government's Opinion on Further Deepening the Policy of 'Two Suspensions' to Promote the Steady and Healthy Development in Real Estate" (《海南省人民政府關於進一步深化「兩個暫停」政策促進房地產業平穩健康發展的意見》) (Qiong Fu [2017] No. 76), and proposed "to permanently suspend the construction of new real estate projects for foreign sale in four central ecological core areas of Wuzhishan, Baoting, 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 of now, the government has not yet to release its implementation plan. The Group's Wuzhishan project is affected by the policy and there is uncertainty with its subsequent development.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of information on the Group's investment properties as at the end of the Reporting Period:

Project	Type of property	Total GFA held for investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the six months ended 30 June	
					2019 (RMB million)	2018
Grand International Mall & Apartments (君豪國際)	Retail Outlet	8,241	1,082	22.3	0.2	0.7
East Lake Mall (東湖井)	Retail Outlet	10,610	9,584	100.0	1.2	0.9
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlet	2,762	2,762	100.0	1.6	1.6
Total		21,613	13,428	—	3.0	3.2

The table below sets forth a summary of the Group's land bank as at the end of the Reporting Period by geographical location:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	% of total land bank	Average land cost
	Saleable/Leasable GFA remaining unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	19,558	763,928	645,328	1,428,814	45.9	849.6
Taiyuan	21,145	748,490	—	769,635	24.7	393.5
Mianyang	96,431	141,543	—	237,974	7.7	643.5
Haikou	—	15,325	187,240	202,565	6.5	1,851.7
Wuzhishan	—	48,013	88,409	136,422	4.4	1,145.2
Xishuangbanna	—	16,915	318,341	335,256	10.8	836.8
Total	137,134	1,734,214	1,239,318	3,110,666	100.0	745.7

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.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the Group's land bank as at the end of the Reporting Period by type of property:

	Completed	Under development	Future development	Total land bank ⁽¹⁾	% of total land bank
	Saleable/ Leasable GFA remaining unsold (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Mid-rise	3,133	181,074	425,086	609,293	19.6
High-rise	52,294	836,430	218,256	1,106,980	35.6
Townhouses	1,908	5,354	107,259	114,521	3.7
Multi-story garden apartments	9,564	26,350	61,940	97,854	3.1
Available-for-sale office/commercial properties	32,544	209,332	203,182	445,048	14.3
SOHO apartments	58	—	31,775	31,833	1.0
Hotels	—	63,338	43,487	106,825	3.4
Parking spaces	37,633	393,030	140,695	571,358	18.4
Ancillary ⁽²⁾	—	19,316	7,638	26,954	0.9
Total	137,134	1,734,214	1,239,318	3,110,666	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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was approximately RMB614.2 million, representing an increase of approximately 43.9% as compared with approximately RMB426.7 million for the corresponding period of last year. The increase was mainly due to the substantially large number of deliveries of Taiyuan Yosemite Valley Town (at northern district of Phase I) and Chang Xing Star Gardens Phase I during the Reporting Period.

The Group's revenue from property development during the Reporting Period was approximately RMB589.6 million, representing an increase of approximately 39.2% as compared with approximately RMB423.5 million for the corresponding period of last year. The increase was primarily due to the substantially large number of deliveries of Taiyuan Yosemite Valley Town (at northern district of Phase I) and Chang Xing Star Gardens Phase I during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost increased by approximately 52.8% from approximately RMB277.2 million for the six months ended 30 June 2018 to approximately RMB423.5 million for the Reporting Period, which was mainly due to a corresponding increase in cost of sales and services during the Reporting Period with the increase in revenue for the Reporting Period.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB190.8 million, representing an increase of approximately 27.6% from approximately RMB149.5 million for the corresponding period of last year. The Group's gross profit margin during the Reporting Period was approximately 31.1% as compared with approximately 35.0% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB185.9 million, representing an increase of approximately 27.1% as compared with approximately RMB146.3 million for the corresponding period of last year. The increase in the gross profit on property development of the Group during the Reporting Period was mainly due to an increase in the gross profit generated from the property development from Taiyuan Yosemite Valley Town (at northern district of Phase I) and Chang Xing Star Gardens Phase I.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 32.0%, representing a decrease of 3 percentage points as compared with approximately 35.0% for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

The Group's other income and gains amounted to approximately RMB21.0 million during the Reporting Period, representing an increase of 87.5% as compared with approximately RMB11.2 million for the corresponding period of last year. The increase was primarily due to the increase in interest income from bank deposits and borrowings from related parties during the Reporting Period.

Net Profit Attributable to Owners of the Company

During the Reporting Period, net profit attributable to owners of the Company was approximately RMB78.8 million, representing an increase of approximately 33.8% from approximately RMB58.9 million for the corresponding period of last year. The increase of the net profit attributable to owners of the Company was primarily due to the increase in revenue from property development and gross profit from property development during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 90.9% from approximately RMB14.3 million for the six months ended 30 June 2018 to approximately RMB27.3 million during the Reporting Period, primarily due to the increase in revenue from property development during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 42.7% from approximately RMB29.3 million for the six months ended 30 June 2018 to approximately RMB41.8 million during the Reporting Period. This was primarily due to the growth of business during the Reporting Period.

Finance Costs

The Group's finance costs increased by approximately 116.4% from approximately RMB5.5 million for the six months ended 30 June 2018 to approximately RMB11.9 million during the Reporting Period, primarily due to more borrowings during the Reporting Period.

Income Tax Expense

The Group's income tax expense increased by approximately 12.1% from approximately RMB40.4 million for the six months ended 30 June 2018 to approximately RMB45.3 million during the Reporting Period, primarily due to the increase in corporate income tax as a result of an increase in profit before tax during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period increased by approximately 33.9% from approximately RMB65.2 million for the six months ended 30 June 2018 to approximately RMB87.3 million during the Reporting Period.

Cash Position

As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to approximately RMB1,332.0 million, representing a decrease of approximately 8.0% as compared with approximately RMB1,447.2 million as at 31 December 2018.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB109.3 million as at the end of the Reporting Period as compared with a positive operating cash flow of approximately RMB239.6 million for the corresponding period of last year.

Borrowings

The Group had outstanding bank borrowings of approximately RMB1,084.0 million as at the end of the Reporting Period, representing an increase of 26.3% as compared with approximately RMB858.6 million as at 31 December 2018.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development, investment properties, as well as property, plant or equipment 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 RMB344.3 million, representing a decrease of approximately 36.0% as compared with approximately RMB538.1 million as at 31 December 2018.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB2,051.5 million, representing an increase of approximately 125.8% as compared with approximately RMB908.7 million as at 31 December 2018.

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 RMB1,084.0 million and total equity of approximately RMB1,412.1 million, the gearing ratio of the Group was approximately 76.8% (31 December 2018: approximately 72%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The increase in gearing ratio was mainly due to the increase of interest-bearing bank and other borrowings during the Reporting Period.

Foreign Currency Risk

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

Material Acquisitions and Disposals and Significant Investments

On 12 December 2018, Chenxing Real Estate Development Co, Ltd. (辰興房地產有限公司) (“**Chenxing Real Estate**”), a domestic subsidiary of the Group, entered into an equity transfer agreement with Xishuangbanna Haoyuan Tourism Development Co., Ltd.* (西雙版納昊緣旅遊發展有限公司) (“**Haoyuan Company**”), pursuant to which Chenxing Real Estate acquired 49% of equity interests in Xishuangbanna Jingyuan Investment Development Co., Ltd.* (西雙版納景緣投資開發有限公司) (“**Jingyuan Company**”) and assumed the loans provided by Haoyuan Company to Jingyuan Company plus interest, at an aggregate consideration of approximately RMB224.90 million (equivalent to approximately HK\$256.16 million). On 4 January 2019, Chenxing Real Estate entered into an equity transfer agreement with Beijing Sunshine Real Estate Comprehensive Development Co., Ltd.* (北京陽光房地產綜合開發有限公司) (“**Sunshine**”).

MANAGEMENT DISCUSSION AND ANALYSIS

Comprehensive”), pursuant to which Chenxing Real Estate acquired 51% equity interest of Jingyuan Company and assumed the loans provided by Sunshine Comprehensive to Jingyuan Company plus interest, at an aggregate consideration of approximately RMB393.56 million (equivalent to approximately HK\$448.26 million). For details of the acquisitions, please refer to the Company’s announcements dated 12 December 2018 and 4 January 2019. Since the 49% Acquisition and 51% Acquisition (together, the **“100% Acquisitions”**) when treated as standalone transactions or when aggregated together are classified as major transactions under the Rules Governing the Listing of Securities (the **“Listing Rules”**) of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), it is necessary to seek the shareholders of the Company (**“Shareholders”**) for the approval of the 100% Acquisitions at an extraordinary general meeting. As the Company needs more time to confirm and compile certain information for the circular of the 100% Acquisition, the Company will send a circular to the Shareholders in due course, so as to seek the Shareholders for the approval of the 100% Acquisitions at the extraordinary general meeting.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Other Significant Events during the Reporting Period

On 28 February 2019, the Company completed the equity capital raising activity in which one rights share was issued on the basis of every five existing shares held as at the record date at the subscription price of HK\$1.50 per rights share. Valid applications and acceptances in respect of a total of 130,896,878 rights shares had been received, representing approximately 130.9% of the 99,999,989 total number of rights shares available for subscription under the rights issue. A total of 99,999,989 rights shares were allotted and issued pursuant to the rights issue. The proceeds from the rights issue will be used for the payment of unpaid registered capital of Jinzhong Chenxinghui Science & Trade Co., Ltd. (晉中辰興匯科貿有限公司) (“**Jinzhong Chen Xing Hui**”) and general working capital of the Group. For details of the rights issue, please refer to the Company’s announcements dated 11 January and 6 March 2019 and the prospectus of the Company dated 13 February 2019.

On 29 May 2019, Chenxing Real Estate and Guangdong Jinglong Construction Group Co., Ltd (廣東景龍建設集團有限公司) (“**Guangdong Jinglong**”) entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) pursuant to which the parties shall cooperate to form a strategic alliance in the development and management of various commercial properties, residential properties, cultural tourism projects and health and wellness projects for a fixed term of five years. Guangdong Jinglong, a well-established decoration project design and decoration supplier, and its subsidiaries form a group of companies, which principally engages in property development projects and offers various property development related services including construction materials logistics, project management, architectural design, cost consulting, advertisement and property management. Pursuant to the Strategic Cooperation Agreement, a joint venture company will be established for providing project design and decoration services. Taking advantage of Guangdong Jinglong’s property development project resources, influential brand strength and technical capabilities, the Group will provide projects that require project design and decoration. This will enable both parties to leverage on their respective strength, resources and expertise to build a stable and mutually-beneficial strategic partnership. For details of the Strategic Cooperation Agreement, please refer to the Company’s announcement dated 29 May 2019.

Significant Events after the Reporting Period

Save as disclosed above, from 30 June 2019 till the date of this report, the Group has no other significant events after the Reporting Period that is required to be disclosed.

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 as it sees fit. It is expected that internal resources and bank borrowings of the Company dated 22 June 2019 will be sufficient to meet the necessary funding requirements. Save as disclosed in the prospectus and above, the Group did not have any future plans for material investments as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had approximately 191 employees. During the Reporting Period, the Group incurred employee costs of approximately RMB17.0 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, occupational injury and unemployment benefit plans.

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

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

Employee Training

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

USE OF PROCEEDS FROM THE RIGHTS ISSUE

The Company allotted and issued 99,999,989 ordinary shares of the Company on 7 March 2019 by way of rights issue (the “**Rights Issue**”), details of which were disclosed in the prospectus of the Company dated 13 February 2019. The net proceeds from the Rights Issue (after deducting professional fees and other related expenses) were approximately HK\$147.40 million (equivalent to approximately RMB126.74 million based on the exchange rate of RMB1 to HK\$1.163). The net proceeds from the Rights Issue were used as follow:

Planned use	Percentage (%)	Proceeds (HK\$ million)	Amounts utilised as at 30 June 2019 (HK\$ million)	Amounts unutilised as at 30 June 2019 (HK\$ million)
For the payment of the outstanding registered capital of Jinzhong Chen Xing Hui in the amount of RMB104.00 million (equivalent to approximately HK\$120.95 million based on the exchange rate of RMB1 to HK\$1.163) for future investment opportunities in relation to the trading of construction materials and decorative materials business of Jinzhong Chen Xing Hui, if suitable opportunities arise	82.06	120.95	—	120.95
For the general working capital of the Company	17.94	26.45	—	26.45

The Company will continue to utilise the net proceeds from the Rights Issue according to the purposes disclosed in the aforesaid prospectus and expects such to be utilized on or before 31 December 2020.

CORPORATE GOVERNANCE AND OTHER MATTERS

CORPORATE GOVERNANCE PRACTICE

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the CG Code throughout the Reporting Period.

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

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's businesses, 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 areas of financial accounting, corporate governance, etc. and contribute 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, who has been serving as a Director and the Chairman of the Board since its establishment, can facilitate 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 are 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 Directors, each of them has confirmed that he has complied with the Model Code during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER MATTERS

DISCLOSURE OF INTERESTS

Interests and/or Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2019, the following Directors and chief executives of the Company had interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Shares of the Company

Name of Director/ chief executive	Capacity/ Nature of interest	Number of shares held	Percentage of equity interest ^(Note 1)
Mr. Bai Xuankui (“ Mr. Bai ”) ^(Note 2)	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui ^(Note 3)	Interest of a controlled corporation	64,944,000	10.82%
Mr. Bai Guohua ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Mr. Dong Shiguang (“ Mr. Dong ”) ^(Note 5)	Interest of a controlled corporation	10,827,740	1.80%

Notes:

1. As at 30 June 2019, the total number of issued shares of the Company was 599,999,989 shares.
2. The shares were held by White Dynasty Global Holdings Limited (“**White Dynasty BVI**”) in the capacity of a legal beneficial owner, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited (“**White Empire BVI**”) in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian (“**Mrs. Bai**”, the spouse of Mr. Bai), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

- The shares were held by White Legend Global Holdings Limited ("**White Legend BVI**") in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the family trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the family trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by Honesty Priority Global Holdings Limited ("**Honesty Priority BVI**") in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

Long Positions in the Shares of Associated Corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholdings
Mr. Bai	White Dynasty BVI ^(Note 1)	Settlor of a discretionary trust	10,000	100%
Mr. Bai	White Empire BVI ^(Note 1)	Settlor of a discretionary trust		100%
Mr. Bai Guohua	White Dynasty BVI ^(Note 1)	Beneficiary of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI ^(Note 1)	Beneficiary of a discretionary trust		100%

Note:

- White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the family trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the family trust.

As at 30 June 2019, save as disclosed above, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER MATTERS

Interests and/or Short Positions in the Shares and Underlying Shares of the Company Held by Substantial Shareholders

As at 30 June 2019, to the best knowledge of the Company and the Directors, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held	Percentage of shareholdings ^(Note 1)
White Dynasty BVI ^(Note 2)	Beneficial owner	346,944,000	57.82%
White Empire BVI ^(Note 2)	Interest of a controlled corporation	346,944,000	57.82%
White Legend BVI ^(Note 3)	Beneficial owner	64,944,000	10.82%
Mrs. Bai ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Ms. Zhang Lindi ^(Note 5)	Interest of spouse	346,944,000	57.82%
Ms. Gan Xuelin ^(Note 6)	Interest of spouse	64,944,000	10.82%
Hwabao Trust Co. Ltd.	Trustee	62,160,000	10.36%

Notes:

- As at 30 June 2019, the Company had a total number of 599,999,989 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the family trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the family trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the family trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

As at 30 June 2019, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER MATTERS

SHARE OPTION SCHEME

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information 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 the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed, with the management and the Board of the Company, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including review of the unaudited interim results for the six months ended 30 June 2019. The Audit Committee considered that the interim results are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

CHANGE OF THE INFORMATION OF THE DIRECTORS

Since the publication of annual report 2018 of the Company, there is no changes in the information of each of the Directors needed to be disclosed under Rule 13.51B(1) of the Listing Rules.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
REVENUE	5	614,235	426,692
Cost of sales		(423,484)	(277,200)
Gross profit		190,751	149,492
Other income and gains	5	20,959	11,161
Selling and distribution expenses		(27,316)	(14,347)
Administrative expenses		(41,773)	(29,305)
Other expenses		(3,696)	(6,207)
Finance costs		(11,894)	(5,510)
Share of profits and losses of:			
A joint venture		498	—
PROFIT BEFORE TAX	6	127,529	105,284
Income tax expense	7	(45,253)	(40,405)
PROFIT FOR THE PERIOD		82,276	64,879
Attributable to:			
Owners of the parent		78,760	58,889
Non-controlling interests		3,516	5,990
		82,276	64,879
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— for profit for the period	9	RMB0.13	RMB0.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	82,276	64,879
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,998	331
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	4,998	331
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,998	331
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	87,274	65,210
Attributable to:		
Owners of the parent	83,758	59,220
Non-controlling interests	3,516	5,990
	87,274	65,210

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	75,240	76,683
Investment properties		145,000	145,000
Properties under development	11	489,333	474,331
Intangible assets		97	9
Investment in a joint venture		988	195
Investments in an associate		22,195	22,490
Deferred tax assets		216,439	207,183
Prepaid land lease payments		1,307	1,329
Total non-current assets		950,599	927,220
CURRENT ASSETS			
Properties under development	11	5,945,759	4,836,741
Completed properties held for sale	12	438,445	841,439
Inventories		4,681	13,250
Prepayments, other receivables and other assets		1,100,515	607,538
Tax recoverable		128,189	70,418
Trade receivables	14	2,805	—
Financial assets at fair value through profit or loss	13	1,500	111,774
Due from a related party	20	108,956	—
Pledged deposits	15	84,021	40,171
Restricted bank balances	15	—	103,000
Cash and cash equivalents	15	1,332,005	1,447,161
Total current assets		9,146,876	8,071,492
CURRENT LIABILITIES			
Trade payables	16	731,074	703,162
Other payables and accruals		1,797,318	1,749,912
Contract liabilities		4,929,981	4,342,213
Interest-bearing bank and other borrowings	17	217,080	224,620
Due to related parties	20	98,540	98,300
Due to a director	20	91	91
Tax payable		38,180	42,469
Total current liabilities		7,812,264	7,160,767
NET CURRENT ASSETS		1,334,612	910,725
TOTAL ASSETS LESS CURRENT LIABILITIES		2,285,211	1,837,945

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	866,949	633,949
Deferred tax liabilities		6,169	6,169
Total non-current liabilities		873,118	640,118
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital		5,003	4,003
Reserves		1,284,716	1,074,966
		1,289,719	1,078,969
Non-controlling interests		122,374	118,858
TOTAL EQUITY		1,412,093	1,197,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent									Total equity RMB'000		
	Share capital RMB'000	Share premium account RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Asset revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000			
	At 31 December 2018 (audited)	4,003	219,418	102,552	118,502	23,331	11,972	599,191	1,078,969		118,858	1,197,827
	Profit for the period	—	—	—	—	—	—	78,760	78,760		3,516	82,276
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	4,998	—	4,998	—	4,998		
Total comprehensive income for the period	—	—	—	—	—	4,998	78,760	83,758	3,516	87,274		
Capital contribution by a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—		
Issue of shares	1,000	125,992	—	—	—	—	—	126,992	—	126,992		
Appropriation to statutory surplus reserve	—	—	—	6,251	—	—	(6,251)	—	—	—		
At 30 June 2019 (unaudited)	5,003	345,410*	102,552*	124,753*	23,331*	16,970*	671,700*	1,289,719	122,374	1,412,093		

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Capital reserves	Statutory surplus reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2018 (audited)	4,003	219,418	101,849	109,882	23,331	10,624	564,762	1,033,869	87,584	1,121,453	
Profit for the period	—	—	—	—	—	—	58,889	58,889	5,990	64,879	
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	331	—	331	—	331	
Total comprehensive income for the period	—	—	—	—	—	331	58,889	59,220	5,990	65,210	
Capital contribution by a non-controlling shareholder	—	—	—	—	—	—	—	—	25,680	25,680	
Final 2017 dividend declared	—	—	—	—	—	—	(81,840)	(81,840)	—	(81,840)	
At 30 June 2018 (unaudited)	4,003	219,418	101,849	109,882	23,331	10,955	541,811	1,011,249	119,254	1,130,503	

* These reserve accounts comprise the consolidated reserves of RMB1,284,716 in the interim condensed consolidated statement of financial position as at 30 June 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	30 June 2019 RMB'000 (unaudited)	30 June 2018 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		127,529	105,284
Adjustments for:			
Depreciation	6	4,894	3,987
Amortisation of intangible assets	6	25	146
Amortisation of prepaid land lease payments	6	22	22
Other interest income from financial assets at fair value through profit or loss	5	(1,534)	(4,428)
Share of profits of a joint venture		(498)	—
Finance costs		11,894	5,510
Interest income	5	(12,191)	(1,133)
		130,141	109,388
Increase in properties under development		(405,115)	(545,317)
Decrease in completed properties held for sale		402,994	252,029
Decrease in inventories		8,574	1,955
Increase in trade receivables		(2,805)	—
Increase in prepayments, other receivables and other assets		(543,004)	(26,395)
Increase in amount due from a related party		(200)	—
Increase/(decrease) in pledged deposit		(43,850)	874
Decrease/(increase) in restricted bank balance		103,000	(70)
Increase/(decrease) in trade payables		4,755	(47,776)
Decrease in advances from customers		—	(2,885,027)
(Decrease)/increase in other payables and accruals		(13,865)	57,990
Increase in contract liabilities		583,582	3,450,820
Increase in amounts due to related parties		240	237
		224,447	368,708
Cash generated from operations		224,447	368,708
Tax paid		(115,196)	(129,096)
		109,251	239,612
Net cash flows from operating activities		109,251	239,612

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	30 June 2019 RMB'000 (unaudited)	30 June 2018 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment and construction in progress	(3,379)	(10,157)
Purchase of intangible assets	(61)	—
Purchases of a shareholding in an associate	—	(490)
Purchases of financial assets at fair value through profit or loss	(119,000)	(948,000)
Increase in amount due from a related party	(102,600)	—
Sales of financial assets at fair value through profit or loss	228,400	964,300
Repayments for acquisition of a subsidiary	20,028	—
Acquisition of a subsidiary	(587,172)	—
Income from financial assets at fair value through profit or loss	2,408	4,428
Interest received	6,035	1,133
Net cash flows (used in)/from investing activities	(555,341)	11,214
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	126,992	—
Capital contribution from a non-controlling shareholder	—	25,680
Dividends paid	—	(81,840)
New bank and other loans	464,000	561,527
Repayment of bank loans	(238,539)	(96,000)
Tax paid on financing activities	—	(9,940)
Interest paid	(26,517)	(19,064)
Net cash flows from financing activities	325,936	380,363
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(120,154)	631,189
Cash and cash equivalents at beginning of period	1,447,161	282,513
Effect of foreign exchange rate changes, net	4,998	331
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,332,005	914,033
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,416,026	1,039,373
Less: Pledged deposits	84,021	21,431
Restricted bank balances	—	103,909
	1,332,005	914,033

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focusing on development projects of residential and commercial properties.

2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting".

The unaudited interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 3 below.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC) — Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC) — Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 supersedes HKAS 17 *Leases*, HK(IFRIC) — Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC) — Int 15 *Operating Leases — Incentives* and HK(SIC) — Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) (continued)

New definition of a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) (continued)

Summary of new accounting policies *(continued)*

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control of the Group and affects its ability to exercise the option to renew.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (c) HK(IFRIC) — Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation 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 six months ended 30 June 2019 and 2018.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

5. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2019	2018
Notes	RMB'000 (unaudited)	RMB'000 (unaudited)
<i>Revenue from contracts with customers</i>		
Sale of properties	608,286	430,065
Construction contracts	1,391	—
Sale of goods	20,232	—
<i>Revenue from other sources</i>		
Property leasing income	2,999	3,238
	632,908	433,303
Less: Business tax and government surcharges	(18,673)	(6,611)
	614,235	426,692

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Disaggregated revenue information for revenue from contracts with customers

Timing of revenue recognition		
Goal transferred at a point in time	628,518	430,065
Services transferred over time	1,391	—
	629,909	430,065

Other income and gains

Bank interest income	6,035	1,133
Interest income from a related party	6,156	—
Income from financial assets at fair value through profit or loss	1,534	4,428
Gross rental income	6,824	5,457
Others	410	143
	20,959	11,161

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Cost of properties sold	403,744	277,197
Depreciation	4,894	3,987
Amortisation of intangible assets	25	146
Minimum lease payments under operating leases	63	324
Amortisation of prepaid land lease payments	22	22
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	8,763	5,093
Pension scheme contributions	268	535
Staff welfare expense	1,535	844
Bank interest income	(6,035)	(1,133)
Interest income from related parties	(6,156)	—
Income from financial assets at fair value through profit or loss	(1,534)	(4,428)

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of the Group's income tax expense are as follows:

	For the six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Current tax:		
Income tax charge	41,105	65,863
Land appreciation tax	14,098	10,827
Deferred tax	(9,950)	(36,285)
Total tax charge for the period	45,253	40,405

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

8. DIVIDENDS

The board of directors did not declare any interim dividend for the six months ended 30 June 2019 (the six months ended 30 June 2018: Nil).

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

The calculation of basic earnings per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	78,760	58,889

	For the six months ended 30 June	
	2019	2018
	'000	'000
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	584,384	500,000

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2019 and 2018.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB2,708,000 (the six months ended 30 June 2018: RMB16,197,000).

During the six months ended 30 June 2019, the Group disposed of assets with a cost of RMB504,000 (the six months ended 30 June 2018: Nil).

At 30 June 2019, certain of the Group's property, plant and equipment with an aggregate carrying value of approximately RMB40,465,000 (31 December 2018: Nil) were pledged to secure general banking facilities granted to the Group (Note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

11. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Carrying amount at beginning of period/year	5,311,072	3,838,538
Additions	1,124,020	1,565,254
Transfer to completed properties held for sale (note 12)	—	(92,720)
Carrying amount at end of period/year	6,435,092	5,311,072
Less: Current portion	5,945,759	4,836,741
Non-current portion	489,333	474,331

Properties under development expected to be recovered:

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Within one year	3,401,083	3,484,951
After one year	2,544,676	1,351,790
	5,945,759	4,836,741

Certain of the Group's properties under development with carrying value of approximately RMB100,900,000 were pledged to secure bank loans granted to the Group as at 30 June 2019 (31 December 2018: RMB109,644,900) (note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12. COMPLETED PROPERTIES HELD FOR SALE

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Carrying amount at beginning of period/year (restated)	841,439	1,448,547
Transfer from properties under development (note 11)	—	92,720
Transfer to cost of properties sold	(402,994)	(697,999)
Impairment during the period/year	—	(1,829)
Carrying amount at end of period/year	438,445	841,439

Certain of the Group's completed properties held for sale, which had aggregate carrying value of approximately RMB57,946,000 as at 30 June 2019 (31 December 2018: Nil) (note 17).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Unlisted investments, at fair value	1,500	111,774

Unlisted investments represented investments in certain financial assets issued by licensed financial institutions in Mainland China, and bear expected yield rate of 4.6% per annum with a maturity period within one year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. TRADE RECEIVABLE

An ageing analysis of the trade receivable as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Within 2 months	2,805	—

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Total cash and bank balances, including pledged deposits	1,416,026	1,590,332
Less: Pledged deposits	(84,021)	(40,171)
Restricted bank balances	—	(103,000)
Cash and cash equivalents	1,332,005	1,447,161

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Restricted bank balance represents the deposit in an escrow account set up at a bank by the Group for the acquisition of a 100% equity interest in Hainan DeGao Investment Co., Ltd., from two third party individuals (the "Vendors"), which could only be used after the approval by the vendors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. TRADE PAYABLES

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

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Less than 1 year	59,959	491,617
1 to 2 years	459,379	41,883
2 to 3 years	63,046	85,226
3 to 4 years	77,497	22,727
4 to 5 years	12,803	46,471
Over 5 years	58,390	15,238
	731,074	703,162

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	RMB'000
31 December 2018 (audited)			
Current			
Current portion of long term bank loans — secured	5.23–6.51	2019	150,620
Other loans — secured	7.00	2019	74,000
			224,620
Non-current			
Bank loans — secured	5.23–6.60	2021	633,949
30 June 2019 (unaudited)			
Current			
Current portion of long term bank loans — secured	5.23–6.51	2020	168,080
Other loans — secured	7.00	2019	49,000
			217,080
Non-current			
Bank loans — secured	5.23–15.00	2020–2022	866,949

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

- (i) mortgages over the Group's investment properties, which had an aggregate carrying value at 30 June 2019 of RMB145,000,000 (31 December 2018: Nil);
- (ii) mortgages over the Group's properties under development, which had aggregate carrying value of approximately RMB100,900,000 as at 30 June 2019 (31 December 2018: RMB109,644,900 (note 11));
- (iii) mortgages over the Group's completed properties held for sale, which had aggregate carrying value of approximately RMB57,946,000 as at 30 June 2019 (31 December 2018: Nil) (note 12);
- (iv) mortgages over the Group's property, plant and equipment, which had aggregate carrying value of approximately RMB40,465,000 as at 30 June 2019 (31 December 2018: Nil) (note 11);

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

17. INTEREST-BEARING BANK BORROWINGS AND OTHER BORROWINGS *(continued)*

- (v) the bank borrowings of approximately RMB200,000,000 were guaranteed by the shareholders of a subsidiary of the Group as at 30 June 2019 (31 December 2018: RMB340,000,000);
- (vi) the bank borrowings of approximately RMB471,029,000 were guaranteed by a minority shareholder of a subsidiary of the Group as at 30 June 2019 (31 December 2018: RMB131,569,000);
- (vii) the bank borrowings of approximately RMB200,000,000 were guaranteed the Company's controlling shareholder as at 30 June 2019 (31 December 2018: RMB143,000,000); and
- (viii) the other borrowings of approximately RMB49,000,000 were guaranteed by a subsidiary of the Group as at 30 June 2019 (31 December 2018: RMB74,000,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. COMMITMENTS

Capital commitment The Group had the following capital commitments at the end of reporting period:

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Contracted, but not provided for:		
Property development activities	1,810,752	2,173,605
Capital contribution payable to a joint venture	2,450	2,450
	1,813,202	2,176,055

Operating lease commitment — lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to eight years. The terms of the leases generally require the tenants to pay security deposits.

At the end of reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Within one year	18,568	9,300
In the second to tenth years, inclusive	50,824	23,268
	69,392	32,568

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

19. CONTINGENT LIABILITIES

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

	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	2,051,472	1,545,762

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay 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 periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The board of 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

20. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Shanxi Wanjia Property Management Co., Ltd. (" Shanxi Wanjia ")	Company controlled by the daughter of Mr. Bai Xuankui
Shanxi Wanzhong Heating Co., Ltd. (" Shanxi Wanzhong ")	Company controlled by the daughter of Mr. Bai Xuankui
Xi'an Agile Consulting Co., Ltd. (" Xi'an Agile ")	Shareholder of a subsidiary
Shanxi Greentown Property Service Co., Ltd. (" Shanxi Greentown Property ")	A joint venture
Xishuangbanna Yunchen Real Estate Co., Ltd (" Yunchen Real Estate ")	An associate

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

20. RELATED PARTY TRANSACTIONS *(continued)*

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Property management service from a related party Shanxi Wanjia	240	237
Loan to a related party Yunchen Real Estate	102,600	—
Interest income from a related party Yunchen Real Estate	6,156	—
Advance to a related party Yunchen Real Estate	200	—
Advance payment by a related party Shanxi Wanjia	—	52
Refund of advance payment by a related party Shanxi Wanjia	—	52

- (b) Other transactions with related parties:

The Company's controlling shareholder has guaranteed certain of the Group's bank loans up to RMB200,000,000 as at 30 June 2019 (31 December 2018: RMB143,000,000) (Note 17).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

20. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties:

The Group had the following balances with its related parties during the reporting period:

	Notes	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Due from a related party Yunchen Real Estate	(i)	108,956	—
Due to a director Mr. Bai Guohua	(ii)	91	91
Due to related parties Shanxi Wanjia	(ii)	2,816	2,576
Shanxi Wanzhong	(ii)	7	7
Xi'an Agile	(ii)	95,717	95,717
		98,540	98,300

Notes:

- (i) The loan to Yunchen Real Estate amounted to RMB108,756,000 was unsecured with interest rate at 12% per annum and repayable on demand. Other than the loan, the remaining outstanding balance of RMB200,000 was unsecured, interest-free and repayable on demand.
- (ii) The balances were repayable on demand, unsecured and interest-free.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

20. RELATED PARTY TRANSACTIONS *(continued)*

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Short term employee benefits	1,268	1,404
Pension scheme contributions	162	114
Total compensation paid to key management personnel	1,430	1,518

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayment, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank borrowings and other borrowings, amounts due from/to a director and related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that the fair values of non-current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rate.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

The fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	1,500	—	1,500

As at 31 December 2018

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	111,774	—	111,774

The Group did not have any financial liabilities measured at fair value as at 30 June 2019 (31 December 2018: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. EVENT AFTER THE REPORTING PERIOD

On 27 June 2019, Chen Xing Real Estate Development Co., Ltd (“**Chen Xing Real Estate**”) (as investor), entered into the cornerstone investment agreement with Jinshang Bank Co., Ltd. (“**Jinshang Bank**”) (as issuer), CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited (as joint sponsors and joint representatives) and Jinzhong Chenxinghui Science and Trade Co., Ltd.* (晉中辰興匯科貿有限公司), a wholly-owned indirect subsidiary of the Company (as guarantor), pursuant to which Chen Xing Real Estate has agreed to pay a consideration of US\$22,000,000 to acquire the shares of Jinshang Bank at the offer price as part of the international offering through the joint representatives (and/or their affiliates) in their capacity as the representatives of the international underwriters of the relevant portion of the international offering. For details of the cornerstone investment, please refer to the Company’s announcement dated 27 June 2019 and the transaction has completed on 4 July 2019.



CHEN XING