CHEN XING

Chen Xing Development Holdings Limited
辰 興 發 展 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2286)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

— For the six months ended 30 June 2020 (the "**Reporting Period**"), the contracted sales amounted to approximately RMB669.0 million and the corresponding contracted gross floor area ("**GFA**") amounted to approximately 88,936 square meters ("**sq.m.**"), representing a decrease of approximately 50.8% and 45.5% as compared with the same period of last year, respectively;

— Revenue for the Reporting Period amounted to approximately RMB289.2 million, of which approximately RMB280.5 million was revenue from property development;

— Gross profit for the Reporting Period amounted to approximately RMB114.2 million, of which approximately RMB111.1 million was gross profit from property development;

— Net profit for the Reporting Period amounted to approximately RMB49.9 million, of which approximately RMB50.9 million was net profit attributable to equity holders of the Company;

— Total GFA of land bank amounted to approximately 2,928,014 sq.m. and the average cost of land bank was approximately RMB751.7 per sq.m. for the Reporting Period;

— Contracted average sales price (the "**Average Sales Price**") for the Reporting Period was approximately RMB7,522.2 per sq.m.;

— Basic earnings per share for the Reporting Period was approximately RMB0.08; and

— The Board resolved not to declare any interim dividend for the six months ended 30 June 2020.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Chen Xing Development Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 together with the comparative figures for the same period in 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	**2020** ***RMB'000*** **(unaudited)**	2019 *RMB'000* (unaudited)
REVENUE	*5*	**289,181**	614,235
Cost of sales		**(174,994)**	(423,484)
Gross profit		**114,187**	190,751
Other income and gains	*5*	**17,587**	20,959
Selling and distribution expenses		**(20,792)**	(27,316)
Administrative expenses		**(33,245)**	(41,773)
Other expenses		**(726)**	(3,696)
Finance costs		**(2,152)**	(11,894)
Share of profits and losses of:			
Joint ventures		**535**	498
An associate		**(105)**	—
PROFIT BEFORE TAX	*6*	**75,289**	127,529
Income tax expense	*7*	**(25,368)**	(45,253)
PROFIT FOR THE PERIOD		**49,921**	82,276
Attributable to:			
Owners of the parent		**50,914**	78,760
Non-controlling interests		**(993)**	3,516
		49,921	82,276
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted — for profit for the period	*8*	**RMB0.08**	RMB0.13

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**49,921**	82,276
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,091**	6,415
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**1,091**	6,415
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(1,227)**	—
Income tax effect	**307**	—
	(920)	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(920)**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**171**	6,415
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**50,092**	88,691
Attributable to:		
Owners of the parent	**51,085**	85,175
Non-controlling interests	**(993)**	3,516
	50,092	88,691

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**72,981**	74,234
Investment properties		**141,000**	141,000
Right-of-use assets		**2,420**	2,929
Properties under development		**557,077**	601,408
Intangible assets		**153**	163
Investment in joint ventures		**1,928**	1,393
Investments in an associate		**48,875**	48,980
Equity investments designated at fair value through other comprehensive income		**61,671**	62,898
Deferred tax assets		**231,801**	225,551
Total non-current assets		**1,117,906**	1,158,556
CURRENT ASSETS			
Properties under development		**9,124,217**	8,395,674
Completed properties held for sale		**462,609**	411,983
Inventories		**25,107**	16,561
Trade receivables	10	**2,617**	5,679
Prepayments, other receivables and other assets		**1,192,517**	1,142,309
Tax recoverable		**134,185**	133,214
Financial assets at fair value through profit or loss		**—**	1,500
Pledged deposits		**56,060**	68,257
Cash and cash equivalents		**994,045**	1,107,248
Total current assets		**11,991,357**	11,282,425
CURRENT LIABILITIES			
Trade and bills payables	11	**1,309,563**	1,036,422
Other payables and accruals		**1,837,947**	1,831,239
Contract liabilities		**5,675,407**	5,335,734
Interest-bearing bank and other borrowings		**685,099**	429,556
Tax payable		**36,827**	34,121
Total current liabilities		**9,544,843**	8,667,072

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2020

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
NET CURRENT ASSETS	**2,446,514**	2,615,353
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,564,420**	3,773,909
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,126,830**	2,386,478
Deferred tax liabilities	**12,913**	12,846
Total non-current liabilities	**2,139,743**	2,399,324
NET ASSETS	**1,424,677**	1,374,585
EQUITY		
Equity attributable to owners of the parent		
Share capital	**4,855**	4,855
Reserves	**1,292,392**	1,241,307
	1,297,247	1,246,162
Non-controlling interests	**127,430**	128,423
TOTAL EQUITY	**1,424,677**	1,374,585

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 focus 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 2020 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies 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 2019, 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 following revised HKFRSs for the first time for the current period's financial information.

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

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group, as the Group does not have rent concessions arising as a direct consequence of the covid-19 pandemic.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any 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 2020 and 2019.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers	**287,208**	611,258
Revenue from other sources		
Property leasing income	**1,973**	2,977
	289,181	614,235

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Type of goods or services		
Sale of properties	**280,478**	590,017
Sale of construction materials	**6,730**	19,867
Construction services	**—**	1,374
Total revenue from contracts with customers	**287,208**	611,258
Timing of revenue recognition		
Goods transferred at a point in time	**287,208**	609,884
Services transferred over time	**—**	1,374
Total revenue from contracts with customers	**287,208**	611,258
Other income		
Bank interest income	**2,373**	6,035
Interest income from loans to an associate	**6,565**	6,156
Income from financial assets at fair value through profit or loss	**1,074**	1,534
Gross rental income	**5,465**	6,824
Others	**250**	410
	15,727	20,959
Gains		
Foreign exchange gains, net	**1,860**	—
	17,587	20,959

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of properties sold	**169,373**	403,744
Cost of construction materials sold	**5,621**	17,192
Cost of services provided	**—**	2,548
Depreciation of property, plant and equipment	**5,193**	4,894
Depreciation of right-of-use assets	**509**	22
Amortisation of intangible assets	**41**	25
Lease payments not included in the measurement of lease liabilities	**—**	63
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**9,305**	8,763
Pension scheme contributions	**314**	268
Staff welfare expense	**1,689**	1,535
	11,308	10,566
Bank interest income	**(2,373)**	(6,035)
Interest income from loans to an associate	**(6,565)**	(6,156)
Income from financial assets at fair value through profit or loss	**(1,074)**	(1,534)

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	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
Income tax charge	**31,244**	41,105
Land appreciation tax	**—**	14,098
Deferred tax	**(5,876)**	(9,950)
Total tax charge for the period	**25,368**	45,253

8. 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	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**50,914**	78,760

	For the six months ended 30 June	
	2020	2019
	'000	*'000*
	(unaudited)	(unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**600,000**	584,384

The Group did not have any dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB3,940,000 (the six months ended 30 June 2019: RMB2,708,000).

During the six months ended 30 June 2020, the Group disposed of assets with a cost of RMB877,000 (the six months ended 30 June 2019: RMB504,000).

At 30 June 2020, certain of the Group's buildings with a net carrying amount of approximately RMB34,812,700 (31 December 2019: RMB36,418,400) were pledged to secure bank loans granted to the Group.

10. TRADE RECEIVABLES

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

	As at 30 June 2020 *RMB'000* **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Within 1 month	**276**	5,170
1 to 12 months	**1,981**	509
Over 12 months	**360**	—
	2,617	5,679

11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables at the end of the reporting period, based on the payment due dates, is as follows:

	As at 30 June 2020 *RMB'000* **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Less than 1 year	**583,993**	421,071
1 to 2 years	**552,304**	433,577
2 to 3 years	**17,096**	25,151
3 to 4 years	**28,563**	83,689
4 to 5 years	**70,727**	19,489
Over 5 years	**56,880**	53,445
	1,309,563	1,036,422

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

12. DIVIDENDS

The Board did not declare any interim dividend for the six months ended 30 June 2020 (the six months ended 30 June 2019: Nil).

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 2020.

REVIEW OF FIRST HALF YEAR OF 2020

In the first half of 2020, the outbreak of COVID-19 pandemic ("pandemic") had a severe impact on China's economy and real estate market. In response to the impact of the pandemic, and with the firm position that homes are built "for living in but not for speculation", the PRC government has strengthened its efforts in the regulation of macro policies and flexibly adjusted different measures for different cities as needed. The government introduced numerous policies to support real estate enterprises to ensure the stability of the real estate market. As perceived by the national real estate market, the total sales and GFA of real estate enterprises decreased significantly in the first half of the year in general. The impacts of the pandemic on different cities were diverse. Firstly, first-tier and second-tier cities across the country were more inclined to add to their land banks through purchases of land in key cities during the first half of the year, while small and medium-sized cities, which are more hard-hit by the pandemic, mainly sought for maintaining their status quo and looked for market development. Secondly, the first- and second-tier cities performed very differently in the first quarter as opposed to the second quarter. Sales were sluggish in the first quarter, but the market rebounded in the second quarter as the economy recovered with gradual return of market demand. No obvious difference was found in the performances of small and medium-sized cities in the second quarter as compared with the first quarter.

As the property projects of the Company are mostly located in second-tier and third-tier cities, the overall sales performance has declined due to the pandemic, resulting in relatively significant decreases in both sales volume and GFA. However, under the strategic guidance of the Board, while strengthening its main business, the Company also actively pursued various directions of development and adopted numerous measures to mitigate the adverse impact of the pandemic, in order to maintain the normal operation and stable sales performance of the Company in the first half of the year.

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB669.0 million, representing a decrease of approximately 50.8% as compared with the same period of last year. Contracted GFA sold amounted to approximately 88,936 sq.m., representing a decrease of approximately 45.5% as compared with that in the same period of last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared with the same period of last year, including revenue from property development of approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the same period of last year. The profit for the period attributable to equity holders of the Company was approximately RMB50.9 million, representing a decrease of approximately 35.4% as compared with the same period of last year.

During the Reporting Period, the Group had a land bank of approximately 2,928,014 sq.m..

PROSPECTS FOR SECOND HALF YEAR OF 2020

In the second half of 2020, with the effective prevention and control of the pandemic, the real estate market will continue to recover as the domestic economy gradually recovers and enterprises resume operation. The Company expects that maintaining stability will continue to be the mainstay, the principle of "housing is for accommodation, not for speculation" will remain as the main theme of regulation in the second half of 2020, and "city-specific measures" will be regulated reasonably. Local real estate enterprises will accelerate project development and increase investment in development to ensure return of funds and maintain the schedule of project development.

According to our forecast of China's property market and the Company's development, the Company will take a path which is in line with the government's policies. The Company will review the situation and adjust its direction of strategic development in a timely manner, by adjusting its operating strategy accordingly and expanding its business ideas, in order to accelerate the Group's development. Meanwhile, the Company will continue to improve its internal control system and streamline its workflow, as well as to strengthen the internal control and internal audit in areas such as cost management, fund management and design management. The Company will also introduce a number of professional management systems to enhance its management efficiency and operational accuracy during the process of project development.

As for the reserve of talents, the Company will actively seek out various types of industry elites to increase its pool of talents. The Company will continue to launch talent development plans, which involve targeted training for improvement of employees' professional accomplishments and overall qualities. The Company will also provide more project field work opportunities and options, as well as effective assessments and incentive measures to reduce the turnover of outstanding employees and improve the employees' work ability and enthusiasm.

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 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the amount of the Group's contracted sales was approximately RMB669.0 million, representing a decrease of approximately 50.8% as compared with the same period of last year. During the Reporting Period, the Group's revenue was approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared to the same period of last year. Revenue derived from property development was approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the same period of last year. During the Reporting Period, the Group had gross profit of approximately RMB114.2 million, net profit of approximately RMB49.9 million, of which net profit attributable to equity holders of the Company was approximately RMB50.9 million.

Contracted Sales

For the six months ended 30 June 2020 and 2019, the Group's contracted sales were approximately RMB669.0 million and approximately RMB1,360.0 million, respectively, representing a decrease of approximately 50.8% as compared with the same period of last year. Contracted total GFA for the six months ended 30 June 2020 and 2019 were approximately 88,936 sq.m. and 163,090 sq.m., respectively, representing a decrease of approximately 45.5%. The Group's contracted sales by geographic location from Jinzhong, Taiyuan and Mianyang were approximately RMB287.1 million, RMB360.3 million and RMB21.6 million, respectively, accounting for approximately 42.9%, 53.9% and 3.2%, of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the six months ended 30 June 2020 by geographic location:

	Contracted Sales for 2020 *(RMB million)*	Contracted Sales for 2019 *(RMB million)*	Contracted GFA for 2020 *(sq.m.)*	Contracted GFA for 2019 *(sq.m.)*	Contracted Average Sales Price for 2020 *(RMB/sq.m.)*	Contracted Average Sales Price for 2019 *(RMB/sq.m.)*
Jinzhong						
Yijun Community (頤郡小區)	19.7	455.1	2,095	54,131	9,404.5	8,406.5
Chenxing Yijun (辰興頤郡)	248.1	—	31,556	—	7,863.4	—
Xiyuan (熙苑)	14.6	397.2	1,820	46,124	8,011.1	8,612.6
Shiguang Zhicheng (時光之城)	1.9	—	225	—	8,393.9	—
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	2.7	0.8	699	270	3,926.0	3,092.6
Taiyuan						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	15.9	40.4	2,038	3,162	7,803.8	12,762.7
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	37.6	95.7	3,688	8,912	10,188.0	10,740.3
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	306.9	268.7	42,127	30,753	7,284.0	8,735.9
Mianyang						
Chang Xing Star Gardens (長興星城)	21.6	102.1	4,688	19,738	4,609.5	5,172.7
Total	**669.0**	**1,360.0**	**88,936**	**163,090**	**7,522.2**	**8,338.7**

Note:

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

Property Projects

The Group's property projects are divided into the following three categories depending on their development stages: completed properties, properties under development and properties held for future development. As some of the 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 30 June 2020, the Group had completed projects with a total GFA of approximately 2,686,400 sq.m. and a land bank with a total GFA of approximately 2,928,014 sq.m. comprising (i) a total GFA of approximately 159,911 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,764,516 sq.m. which is under development; and (iii) a total planned GFA of approximately 1,003,587 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 30 June 2020, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

Property Portfolio Summary

Intended use[1]	**Completed Total GFA** *(sq.m.)*	**Under development Total GFA** *(sq.m.)*	**Held for future development Total GFA** *(sq.m.)*
Mid-rise	786,166	181,074	425,086
High-rise	914,122	790,871	218,256
Townhouses	27,612	5,354	107,259
Multi-story garden apartments	576,743	44,686	43,604
Retail outlets	173,956	307,888	78,342
SOHO apartments	6,931	15,984	15,791
Hotels	—	111,359	—
Parking spaces	195,983	286,571	109,025
Ancillary[2]	4,887	20,729	6,224
Total GFA	**2,686,400**	**1,764,516**	**1,003,587**
Attributable GFA[3]	**2,600,758**	**1,419,519**	**927,958**

Notes:

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

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

(3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Completed Projects

The following table sets forth a summary of information on the Group's completed projects and corresponding project phases, if any, as at 30 June 2020:

Project	Location	Project type	Actual completion date	Site area *(sq.m.)*	Completed GFA *(sq.m.)*	Saleable/ Leaseable GFA remaining unsold *(sq.m.)*	GFA held for investment *(sq.m.)*	GFA sold *(sq.m.)*	Other GFA[1] *(sq.m.)*
Jinzhong									
1. East Lake Mall (東湖井)	Jinzhong City, Shanxi Province	Retail outlets	July 2000	1,330	17,886	—	10,610	7,276	—
2. Grand International Mall & Apartments (君豪國際)	Jinzhong City, Shanxi Province	Residential/ Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—
3. Blossom Gardens (錦綉新城)	Jinzhong City, Shanxi Province	Residential	April 2007	5,261	39,080	—	—	39,080	—
4. Xin Xing International Cultural Town (新興國際文教城)									
Phase I	Jinzhong City, Shanxi Province	Residential	December 2005	5,600	24,602	—	—	24,602	—
Phase II	Jinzhong City, Shanxi Province	Residential/ Commercial	April 2012	17,968	93,060	—	—	92,909	151
Phase III	Jinzhong City, Shanxi Province	Residential/ Commercial	December 2009	255,918	545,046	2,587	—	542,459	—
Phase IV	Jinzhong City, Shanxi Province	Residential/ Commercial	July 2016	30,987	71,103	2,941	—	68,162	—
Phase V	Jinzhong City, Shanxi Province	Residential/ Commercial	July 2016	22,578	50,438	3,265	—	46,138	1,035
5. Upper East Gardens (上東庭院)									
Phase I	Jinzhong City, Shanxi Province	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—
Phase II	Jinzhong City, Shanxi Province	Residential/ Commercial	December 2011	24,343	75,889	—	—	75,889	—
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong City, Shanxi Province	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555
7. SOLO Apartments (尚座公寓)	Jinzhong City, Shanxi Province	Commercial/ Complex	September 2009	2,411	9,783	255	—	9,528	—

Project	Location	Project type	Actual completion date	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA[(1)] (sq.m.)
8. Riverside Gardens — Heshun (和順濱河小區)									
Stage I	Jinzhong City, Shanxi Province	Residential	June 2008	60,100	62,507	—	—	62,167	340
Stage II	Jinzhong City, Shanxi Province	Residential	October 2012	5,898	51,217	—	—	51,217	—
9. Mandarin Gardens — Taigu (太谷文華庭院)	Jinzhong City, Shanxi Province	Residential/ Commercial	May 2011	30,690	51,525	—	—	51,525	—
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong City, Shanxi Province	Retail outlets	August 2015	—	897	—	—	897	—
Taiyuan									
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)									
— Southern District, Phase I	Taiyuan City, Shanxi Province	Residential/ Commercial	December 2014	117,128	406,164	32,160	—	374,004	—
— Northern District, Phase I	Taiyuan City, Shanxi Province	Residential/ Commercial	November 2016	108,005	397,938	18,537	—	309,022	70,379
— Part of Phase II	Taiyuan City, Shanxi Province	Residential	June 2020	16,108	45,655	20,656	—	24,999	—
Mianyang									
1. Yosemite Valley Town (優山美郡)	Mianyang City, Sichuan Province	Residential/ Commercial	May 2012	74,124	126,329	5,679	—	118,805	1,845
2. Elite Gardens (天禦)	Mianyang City, Sichuan Province	Residential/ Commercial	September 2014	68,529	116,816	1,505	—	114,624	687
3. Chang Xing Star Gardens Phase I (長興星城一期)	Mianyang City, Sichuan Province	Residential/ Commercial	June 2017	68,150	288,450	63,245	—	223,884	1,321
Total				**1,014,989**	**2,686,400**	**159,911**	**18,851**	**2,431,325**	**76,313**

Notes:

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

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

(3) Comprises the portion of the total GFA attributable to the Group based on the Group's effective interest in the relevant projects or project phases.

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of information on the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 30 June 2020:

				Under development			Held for future development		
Project	Project type	Site area *(sq.m.)*	GFA under development *(sq.m.)*	Actual/ estimated completion date	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**	**30,059**	**–**	**–**
Stage I	Jinzhong City, Shanxi Province	Residential/ Commercial/ Parking Space	14,346	December 2020	78,954	74,203	30,059	–	–
Stage II	Jinzhong City, Shanxi Province	Residential/ Commercial/ Parking Space	24,367	December 2020	110,725	101,386	–	–	–
Stage III	Jinzhong City, Shanxi Province	Residential/ Commercial/ Parking Space	26,682	December 2020	126,120	121,061	–	–	–
Stage IV	Jinzhong City, Shanxi Province	Commercial/ Parking Space	13,422	December 2020	28,819	28,819	–	–	–
Stage V	Jinzhong City, Shanxi Province	Commercial/ Parking Space	50,232	December 2020	105,016	102,531	–	–	–
2. Yijun Community (頤郡小區)			**104,864**		**116,657**	**106,707**	**57,849**	**154,347**	**–**
Stage I	Jinzhong City, Shanxi Province	Residential	46,763	December 2020	116,657	106,707	57,849	–	–
Stage II	Jinzhong City, Shanxi Province	Commercial	16,410	December 2021	–	–	–	44,157	–
Stage III	Jinzhong City, Shanxi Province	Residential/ Commercial	41,691	December 2021	–	–	–	110,190	
3. Chenxing Yijun (辰興頤郡)			**197,286**		**130,237**	**89,228**	**36,559**	**356,400**	**–**
Stage I	Jinzhong City, Shanxi Province	Residential/ Commercial	56,601	December 2021	130,237	89,228	36,559	–	–
Stage II	Jinzhong City, Shanxi Province	Residential/ Commercial	37,462	December 2022	–	–	–	99,500	–
Stage III	Jinzhong City, Shanxi Province	Residential/ Commercial	85,669	December 2022	–	–	–	209,300	–
Stage IV	Jinzhong City, Shanxi Province	Residential/ Commercial	17,554	December 2022	–	–	–	47,600	–

				Under development			Held for future development		
Project	Project type	Site area *(sq.m.)*	GFA under development *(sq.m.)*	Actual/ estimated completion date	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] *(%)*
4. Shiguang Zhicheng (時光之城)	Jinzhong City, Shanxi Province	Commercial	**28,296**	December 2020	**112,382**	**53,880**	**–**	**–**	**–**
5. Xiyuan (熙苑)	Jinzhong City, Shanxi Province	Residential/ Commercial	**46,603**	December 2020	**67,400**	**66,971**	**53,195**	**–**	**–**
6. Jinxiu SOHO (錦綉中心)	Jinzhong City, Shanxi Province	Commercial	**3,461**	October 2021	**20,506**	**–**	**–**	**–**	**–**
Taiyuan									
1. Yosemite Valley Town －Taiyuan (龍城優山美郡)			**177,248**		**544,754**	**514,090**	**392,535**	**–**	**–**
Part of Phase II	Taiyuan City, Shanxi Province	Residential/ Commercial	95,127	December 2020	327,874	310,064	271,073	–	–
Phase III	Taiyuan City, Shanxi Province	Residential/ Commercial	60,273	November 2021	204,261	204,026	121,462	–	–
Phase IV	Taiyuan City, Shanxi Province	Primary school	21,848	September 2020	12,619	–	–	–	–
Mianyang									
1. Chang Xing Star Gardens (長興星城) －Phase II	Mianyang City, Sichuan Province	Residential/ Commercial	**36,158**	December 2020	**141,543**	**140,586**	**117,489**	**–**	**–**
Haikou									
1. Shangpinhui (尚品匯)	Haikou City, Hainan Province	Commercial	43,795	March 2021	98,139	–	–	–	–
2. Yousheng (友升)	Haikou City, Hainan Province	Residential	87,021	December 2021	–	–	–	104,426	–
Wuzhishan									
1. Feicui Yijun (翡翠頤郡)			**92,522**		**66,349**	–[3]	–	**70,073**	–
Phase I	Wuzhishan City, Hainan Province	Commercial	28,745	January 2021	48,013	–[3]	–	–	–
Phase II	Wuzhishan City, Hainan Province	Residential	23,827	September 2021	–	–[3]	–	35,274	–
Phase III	Wuzhishan City, Hainan Province	Residential	18,244	December 2023	18,336	–[3]	–	8,330	–
Phase IV	Wuzhishan City, Hainan Province	Residential	21,706	December 2023	–	–[3]	–	26,469	–

Project	Project type	Site area (sq.m.)	GFA under development (sq.m.)	Actual/ estimated completion date	Under development: Saleable/ leasable GFA (sq.m.)	Under development: GFA pre-sold (sq.m.)	Held for future development: Planned GFA (sq.m.)	Held for future development: GFA with land use right certificate not yet obtained (sq.m.)	Ownership interest[1] (%)
Xishuangbanna									
1. International Health City (國際健康城)			**223,837**		**16,915**	**–**	**–**	**318,341**	**–**
Phase I	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/ Commercial	11,290	October 2020	16,915	–	–	–	–
Phase II	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential/ Commercial	66,820	December 2021	–	–	–	100,085	–
Phase III	Xishuangbanna Autonomous Prefecture, Yunnan Province	Residential	145,727	December 2022	–	–	–	218,256	–
Total			**1,170,140**		**1,764,516**	**1,399,462**	**687,686**	**1,003,587**	**–**
Total Attributable GFA[2]					**1,419,518**	**1,070,378**	**590,394**	**927,958**	**–**

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, Qiongzhong and Baisha; while the Provincial Housing and Urban-Rural Development Department would work together with the Provincial Planning Commission, the Provincial Department of Land Resources and other departments to formulate another implementation plan with consideration of the situation of commercial residential land use in the central ecological core area of the four cities and counties, which will be promulgated for implementation after approval by the Provincial Government." "Cities and counties, especially the four central ecological core areas, are encouraged to regulate the use of land in accordance with the law, re-direct the existing supply of commercial residential land to the development in business operation properties such as tourism, culture, education, medical care, health care and commercial use, and promote the transformation of property development. For the existing commercial residential land that cannot be used for residential development due to the factors of planning adjustment, the municipal and county governments can use different approaches in accordance to the laws, including the recovery of land use rights, replacement, extension of the limitation on construction period and arrangement of temporary use, etc."

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

The table below sets forth a summary of information on the Group's investment properties as at 30 June 2020:

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 2020 (RMB million)	2019
Grand International Mall & Apartments (君豪國際)	Retail outlets	8,241	433	8.9	—	0.2
East Lake Mall (東湖井)	Retail outlets	10,610	8,161	85.2	0.5	1.2
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail outlets	2,762	2,762	100.0	1.5	1.6
Total		**21,613**	**11,356**	**—**	**2.0**	**3.0**

The table below sets forth a summary of the Group's land bank as at 30 June 2020 by geographical location:

	Completed Saleable/Leasable GFA remaining unsold (sq.m.)	Under development GFA Under Development (sq.m.)	Future development Planned GFA (sq.m.)	Total land bank[1] Total GFA (sq.m.)	% of total land bank (%)	Average land cost (RMB/sq.m.)
Jinzhong	18,130	896,816	510,747	1,425,693	48.7	850.1
Taiyuan	71,352	544,754	—	616,106	21.0	393.5
Mianyang	70,429	141,543	—	211,972	7.2	643.5
Haikou	—	98,139	104,426	202,565	6.9	1,851.7
Wuzhishan	—	66,349	70,073	136,422	4.7	1,145.2
Xishuangbanna	—	16,915	318,341	335,256	11.5	836.8
Total	**159,911**	**1,764,516**	**1,003,587**	**2,928,014**	**100.0**	**751.7**

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.

The table below sets forth a summary of the Group's land bank as at 30 June 2020 by type of property:

	Completed	Under development	Future development	Total land bank[1]	% of total land bank
	Saleable/ Leasable GFA remaining unsold	GFA Under Development	Planned GFA	Total GFA	
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Mid-rise	2,728	181,074	425,086	608,888	20.8
High-rise	66,222	790,871	218,256	1,075,349	36.7
Townhouses	1,472	5,354	107,259	114,085	3.9
Multi-story garden apartments	3,959	44,686	43,604	92,249	3.1
Available-for-sale office/ commercial properties	42,800	307,888	78,342	429,030	14.7
SOHO apartments	58	15,984	15,791	31,833	1.1
Hotels	—	111,359	—	111,359	3.8
Parking spaces	42,672	286,571	109,025	438,268	15.0
Ancillary[2]	—	20,729	6,224	26,953	0.9
Total	**159,911**	**1,764,516**	**1,003,587**	**2,928,014**	**100.0**

Notes:

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

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

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was approximately RMB289.2 million, representing a decrease of approximately 52.9% as compared with approximately RMB614.2 million for the corresponding period of last year. The decrease was mainly because Taiyuan Yosemite Valley Town — Taiyuan (Phase II) was the only project commencing centralized delivery of residential properties in June during the Reporting Period.

The Group's revenue from property development during the Reporting Period was approximately RMB280.5 million, representing a decrease of approximately 52.5% as compared with the corresponding period of last year. The decrease was mainly because Taiyuan Yosemite Valley Town — Taiyuan (Phase II) was the only project commencing centralized delivery of residential properties in June during the Reporting Period.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 58.7% from approximately RMB423.5 million for the six months ended 30 June 2019 to approximately RMB175.0 million for the six months ended 30 June 2020, which was mainly due to a corresponding decrease in cost of sales and services during the Reporting Period with the decrease in revenue for the Reporting Period.

Gross Profit

During the Reporting Period, the Group's gross profit was approximately RMB114.2 million, representing a decrease of approximately 40.1% from approximately RMB190.8 million for the six months ended 30 June 2019. The Group's gross profit margin during the Reporting Period was approximately 39.5% as compared with approximately 31.1% for the corresponding period of last year.

During the Reporting Period, the Group's gross profit on property development was approximately RMB111.1 million, representing a decrease of approximately 40.4% as compared with approximately RMB186.3 million for the six months ended 30 June 2019. The decrease in the gross profit on property development of the Group was mainly due to the decrease in revenue during the Reporting Period.

During the Reporting Period, the gross profit margin of property development of the Group was approximately 39.6%, while the gross profit margin was approximately 31.6% for the six months ended 30 June 2019.

Other Income and Gains

The Group's other income and gains amounted to approximately RMB17.6 million during the Reporting Period, while the other income and gains amounted to approximately RMB21.0 million for the six months ended 30 June 2019. The decrease was primarily due to the decrease in interest income from bank deposits 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 RMB50.9 million, representing a decrease of approximately 35.4% from approximately RMB78.8 million for the six months ended 30 June 2019. The decrease of the net profit attributable to owners of the Company was primarily due to the decrease in revenue from property development and gross profit from property development.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 23.8% from approximately RMB27.3 million for the six months ended 30 June 2019 to approximately RMB20.8 million for the six months ended 30 June 2020, primarily due to the decrease in revenue from property development during the Reporting Period.

Administrative Expenses

The Group's administrative expenses decreased by approximately 20.6% from approximately RMB41.8 million for the six months ended 30 June 2019 to approximately RMB33.2 million for the six months ended 30 June 2020. This was primarily due to the decrease in litigation fees during the Reporting Period.

Finance Costs

The Group's finance costs decreased by approximately 81.5% from approximately RMB11.9 million for the six months ended 30 June 2019 to approximately RMB2.2 million for the six months ended 30 June 2020, primarily due to the repayment of loans and new borrowings mainly for construction and development projects and the related interest expenses are capitalised during the Reporting Period.

Income Tax Expense

The Group's income tax expense decreased by approximately 43.9% from approximately RMB45.3 million for the six months ended 30 June 2019 to approximately RMB25.4 million for the six months ended 30 June 2020, primarily due to the decrease in corporate income tax as a result of a decrease in profit before tax during the Reporting Period.

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 decreased by approximately 43.5% from approximately RMB88.7 million for the six months ended 30 June 2019 to approximately RMB50.1 million for the six months ended 30 June 2020.

Cash Position

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB994.0 million, representing a decrease of approximately 10.2% as compared with approximately RMB1,107.2 million as at 31 December 2019.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB1.3 million as at 30 June 2020 as compared with a positive operating cash flow of approximately RMB109.3 million as at 30 June 2019.

Borrowings

The Group had outstanding bank and other borrowings of approximately RMB2,811.9 million as at 30 June 2020, and the Group had outstanding bank and other borrowings of approximately RMB2,816.0 million as at 31 December 2019.

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 30 June 2020, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB588.9 million, while the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB700.2 million as at 31 December 2019.

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at 30 June 2020, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,513.5 million, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB1,796.9 million as at 31 December 2019.

Material Acquisitions and Disposals and Significant Investments

The Group did not have any material acquisition and disposal and significant investment during the Reporting Period.

Events after the Reporting Period

Save as disclosed above, from 30 June 2020 till the date of this announcement, 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 Company 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 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 announcement.

Employees and Remuneration Policies

As at 30 June 2020, the Group had 280 employees. For the six months ended 30 June 2020, the Group incurred employee costs of approximately RMB22.2 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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

CORPORATE GOVERNANCE PRACTICE

The Company is always committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company and protecting the interests of all shareholders of the Company (the "**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 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.

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 announcement, 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 ("**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing. The Audit Committee is chaired by Mr. Gu Jiong.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including review of the interim results of the Company for the six months ended 30 June 2020. 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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

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

In accordance with the requirements under the Listing Rules, the interim report for the six months ended 30 June 2020 containing information about the Company will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company, respectively, in due course.

By order of the Board
Chen Xing Development Holdings Limited
Bai Xuankui
Chairman

Hong Kong, 20 August 2020

As at the date of this announcement, the executive Directors are Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua and Mr. Dong Shiguang and the independent non-executive Directors are Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing.