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**CHEN XING**

## **Chen Xing Development Holdings Limited**

**辰興發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2286)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

- For the year ended 31 December 2022 (the “**Reporting Period**”), contracted sales of the Group amounted to approximately RMB634.1 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 81,090 sq.m., representing a decrease of approximately 3.3% and an increase of approximately 9.5% comparing with the same period last year, respectively;
- Revenue of the Group for the Reporting Period amounted to approximately RMB1,195.9 million, of which approximately RMB1,188 million was revenue from property development;
- Gross profit of the Group for the Reporting Period amounted to approximately RMB359.8 million, of which approximately RMB369.5 million was gross profit from property development;
- Net profit of the Group for the Reporting Period amounted to approximately RMB50.9 million, of which approximately RMB10.4 million was net profit attributable to owners of the parent of the Company;
- Total GFA of land bank of the Group amounted to approximately 2,739,643 sq.m. and the average cost of land bank was approximately RMB834.6 per sq.m. as at the end of Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) of the Group for the Reporting Period was approximately RMB7,819.7 per sq.m.;
- Basic earnings per share of the Company for the Reporting Period was approximately RMB0.02; and
- The Board has resolved not to declare a final dividend for the year ended 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) hereby announces audited annual results of the Group for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021.

### **Consolidated Statement of Profit or Loss**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>REVENUE</b>	5	<b>1,195,880</b>	1,568,596
Cost of sales		<u>(836,120)</u>	<u>(1,110,951)</u>
Gross profit		<b>359,760</b>	457,645
Other income and gains		<b>12,831</b>	27,391
Selling and distribution expenses		<b>(56,665)</b>	(59,986)
Administrative expenses		<b>(52,097)</b>	(64,140)
Provision on expected credit loss on financial assets, net		<b>(79,483)</b>	(776)
Other expenses		<b>(15,621)</b>	(42,999)
Finance costs	6	<b>(59,077)</b>	(32,092)
Share of profits and losses of joint ventures		<u>955</u>	<u>1,148</u>
<b>PROFIT BEFORE TAX</b>	7	<b>110,603</b>	286,191
Income tax expense	8	<u>(59,699)</u>	<u>(172,693)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>50,904</b></u>	<u>113,498</u>
Attributable to:			
Owners of the parent	9	<b>10,444</b>	78,723
Non-controlling interests		<u>40,460</u>	<u>34,775</u>
		<u><b>50,904</b></u>	<u>113,498</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted		<u><b>RMB0.02</b></u>	<u>RMB0.13</u>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>50,904</u></b>	<b><u>113,498</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to presentation currency	<u>4,288</u>	<u>(1,412)</u>
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(8,371)</u>	<u>(10,303)</u>
Income tax effect	<u>2,093</u>	<u>2,576</u>
	<u>(6,278)</u>	<u>(7,727)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(1,990)</u></b>	<b><u>(9,139)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>48,914</u></b>	<b><u>104,359</u></b>
Attributable to:		
Owners of the parent	<u>8,454</u>	<u>69,584</u>
Non-controlling interests	<u>40,460</u>	<u>34,775</u>
	<b><u>48,914</u></b>	<b><u>104,359</u></b>

## Consolidated Statement of Financial Position

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>57,517</b>	67,862
Investment properties		<b>121,000</b>	133,000
Right-of-use assets		<b>1,142</b>	1,239
Properties under development		<b>202,758</b>	133,552
Intangible assets		<b>8</b>	48
Investment in joint ventures		<b>4,949</b>	3,994
Equity investment designated at fair value through other comprehensive income	<i>11</i>	<b>45,827</b>	54,198
Time deposits		<b>4,376</b>	10,550
Deferred tax assets		<b>221,994</b>	225,769
		<hr/>	<hr/>
Total non-current assets		<b>659,571</b>	630,212
<b>CURRENT ASSETS</b>			
Properties under development		<b>9,383,865</b>	9,783,856
Completed properties held for sale		<b>1,143,239</b>	821,338
Inventories		<b>25,738</b>	20,186
Trade receivables	<i>12</i>	<b>8,579</b>	3,953
Prepayments, other receivables and other assets		<b>844,947</b>	864,512
Tax recoverable		<b>66,709</b>	71,363
Pledged deposits		<b>11,818</b>	12,583
Restricted cash		<b>211,756</b>	159,701
Cash and cash equivalents		<b>334,775</b>	240,373
		<hr/>	<hr/>
Total current assets		<b>12,031,426</b>	11,977,865
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>13</i>	<b>1,289,815</b>	1,236,669
Other payables and accruals		<b>2,568,794</b>	2,246,366
Contract liabilities		<b>3,652,823</b>	4,025,605
Interest-bearing bank and other borrowings	<i>14</i>	<b>1,005,392</b>	2,386,114
Tax payable		<b>234,237</b>	217,012
		<hr/>	<hr/>
Total current liabilities		<b>8,751,061</b>	10,111,766

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>NET CURRENT ASSETS</b>		<b>3,280,365</b>	1,866,099
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,939,936</b>	2,496,311
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	14	<b>2,149,724</b>	754,264
Deferred tax liabilities		<b>27,338</b>	28,087
Total non-current liabilities		<b>2,177,062</b>	782,351
Net assets		<b>1,762,874</b>	1,713,960
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>4,855</b>	4,855
Reserves		<b>1,524,026</b>	1,515,572
		<b>1,528,881</b>	1,520,427
Non-controlling interests		<b>233,993</b>	193,533
Total equity		<b>1,762,874</b>	1,713,960

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

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

During the Reporting Period, the Group was principally engaged in property development.

In the opinion of the directors, the ultimate controlling shareholders of the Group are Mr. Bai Xuankui and Mr. Bai Guohua.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the “**new or revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2022:

Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts — Cost of Fulfilling a Contract)
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs Standards 2018–2020
Amendments to HKFRS 3	Conceptual Framework for Financial Reporting

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

### 4. OPERATING SEGMENT INFORMATION

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

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

No information about major customers is presented as no revenue from sales to a single customer individually accounted for 10% or more of the Group's total revenue for the Reporting Period (2021: same).

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<b>1,194,047</b>	1,566,347
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Fixed lease payments	<u>1,833</u>	<u>2,249</u>
	<b><u>1,195,880</u></b>	<b><u>1,568,596</u></b>

### Revenue from contracts with customers

#### (a) *Disaggregated revenue information*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Types of goods</b>		
Sale of properties	<b>1,187,566</b>	1,565,021
Sale of construction materials	<u>6,481</u>	<u>1,326</u>
 Total revenue from contracts with customers	 <b><u>1,194,047</u></b>	 <b><u>1,566,347</u></b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u>1,194,047</u>	<u>1,566,347</u>
 Total revenue from contracts with customers	 <b><u>1,194,047</u></b>	 <b><u>1,566,347</u></b>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u><b>1,144,825</b></u>	<u>1,474,376</u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of properties*

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required.

*Sale of construction materials*

The performance obligation is satisfied upon delivery of the construction materials and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>1,825,925</b>	1,278,162
After one year	<b>2,521,596</b>	3,205,160
	<b>4,347,521</b>	4,483,322

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<u>Other income</u>		
Bank interest income	<b>1,804</b>	3,815
Interest income from loans to an associate	—	1,605
Other interest income from third parties	<b>3,670</b>	5,089
Total interest income on financial assets not at fair value through profit and loss	<b>5,474</b>	10,509
Gross rental income from properties not classified as investment property	<b>6,670</b>	9,642
Others	<b>687</b>	7,240
	<b>12,831</b>	27,391

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	<b>207,409</b>	295,878
Interest on payables to third parties	<b>5,474</b>	1,640
Interest on loan from related parties	<b>21,683</b>	3,567
Accretion on contract liabilities ( <i>note 1</i> )	<b>99,333</b>	110,702
	<hr/>	<hr/>
Total interest expense on financial liabilities not as fair value through profit or loss	<b>333,899</b>	411,787
Less: Interest capitalised ( <i>note 2</i> )	<b>(274,822)</b>	(379,695)
	<hr/>	<hr/>
	<b>59,077</b>	32,092
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*Note 1:* Represent adjustment to transaction price for certain transactions with significant financing component due to a significant difference between timing of cash receipt from and transfer of properties to buyers.

*Note 2:* Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging from 4.15% to 8.65% has been applied to the expenditure on the individual assets.

## 7. PROFIT BEFORE TAX

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of properties sold	<b>818,913</b>	1,108,092
Cost of construction materials sold	<b>6,719</b>	647
Depreciation of property, plant and equipment	<b>10,414</b>	11,933
Depreciation of right-of-use assets	<b>97</b>	496
Amortisation of intangible assets*	<b>50</b>	63
Lease payments not included in the measurement of lease liabilities	<b>920</b>	460
Auditor's remuneration	<b>2,380</b>	2,150
Employee benefit expense (excluding directors' and chief executive's remuneration):**		
Wages and salaries	<b>22,332</b>	25,580
Staff welfare expenses	<b>2,299</b>	3,788
Pension scheme contributions	<b>1,153</b>	2,665
	<b>25,784</b>	32,033
Provision on expected credit loss on financial asset, net		
— Impairment of trade receivables	<b>2,040</b>	1,203
— (Reversal of impairment)/impairment of other receivables	<b>77,443</b>	(427)
	<b>79,483</b>	776
Changes in fair value of investment properties	<b>12,000</b>	5,000
Foreign exchange losses, net	<b>3,621</b>	2,334
Impairment of completed properties held for sale	<b>10,488</b>	2,212

- \* The amortisation of intangible assets is included in “Administrative expenses” in the consolidated statement of profit or loss.
- \*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## **8. INCOME TAX**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group’s subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is based on a tax rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the Reporting Period (2021: Nil).

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

According to the requirements of the provisional regulations of the PRC on the land appreciation tax (“LAT”) effective from 1 January 1994 onwards, and the detailed implementation rules on the provisional regulations of the PRC on LAT effective from 27 January 1995 onwards, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
Income tax charge	<b>36,531</b>	90,604
LAT	<b>18,048</b>	76,853
Deferred tax	<b>5,120</b>	5,236
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Total tax charge for the year	<b>59,699</b>	172,693
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## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 600,000,000 (2021: 600,000,000) in issue during the year, as adjusted to reflect the right issue during the year.

The calculation of basic earnings per share is based on:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<b>10,444</b>	78,723
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	<b>Number of shares</b>	
	<b>2022</b> <i>'000</i>	2021 <i>'000</i>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>600,000</b>	600,000
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Diluted earnings per share is the same as basic earning per share because the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 10. DIVIDENDS

The Board resolved not to declare a final dividend for the year ended 31 December 2022 (2021: Nil).

## 11. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Listed equity investment, at fair value	<u><b>45,827</b></u>	<u>54,198</u>

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

## 12. TRADE RECEIVABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	<b>12,355</b>	5,689
Impairment	<u><b>(3,776)</b></u>	<u>(1,736)</u>
	<u><b>8,579</b></u>	<u>3,953</u>

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

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	<b>6,296</b>	17
3 to 6 months	—	1
Over 6 months	<b>2,283</b>	3,935
	<b>8,579</b>	3,953

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	<b>1,736</b>	533
Impairment losses ( <i>note 7</i> )	<b>2,040</b>	1,203
At end of year	<b>3,776</b>	1,736

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

### 13. TRADE AND BILLS PAYABLES

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 1 year	<b>751,216</b>	270,091
1 to 2 years	<b>255,878</b>	318,041
2 to 3 years	<b>145,201</b>	165,392
3 to 4 years	<b>17,143</b>	372,405
4 to 5 years	<b>57,476</b>	4,570
Over 5 years	<b>62,901</b>	106,170
	<b><u>1,289,815</u></b>	<b><u>1,236,669</u></b>

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

### 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
<b>Current</b>						
Bank loans — secured	4.15–8.65	2023	<u>1,005,392</u>	4.15–15.00	2022	<u>2,386,114</u>
			<u>1,005,392</u>			<u>2,386,114</u>
<b>Non-current</b>						
Bank loans — secured	5.23–8.65	2024–2025	<u>2,149,724</u>	6.80–8.65	2023–2024	<u>754,264</u>
			<u>2,149,724</u>			<u>754,264</u>
			<b><u>3,155,116</u></b>			<b><u>3,140,378</u></b>

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>1,005,392</b>	2,386,114
In the second year	<b>1,942,724</b>	425,320
In the third to fifth years, inclusive	<b>207,000</b>	328,944
	<u><b>3,155,116</b></u>	<u>3,140,378</u>

*Notes:*

The Group's bank loans are secured by:

- (i) mortgages over the Group's property under development, which had a net carrying value at the end of the reporting period of approximately RMB2,126,817,000 (2021: RMB1,355,993,000);
- (ii) mortgages over the Group's completed properties held for sale, which had a net carrying value at the end of the Reporting Period of approximately RMB66,531,000 (2021: RMB67,303,000);
- (iii) the guarantees provided by the Company, the subsidiary of the Group, the director of the Company and the Company's controlling shareholders.

In addition to the above:

- (i) there is mortgages over the Group's investment properties at 31 December 2021 which had a net carrying value of RMB133,000,000 as at that date; and
- (ii) there is mortgages over the Group's buildings at 31 December 2021 which had a net carrying value of RMB29,996,000 as at that date.

All of the banking facilities were subject to the fulfillment of covenants commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the borrowings would become repayable on demand. The Group regularly monitors its compliance with these covenants. At the end of each reporting period, none of the covenants related to drawn down facilities had been breached.

## 15. GUARANTEES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	<u><b>2,012,850</b></u>	<u>1,979,500</u>

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

## CHAIRMAN'S STATEMENT

*Dear Shareholders,*

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2022.

### **Review of Annual Results for 2022**

In 2022, due to the repeated outbreaks of the COVID-19 epidemic in many places in the People's Republic of China (the "PRC" or "China"), the real estate industry was severely affected and many market phenomena were out of expectations. A lot of domestic large and medium-sized real estate enterprises were exposed to debt crises, resulting in a series of problems including project suspension and corporate bankruptcy, which triggered credit crisis of real estate enterprises in the market economy and unprecedented survival crisis and market risks in the real estate industry in PRC. In the middle of 2022, the Chinese government regulators issued a series of policies to ensure the stability of the property market and optimize financial credit. The real estate market was still subject to deep adjustment, giving rise to slowed growth rate of market development. On the one hand, affected by the repeated outbreaks of the COVID-19 epidemic, consumers' income expectations lowered and many real estate projects were suspended or in default, resulting in a lack of consumer confidence, more cautious and conservative property purchases and the general wait-and-see mood of consumers. On the other hand, from the perspective of market supply and demand, the rigid-demand housing in the domestic real estate market was oversupplied, due to the large inventory and supply and weak demand of rigid-demand housing. Meanwhile, the market of housing for home upgrades was better than the rigid-demand housing market as a whole. As consumers were affected by prices and restricted by purchase qualification, the market of housing for home upgrades was under great pressure of sales de-stocking.

In terms of land supply, due to the continuous adjustment of the real estate market and the capital pressure of real estate enterprises, the willingness of government to sell and the willingness of real estate enterprises to acquire land were low, leading to a decrease in the overall land supply and demand scale and the overall sluggish performance of the land auction market. The performance of the land supply and demand market was differentiated with stable supply and demand in first-tier cities and decreased land for sale in second-tier and third-tier cities. Real estate enterprises were cautious in acquiring land, thus the rate of abortive auction of land was relatively high. As a result, the market performance was worse than that of previous years.

In the context of repeated outbreaks of the COVID-19 epidemic and the sluggish real estate industry, the Company's operation in 2022 was also greatly affected. However, the Company still maintained the principle of prudence and constantly adjusted its development strategy and business strategy to adapt to the policy changes and market development demands. Therefore, the Company's operating results could still maintain stable development.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB634.1 million, representing a decrease of approximately 3.3% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 81,090 sq.m., representing an increase of approximately 9.5% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB1,195.9 million, representing a decrease of approximately 23.8% as compared with the same period last year, among which, revenue from property development was approximately RMB1,188 million, representing a decrease of approximately 24.1% as compared with the same period last year. Profit attributable to the owners of the parent of Group for the year was approximately RMB10.4 million, representing a decrease of approximately 86.7% as compared with the same period last year, which was mainly attributable to the provision on expected credit loss on financial assets made during the Reporting Period.

As at the end of the Reporting Period, the Group's land bank was approximately 2,739,643 sq.m., as comparing to 2,916,370 sq.m. of the same period last year.

## **Final Dividend**

The Board has resolved not to declare a final dividend for the year ended 31 December 2022.

## **Prospect for 2023**

In 2023, with the improvement of the COVID-19 epidemic situation and under the general principle of "housing is for accommodation but not for speculation", macro policy regulation will be strengthened and proactive fiscal policy and prudent monetary policy will promote the steady recovery of economy in China. Various places will implement localised policies and "guaranteeing delivery of housing" will still be the key goal. The solution of the problem with delivery of housing under construction will boost market sentiment and stabilize home buyers' expectations. Financial institutions will provide financing support to real estate enterprises to ease their financial pressure and stabilize the expectations of market entities; at the same time, policy support on the demand side will be strengthened to drive the recovery of market sales; with the in-depth study and judgment on the trend of policy and development, the real estate industry and the market regulation goals will be

subject to adjustments from “promoting the stable development of the real estate market” to “virtuous circle and healthy development of the real estate industry”. The real estate industry will gradually usher in the era of high-quality development. It is expected that in the overall supply structure in the market, projects for home upgrades will be dominant, and the housing for home upgrades will become the mainstream of the market.

In 2023, following the changes in the real estate industry and market, the Company will proactively adapt to the new industry policies and market environment. The Company’s overall strategy will focus on prudent operation and risk prevention. Meanwhile, the Company will positively explore the market of housing for home upgrades to seize the development opportunities for in-depth development in selected cities and of selective projects, thus to achieve transformation through bypassing the industry cycle by virtue of adjustment of products. On the one hand, the Company will increase sales efforts for de-stocking and actively use data and new media tools for targeted marketing, to accelerate the return of funds and enhance its own ability to resist risks. On the other hand, the Company will seize the development opportunity of the market of housing for home upgrades and grasp the mainstream demand of the market. It will intensify the construction of housing for home upgrades, pay more attention to product design and research and development, and proactively cultivate and introduce design, research and development teams, to improve the market competitiveness of products and the corporate core competitiveness of the Group, thereby maintaining development advantages in market competition.

In 2023, the Company will be in a critical stage of strategic transformation and high-quality development. Therefore, talent reserve is very important. The Company will take the initiative to search for outstanding talents and accelerate the introduction of talents, to solve the talent bottleneck and strengthen the construction of the Company’s talent team, which will provide impetus and talent guarantee for the Company’s development and transformation. In the meantime, the Company will implement refined management and keep pace with the times to update management methods, to improve middle and high-level management standards and management quality. Through “cost reduction and efficiency enhancement”, the Company will seek benefits from management to achieve its stable and high-quality development.

## **ACKNOWLEDGMENT**

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

**Bai Xuankui**  
*Chairman*

24 March 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Reporting Period, the Group's contracted sales amounted to approximately RMB634.1 million, representing a decrease of approximately 3.3% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB1,195.9 million, representing a decrease of approximately 23.8% as compared with the same period last year, among which, revenue from property development was approximately RMB1,188 million, representing a decrease of approximately 24.1% as compared with the same period last year. During the Reporting Period, net profit of the Group amounted to approximately RMB50.9 million, of which net profit attributable to the owners of the parent of the Company was approximately RMB10.4 million.

### Contracted Sales

The Group's contracted sales for the years ended 31 December 2022 and 2021 were approximately RMB634.1 million and RMB656.0 million, respectively, representing a decrease of approximately 3.3%. The total contracted GFAs for the years ended 31 December 2022 and 2021 were approximately 81,090 sq.m. and 74,043 sq.m., respectively, representing an increase of approximately 9.5%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan, Mianyang and Haikou, were approximately RMB53.6 million, RMB102.6 million, RMB463.9 million and RMB14.0 million, respectively, representing approximately 8.5%, 16.2%, 73.2% and 2.2% of the Group's total contracted sales, respectively.

The table below sets forth the Group's contracted sales for the year ended 31 December 2022 by geographic location:

	Contracted Sales for 2022 (RMB million)	Contracted Sales for 2021 (RMB million)	Contracted GFA for 2022 (sq.m.)	Contracted GFA for 2021 (sq.m.)	Average Contracted Sales Price for 2022 (RMB/sq.m.)	Average Contracted Sales Price for 2021 (RMB/sq.m.)
<b>Jinzhong</b>						
Yijun Community (頤郡小區)	1.6	5.5	604	1,127	2,583.2	4,856.0
Chenxing Yijun (辰興頤郡)	38.0	66.5	5,693	9,200	6,676.7	7,230.9
Xiyuan (熙苑)	10.0	2.3	3,180	291	3,144.7	7,874.2
Xin Xing International Cultural Town (新興國際文教城) (Phases III, IV and V)	4.0	5.4	409	901	9,910.0	5,979.7
<b>Taiyuan</b>						
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase I)	64.2	25.1	9,212	2,468	6,971.7	10,189.9
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase II)	11.9	45.1	2,150	3,941	5,522.0	11,445.9
Yosemite Valley Town — Taiyuan (龍城優山美郡) (Phase III)	26.5	81.3	3,290	10,230	8,041.6	7,948.4
<b>Mianyang</b>						
Yosemite Valley Town (優山美郡)	—	0.4	—	189	—	1,977.5
Elite Gardens (天禦)	—	0.3	—	170	—	1,676.6
Chang Xing Star Gardens (長興星城)	5.2	53.8	1,196	20,905	4,308.5	2,574.9
Chang Xing Jinhutingyuan (長興金湖庭院)	458.7	343.2	54,447	22,872	8,423.8	15,004.7
<b>Hainan</b>						
Chenxing Shangpinhui (辰興尚品匯)	14.0	27.1	909	1,749	15,425.6	15,488.9
<b>Total</b>	<b>634.1</b>	<b>656.0</b>	<b>81,090</b>	<b>74,043</b>	<b>7,819.7</b>	<b>8,859.7</b>

Note:

Contracted Sales, Contracted GFAs and Average Contracted Sales Price in the above table also include the car parking spaces sold, if applicable.

## Property Projects

The Group's property projects fall into the following three categories by the development stage: completed properties, properties under development and properties held for future development. As some projects are developed in several phases, a single project may fall into different development stages including completed, under development and held for future development.

As at the end of the Reporting Period, the Group had a completed total GFA of approximately 3,164,147 sq.m. and a land bank with a total GFA of approximately 2,739,643 sq.m., comprising (i) a total GFA of approximately 127,496 sq.m. which is completed but unsold; (ii) a total GFA of approximately 1,685,883 sq.m. which is under development; and (iii) a total planned GFA of approximately 926,264 sq.m. held for future development.

The Group selectively retains the ownership of most of self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As at the end of the Reporting Period, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

### Property Portfolio Summary

<b>Intended use<sup>(1)</sup></b>	<b>Total GFA completed (sq.m.)</b>	<b>GFA under development (sq.m.)</b>	<b>Total GFA held for future development (sq.m.)</b>
Mid-rise	879,339	83,147	320,660
High-rise	1,250,951	529,624	234,812
Townhouses	27,612	196,834	—
Multi-story garden apartments	576,743	124,427	16,771
Retail outlets	194,251	266,243	112,936
SOHO apartments	6,931	15,984	15,791
Hotels	—	108,743	—
Parking spaces	221,205	338,092	207,873
Ancillary facilities <sup>(2)</sup>	7,115	22,789	17,421
<b>Total GFA</b>	<b>3,164,147</b>	<b>1,685,883</b>	<b>926,264</b>
<b>Attributable GFA<sup>(3)</sup></b>	<b>2,990,454</b>	<b>1,411,966</b>	<b>809,957</b>

Notes:

- (1) Includes the portion of GFA held by the Group as public facilities (not saleable or leasable).
- (2) Includes primarily public facilities which are not saleable or leasable.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

## Completed Projects

The following table sets forth a summary of the information about the Group's completed projects and corresponding project phases, if any, as at 31 December 2022:

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						GFA remaining unsold (sq.m.)	GFA held for investment (sq.m.)			
<b>Jinzhong (晉中)</b>										
1. East Lake Mall (東湖井)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	July 2000	1,330	17,886	—	10,610	7,276	—	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	—	100.00
3. Blossoms Gardens (錦綉新城)	Jinzhong, Shanxi (山西省晉中市)	Residential	April 2007	5,261	39,080	—	—	39,080	—	100.00
4. Xin Xing International Culture Town (新興國際文教城)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential	December 2005	5,600	24,602	—	—	24,602	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	April 2012	17,968	93,061	—	—	92,910	151	100.00
Phase III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2009	255,918	545,047	2,327	—	542,720	—	100.00
Phase IV	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	July 2016	30,987	71,103	747	—	70,356	—	100.00
Phase V	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	July 2016	22,578	50,438	3,266	—	46,137	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	November 2006	19,361	47,926	—	—	47,926	—	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2011	24,343	75,889	—	—	75,889	—	100.00
6. Riverside Gardens — Zuoquan (左權濱河嘉園)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	December 2007	73,035	98,545	—	—	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong, Shanxi (山西省晉中市)	Commercial/ Complex	September 2009	2,411	9,783	257	—	9,526	—	100.00

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leaseable GFA		GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						remaining unsold (sq.m.)	held for investment (sq.m.)			
8. Riverside Gardens — Heshun (和順濱河小區)										
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential	June 2008	60,100	62,508	—	—	62,168	340	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential	October 2012	5,898	51,217	—	—	51,217	—	100.00
9. Mandarin Gardens — Taigu (太谷文華庭院)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	May 2011	30,690	51,525	—	—	51,525	—	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	August 2015	—	897	—	—	897	—	100.00
11. Yijun Community (頤郡小區)										
Phase I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential	November 2020	25,661	59,660	9,049	—	49,779	832	51.00
12. Xiyuan (熙苑)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	November 2021	46,603	58,971	4,405	—	54,566	—	33.66
13. Chenxing Yijun (辰興頤郡)										
Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	January 2022	19,056	35,676	17,409	—	17,803	464	100.00
<b>Taiyuan (太原)</b>										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)										
Southern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	December 2014	117,128	406,165	18,450	—	387,715	—	100.00
Northern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	November 2016	108,005	397,867	13,768	—	313,720	70,379	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	June 2020	86,318	246,891	32,068	—	214,823	—	100.00
<b>Mianyang (綿陽)</b>										
1. Yosemite Valley Town (優山美郡)	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	May 2012	74,124	126,329	5,288	—	119,196	1,845	83.89
2. Elite Gardens (天禦)	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	September 2014	68,529	116,816	1,265	—	114,864	687	83.89

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Leaseable	GFA held for investment (sq.m.)	GFA sold (sq.m.)	Other GFA <sup>(1)</sup> (sq.m.)	Ownership Interest <sup>(2)</sup> (%)
						GFA remaining unsold (sq.m.)				
3. Chang Xing Star Gardens (長興星城)										
Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	June 2017	68,150	288,450	5,442	—	281,687	1,321	83.89
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	November 2020	36,158	122,271	4,674	—	116,666	931	83.89
<b>Total</b>				<b>1,212,677</b>	<b>3,164,147</b>	<b>127,496</b>	<b>18,851</b>	<b>2,939,260</b>	<b>78,540</b>	
<b>Total Attributable GFA<sup>(3)</sup></b>				<b>1,129,401</b>	<b>2,990,454</b>	<b>117,454</b>	<b>18,851</b>	<b>2,776,787</b>	<b>77,362</b>	

*Notes:*

- (1) Includes the GFA held by the Group as public facilities (not saleable or leasable).
- (2) Calculated based on the Group's actual ownership interests in the respective project companies.
- (3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

## Properties under Development and Properties Held for Future Development

The following table sets forth a summary of the information about the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 31 December 2022:

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Held for future development GFA with the land use certificate not obtained yet			Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)		
<b>Jinzhong (晉中)</b>											
<b>1. Phase I of Longtian Project (龍田項目一期)</b>			<b>129,049</b>			<b>449,634</b>	<b>427,999</b>	<b>30,059</b>	—	—	<b>51.00</b>
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	14,346	December 2023	78,954	74,203	30,059	—	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	24,367	December 2023	110,725	101,385	—	—	—	—	51.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial/ Parking Space	26,682	December 2023	126,120	121,061	—	—	—	—	51.00
Stage IV	Jinzhong, Shanxi (山西省晉中市)	Commercial/ Parking Space	13,422	December 2023	28,819	28,819	—	—	—	—	51.00
Stage V	Jinzhong, Shanxi (山西省晉中市)	Commercial/ Parking Space	50,232	December 2023	105,016	102,531	—	—	—	—	51.00
<b>2. Yijun Community (頤郡小區)</b>			<b>79,203</b>			<b>52,641</b>	<b>19,267</b>	<b>2,468</b>	<b>154,347</b>	—	<b>51.00</b>
Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential	21,102	December 2023	52,641	19,267	2,468	—	—	—	51.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Commercial	16,410	August 2024	—	—	—	44,157	—	—	51.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	41,691	August 2024	—	—	—	110,190	—	—	51.00
<b>3. Chenxing Yijun (辰興頤郡)</b>			<b>178,230</b>			<b>95,348</b>	<b>92,599</b>	<b>45,642</b>	<b>356,400</b>	—	<b>100.00</b>
Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	37,545	December 2023	95,348	92,599	45,642	—	—	—	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	37,462	December 2024	—	—	—	99,500	—	—	100.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	85,669	December 2024	—	—	—	209,300	—	—	100.00
Stage IV	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	17,554	December 2024	—	—	—	47,600	—	—	100.00

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Held for future development		
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)	Ownership interest <sup>(1)</sup> (%)
4. Shiguang Zhicheng (時光之城)	Jinzhong, Shanxi (山西省晉中市)	Commercial	28,296	December 2024	112,383	53,880	—	—	—	100.00
5. Jinxiu SOHO (錦綉中心)	Jinzhong, Shanxi (山西省晉中市)	Commercial	3,461	December 2024	20,506	—	—	—	—	100.00
Taiyuan (太原)										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)			107,038		358,948	334,732	223,564	—	—	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	24,917	December 2023	129,448	118,086	80,045	—	—	100.00
Phase III	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	60,273	November 2024	216,881	216,646	143,519	—	—	100.00
Phase IV	Taiyuan, Shanxi (山西省太原市)	Primary School	21,848	September 2023	12,619	—	—	—	—	100.00
Haikou (海口)										
1. Shangpinhui (尚品匯)	Haikou, Hainan (海南省海口市)	Commercial	43,795	October 2023	98,140	55,876	1,860	—	—	100.00
2. Jiangdong Shangyuan (江東上院)	Haikou, Hainan (海南省海口市)	Residential/ Commercial	57,446	December 2024	56,425	—	—	17,240	—	100.00
Wuzhishan (五指山)										
1.Yijun (願郡)			92,522		136,422	12,293	—	—	—	100.00
Phase I	Wuzhishan, Hainan (海南省五指山市)	Commercial	28,745	November 2023	48,013	1,559	—	—	—	100.00
Phase II	Wuzhishan, Hainan (海南省五指山市)	Residential	23,827	May 2024	35,274	—	—	—	—	100.00
Phase III	Wuzhishan, Hainan (海南省五指山市)	Residential	18,244	May 2024	26,666	10,734	—	—	—	100.00
Phase IV	Wuzhishan, Hainan (海南省五指山市)	Residential	21,706	May 2024	26,469	—	—	—	—	100.00

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	Under development			Planned GFA (sq.m.)	Held for future development GFA with the land use certificate not obtained yet		Ownership interest <sup>(1)</sup> (%)
					GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)		(sq.m.)	(sq.m.)	
<b>Xishuangbanna (西雙版納)</b>											
<b>1.Chenxing International Health City (辰興國際健康城)</b>			<b>223,780</b>		<b>132,861</b>	<b>—</b>	<b>—</b>	<b>145,781</b>	<b>—</b>	<b>100.00</b>	
Stage I	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣 族自治州)	Residential/ Commercial	51,965	November 2025	37,396	—	—	—	—	100.00	
Stage II	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣 族自治州)	Residential/ Commercial	171,815	December 2026	95,465	—	—	145,781	—	100.00	
<b>Mianyang (綿陽)</b>											
<b>1. Jinhutingyuan (金湖庭院)</b>			<b>154,367</b>		<b>172,575</b>	<b>133,720</b>	<b>77,338</b>	<b>252,496</b>	<b>—</b>	<b>83.89</b>	
Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	62,672	December 2023	172,575	133,720	77,338	—	—	83.89	
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	91,695	December 2025	—	—	—	252,496	—	83.89	
<b>Total</b>			<b>1,097,187</b>		<b>1,685,883</b>	<b>1,130,366</b>	<b>380,931</b>	<b>926,264</b>	<b>—</b>		
<b>Total Attributable GFA<sup>(2)</sup></b>					<b>1,411,966</b>	<b>889,663</b>	<b>352,534</b>	<b>809,957</b>	<b>—</b>		

Notes:

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

The table below sets forth a summary of the information about the Group's investment properties as at 31 December 2022:

Project	Property type	Held for investment	Effective	Occupancy	Rental income for the year ended 31 December	
		Total GFA (sq.m.)	leased GFA (sq.m.)	rate (%)	2022 (RMB million)	2021
Grand International Mall & Apartments (君豪國際)	Retail Outlets	8,241	—	—	0.2	0.2
East Lake Mall (東湖井)	Retail Outlets	10,610	5,904	55.6	1.0	1.1
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlets	2,762	2,313	83.7	0.6	0.9
<b>Total</b>		<b>21,613</b>	<b>8,217</b>	<b>—</b>	<b>1.8</b>	<b>2.2</b>

The table below sets forth the Group's land bank as at 31 December 2022 by geographic location:

	Completed saleable/ leasable GFA remaining unsold (sq.m.)	Under development	For future development	Total land bank <sup>(1)</sup>	Percentage of total land bank	Average land cost
		GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	46,541	730,512	510,747	1,287,800	47.0	853.9
Taiyuan	64,286	358,948	—	423,234	15.4	393.5
Mianyang	16,669	172,575	252,496	441,740	16.1	1,063.9
Haikou	—	154,565	17,240	171,805	6.3	2,183.2
Wuzhishan	—	136,422	—	136,422	5.0	1,145.2
Xishuangbanna	—	132,861	145,781	278,642	10.2	1,006.9
<b>Total</b>	<b>127,496</b>	<b>1,685,883</b>	<b>926,264</b>	<b>2,739,643</b>	<b>100.0</b>	<b>834.6</b>

Note:

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

The table below sets forth the Group's land bank as at 31 December 2022 by property type:

	<b>Completed saleable/ leasable GFA remaining unsold (sq.m.)</b>	<b>Under development GFA under development (sq.m.)</b>	<b>For future development Planned GFA (sq.m.)</b>	<b>Total land bank<sup>(1)</sup> Total GFA (sq.m.)</b>	<b>Percentage of total land bank (%)</b>
Mid-rise	27,182	83,147	320,660	430,989	15.7
High-rise	29,092	529,624	234,812	793,528	28.9
Townhouses	1,472	196,834	—	198,306	7.2
Multi-story garden apartments	3,408	124,427	16,771	144,606	5.3
Available-for-sale office/ commercial properties	42,545	266,243	112,936	421,724	15.4
SOHO apartments	58	15,984	15,791	31,833	1.2
Hotels	—	108,743	—	108,743	4.0
Parking spaces	23,739	338,092	207,873	569,704	20.8
Ancillary facilities <sup>(2)</sup>	—	22,789	17,421	40,210	1.5
<b>Total</b>	<b><u>127,496</u></b>	<b><u>1,685,883</u></b>	<b><u>926,264</u></b>	<b><u>2,739,643</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Land bank equals to the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.
- (2) Includes primarily public facilities which are not saleable.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the Group's revenue amounted to approximately RMB1,195.9 million, representing a decrease of approximately 23.8% as compared with approximately RMB1,568.6 million in the same period last year. The decrease was mainly due to the decrease in total GFA of completed properties delivered during the Reporting Period.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB1,188 million, representing a decrease of approximately 24.1% as compared with the same period last year. The decrease was mainly due to the decrease in total GFA of completed properties delivered during the Reporting Period.

### **Sales and Services Cost**

The Group's sales and services cost decreased by approximately 24.74% from approximately RMB1,111 million for the year ended 31 December 2021 to approximately RMB836 million for the Reporting Period, the decrease of which was mainly due to a corresponding decrease in cost of sales and services with the decrease in revenue from sales and services during the Reporting Period.

### **Gross Profit**

During the Reporting Period, the Group's gross profit was approximately RMB359.8 million, representing a decrease of approximately 21.4% as compared with approximately RMB457.6 million in the same period last year. During the Reporting Period, the Group's gross profit margin was approximately 30.1%, representing an increase of 0.9 percentage points as compared with approximately 29.2% in the same period last year.

During the Reporting Period, the Group's gross profit from property development was approximately RMB369.5 million, representing a decrease of approximately 19.1% as compared with approximately RMB456.9 million in the same period last year, which was mainly due to the decrease in the area sold of delivered projects during the Reporting Period, leading to a decrease in revenue from sales.

During the Reporting Period, the Group's gross profit margin of property development was approximately 31.1%, representing an increase of approximately 1.9 percentage points as compared with approximately 29.2% in the same period last year.

## **Other Income and Gains**

During the Reporting Period, the Group's other income and gains were approximately RMB12.8 million, representing a decrease of approximately 53.2% as compared with approximately RMB27.4 million in the same period last year, which was mainly due to a decrease in rental income and interest income.

## **Profit Attributable to Owners of the Parent of the Company**

During the Reporting Period, the profit attributable to owners of the parent of the Company was approximately RMB10.4 million, representing a decrease of approximately 86.7% from approximately RMB78.7 million in the same period last year. The decrease in the profit attributable to owners of the parent of the Company was mainly due to the significant provision on expected credit loss on financial assets made during the Reporting Period.

## **Change in Fair Value of Investment Properties**

The fair value of the Group's investment properties decreased by approximately 9.0% from approximately RMB133.0 million for the year ended 31 December 2021 to approximately RMB121.0 million for the Reporting Period, and the decrease was primarily due to the decrease of fair value of Grand International Mall & Apartments, East Lake Mall and Office Building of West Yingbin Street.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by approximately 5.5% from approximately RMB60.0 million for the year ended 31 December 2021 to approximately RMB56.7 million for the Reporting Period, and the decrease was primarily due to the decrease in office expenses and employee remuneration during the Reporting Period.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately 18.8% from approximately RMB64.1 million for the year ended 31 December 2021 to approximately RMB52.1 million for the Reporting Period, and the decrease was primarily due to the decrease in labour costs and office expenses.

## **Finance Costs**

The Group's financing expenses increased by approximately 84.1% from approximately RMB32.1 million for the year ended 31 December 2021 to approximately RMB59.1 million for the Reporting Period, and the increase was primarily due to the increase in borrowings from related parties during the Reporting Period, resulting in an increase in finance costs of the Group.

## **Income Tax Expenses**

The Group's income tax expenses decreased by approximately 65.4% from approximately RMB172.7 million for the year ended 31 December 2021 to approximately RMB60.0 million for the Reporting Period, and the decrease was primarily due to a decrease in profit before tax for the Reporting Period.

## **Total Profit and Comprehensive Income for the Period**

As a result of the foregoing, the Group's total profit and comprehensive income for the period decreased by approximately 53.1% from approximately RMB104.4 million for the year ended 31 December 2021 to approximately RMB48.9 million for the Reporting Period.

## **Cash Position**

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB334.8 million, representing an increase of approximately 39.3% as compared to approximately RMB240.4 million as at 31 December 2021, and the increase was primarily due to an increase in advance of sales proceeds from buyers in connection with the Group's pre-sale of properties and sales of construction materials during the Reporting Period.

## **Net Operating Cash Flow**

The Group recorded a positive operating cash flow of approximately RMB22.0 million as at the end of the Reporting Period, while the negative operating cash flow was approximately RMB500.0 million as at 31 December 2021.

## **Borrowings**

The Group had outstanding bank borrowings of approximately RMB3,155.1 million as at the end of the Reporting Period while the Group had outstanding bank borrowings of approximately RMB3,140.4 million as at 31 December 2021.

## **Pledged Assets**

Certain of the Group's borrowings were secured by properties under development. As at the end of the Reporting Period, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB2,127.0 million.

## **Financial Guarantees and Contingent Liabilities**

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at the end of the Reporting Period, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB2,012.9 million.

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

## **Gearing Ratio**

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB3,155.1 million and total equity of approximately RMB1,762.9 million, the gearing ratio of the Group was approximately 179% (31 December 2021: approximately 183%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The decrease in gearing ratio was mainly due to an increase in non-controlling interests during the Reporting Period.

## **Foreign Currency Risk**

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

## **Material Acquisitions and Disposals and Material Investments**

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

## **Significant Events after the Reporting Period**

As of the date of this announcement, the Group does not have any significant events after the Reporting Period.

## **Future Plans for Material Investments or Capital Assets**

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as appropriate. Internal resources and bank borrowings are expected to be sufficient to meet the necessary funding needs. Save as disclosed above, the Group has no future plans of material investment as at the date of this announcement.

## **Employees and Remuneration Policies**

As at the end of the Reporting Period, the Group had 237 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB30.8 million. Employee compensations generally include salaries and quarterly performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be convened on Wednesday, 24 May 2023, a notice of which will be published and delivered to the Company's shareholders in due course.

## **FINAL DIVIDEND**

The Board has resolved not to declare a final dividend for the year ended 31 December 2022.

## CORPORATE GOVERNANCE PRACTICES

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

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

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

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's business, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and 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's servicing as Director and chairman of the Board since its establishment is conducive to the Company's formulating a correct development strategy. Regarding business operations, the Company's senior management, which comprises experienced and high caliber individuals from various sectors, will ensure decisions made by the Board be thoroughly implemented.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE 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 an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the code provision of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua. The Audit Committee is chaired by Mr. Tian Hua.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, as well as relevant laws and regulations, and discussed risk management, internal control and financial reporting matters of the Group, including the review of the annual results of the Group for the year ended 31 December 2022. The Audit Committee considers that the annual results are in compliance with the applicable accounting principles and policies, laws and regulations, and that the Company has made appropriate disclosures thereof.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THIS ANNOUNCEMENT**

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2022. The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by BDO Limited (“**BDO**”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT**

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

In accordance with the requirements under the Listing Rules, the annual report for the year ended 31 December 2022 containing information about the Company will be despatched to the shareholders of the Company 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*

Shanxi, the PRC, 24 March 2023

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