

2017 Annual Results

Mar 2018

2017
ANNUAL REPORT



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Results Review



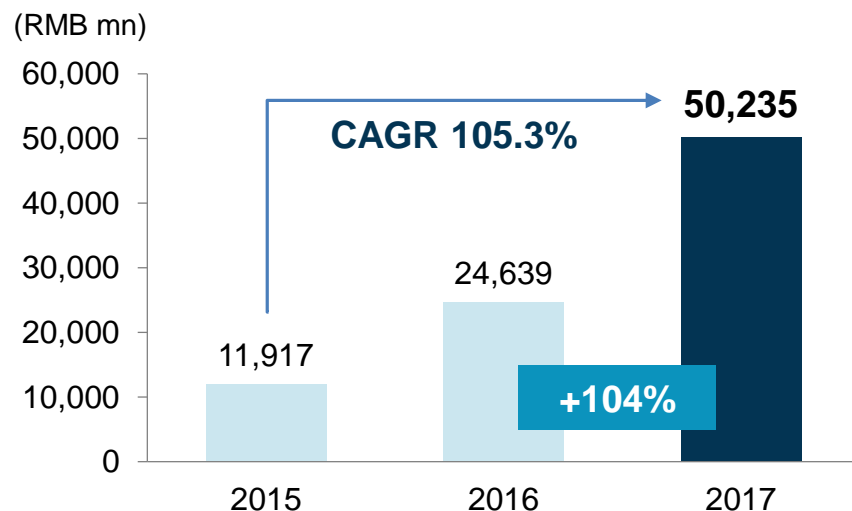
Nice Villa (Fuzhou)

Financial highlights

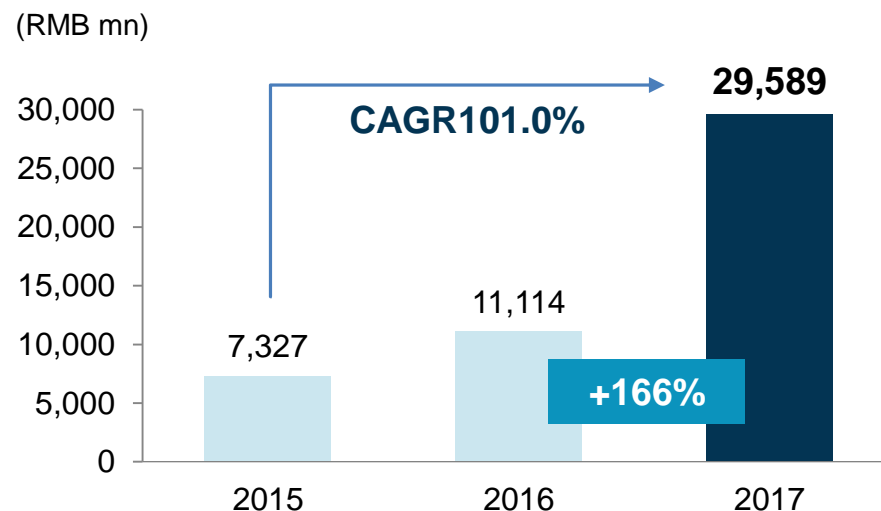
For the year ended 31 December (RMB mn)	2017	2016	YOY change
Contracted sales	50,235	24,639	104%
Revenue	30,341	11,372	167%
Gross profit	5,025	2,302	118%
Profit for the year	2,646	1,703	55%
Earnings per share for profit attributable to owners of the Company (RMB Yuan)	1.22	0.96	27%

Growth summary

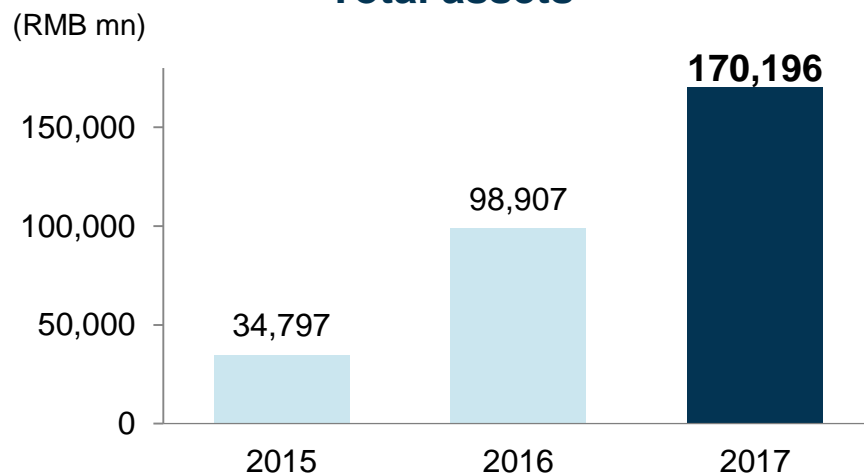
Contracted sales¹



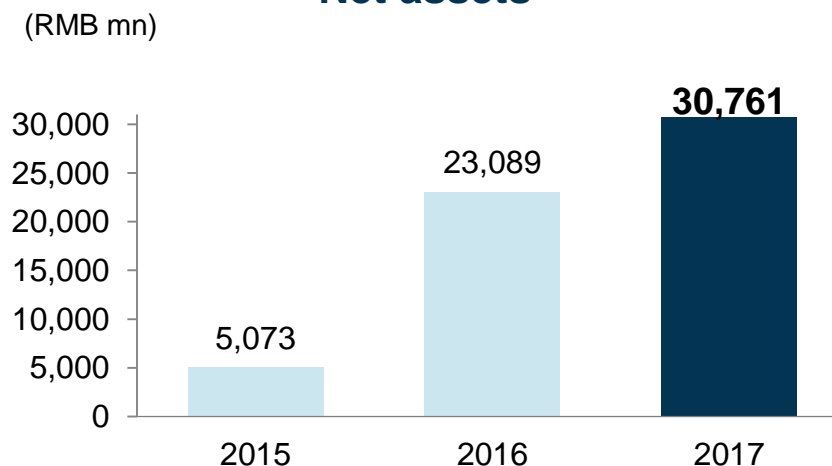
Delivered contracted sales



Total assets

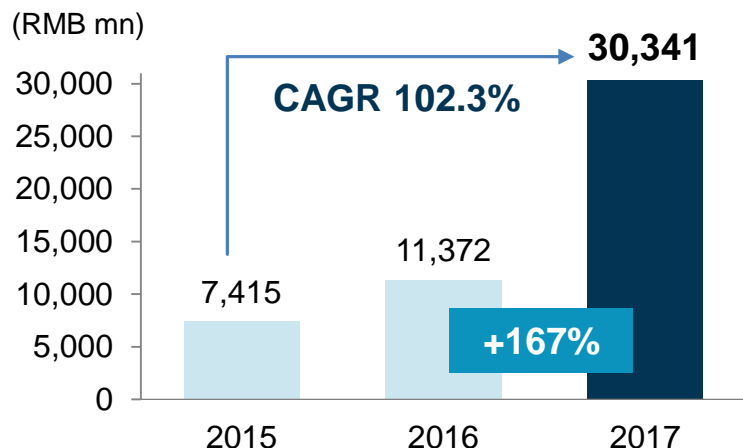


Net assets

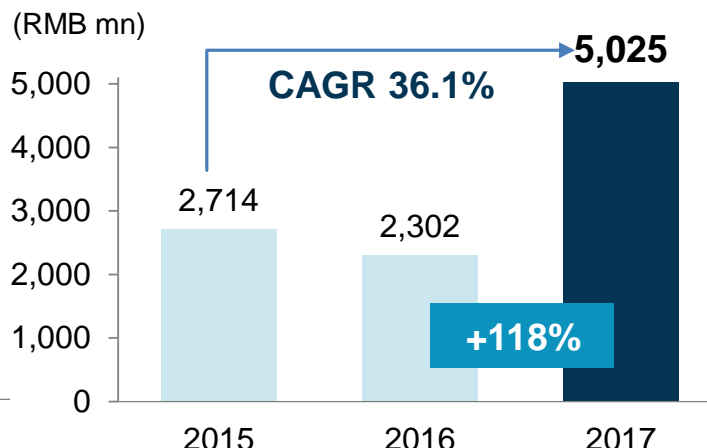


Profitability

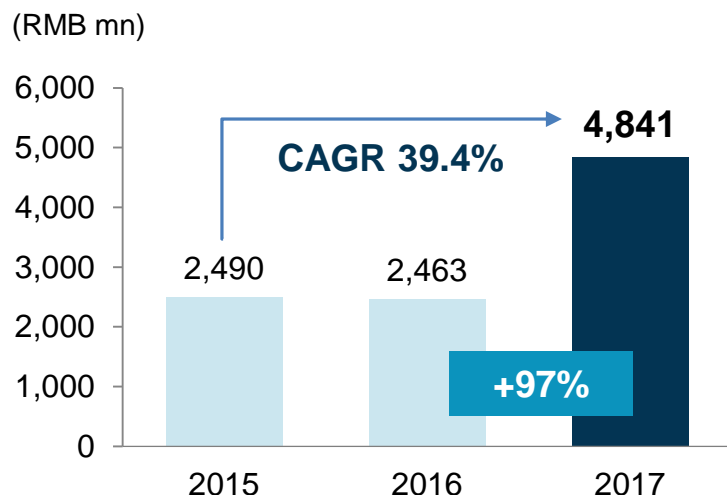
Revenue



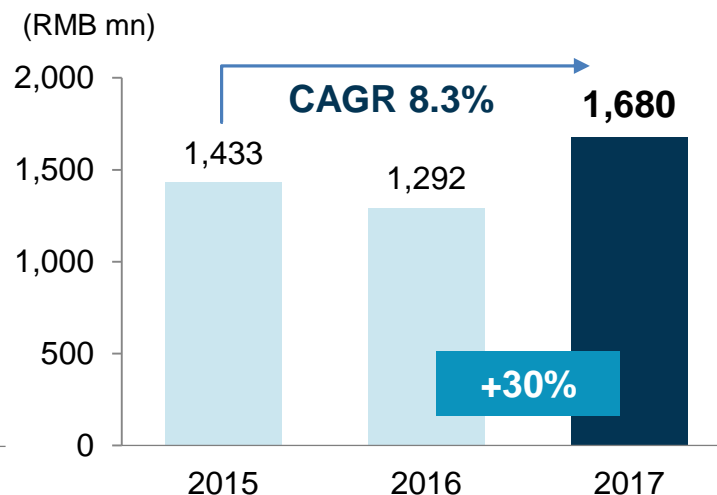
Gross profit



EBITDA¹



Net profit²



Gross profit margin and net profit margin for the year of 2017 slightly decreased primarily due to the cost fair value adjustment under IFRS in relation to the acquisition

Excluding the effect of aforesaid:

Gross profit margin

22.8%

▲ 2.1 ppt

Net profit margin

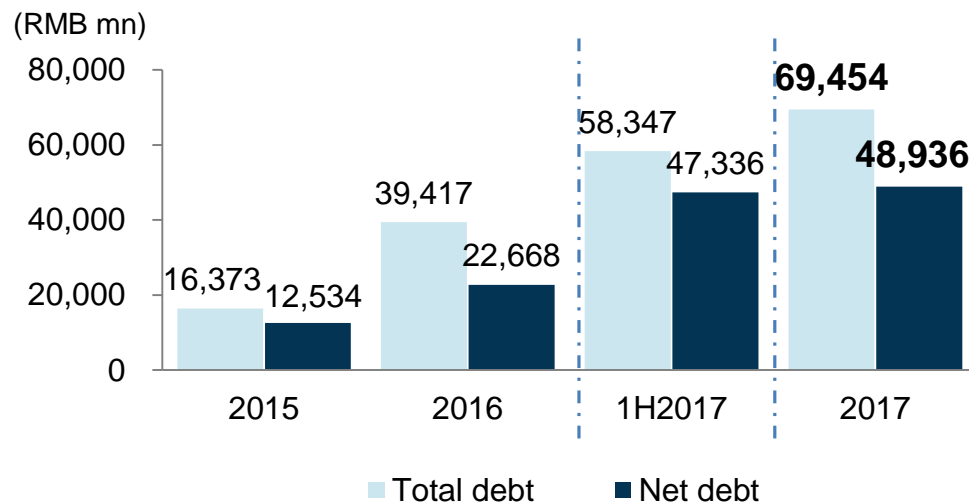
12.2%

▲ 3.5 ppt

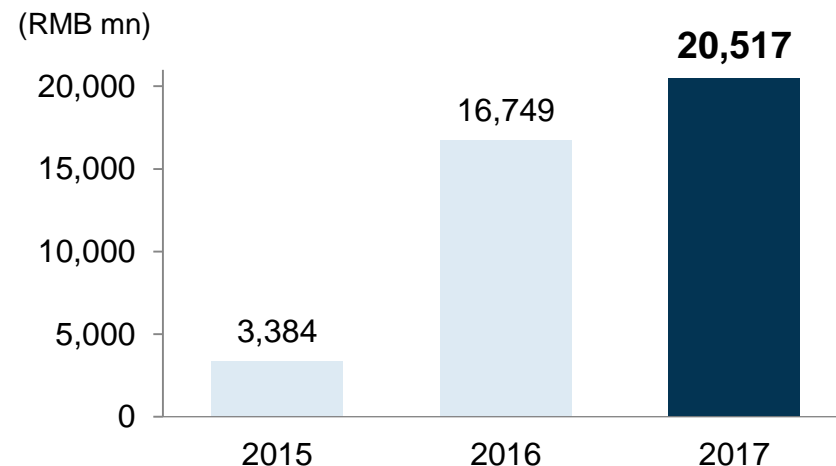
Notes:
¹ EBITDA = Profit before tax + Net Finance Income / (Cost) + Depreciation + Amortization of Intangible Assets
² Attributable to the parent company

Debt Repayment

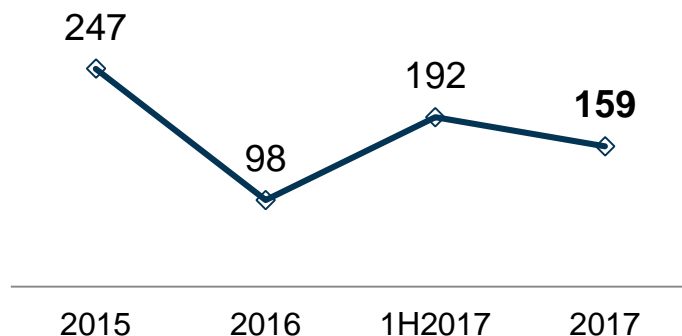
Total debt and net debt¹



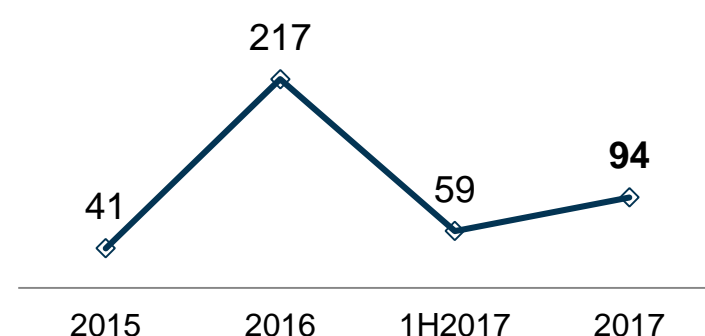
Cash and bank balances



Net debt ratio (%)



Cash/short-term debt ratio (%)



Note:

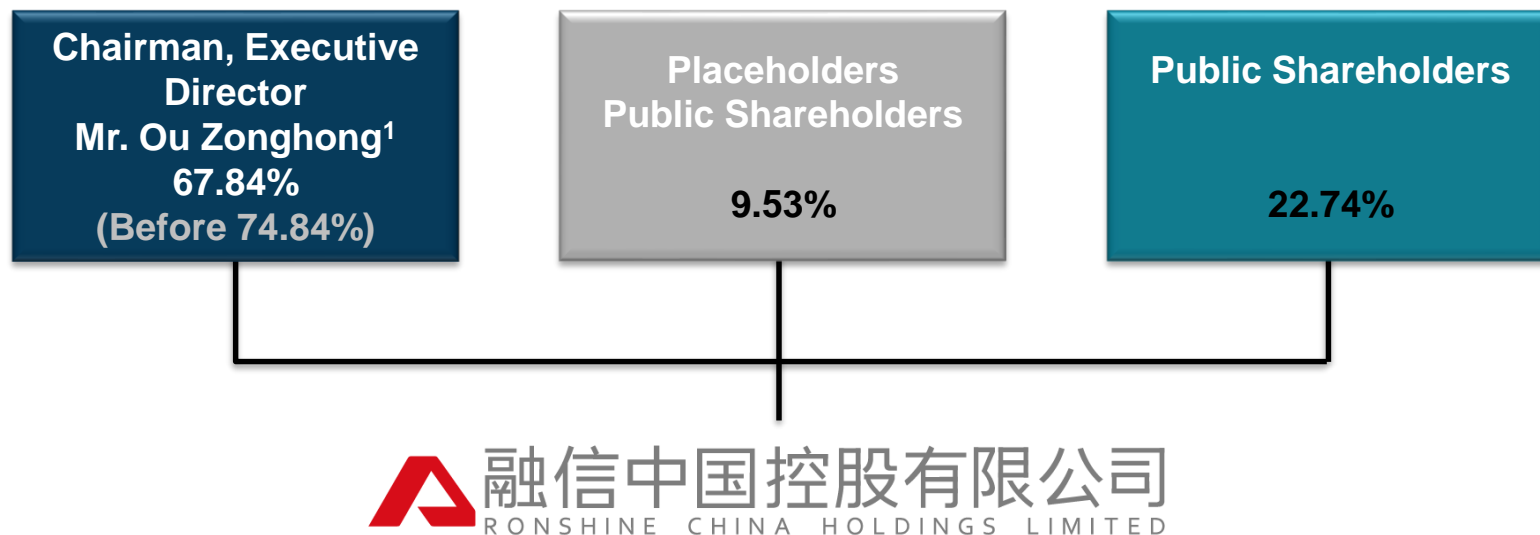
¹ Net debt = Total debt - Cash and bank balances

As of 31 December (Times)	2015	2016	2017
Total debt/ Adjusted EBITDA ¹	3.59	8.38	7.86
Adjusted EBITDA ¹ / Total interest expense ²	2.20	2.09	2.20
Adjusted EBIT ³ / Total interest expense ²	2.20	2.09	2.18

Note:

- 1 Adjusted EBITDA = Profit before tax + Net Finance Income (Cost) + Depreciation + Amortization of Intangible Assets + Total Capitalized Interest
- 2 Total interest expense is finance costs (including total capitalized interest)
- 3 Adjusted EBIT = Profit before Income Tax + Net Financial Income / (Cost) + Total Capitalized Interest

Shareholder structure



Stock code : 3301.HK

Issued shares as of February 28th 2018: 1,494,800,500 shares

On October 29th 2017, issued an aggregate of 142 million shares under equity replacement at HK\$8.52 per share, with net proceeds of approximately HK\$1.2 billion

Note¹: Dingxin Company Limited, a company incorporated in the Cayman Islands which is indirectly wholly-owned by the trustee of the Ou Family Trust, a discretionary trust established by Mr. Ou GuoFei (the son of Executive Director Mr. Ou, as the settlor) and Mr. Ou as executive director, is a protector.



Business Operations

High-quality developer focusing on mid- to high-end quality properties

Adhering to quality

A leading quality property developer in the PRC, ranking 26th in China's property market in terms of contracted sales in 2017. It offers a wide variety of products from high-end apartments, villas, serviced apartments, and offices to commercial complex

Focusing mid- to high-end

Focusing on developing mid-to-high-end residential properties. Upholding the principle of "building with sincerity and building with love" (融鑄誠信、造有情房), it respects a city's culture and insists on shaping a city with quality that the world's leading architects and designers can afford, and works with famous contractors in building benchmark products to meet local demand

Achieving high growth

The CAGR of total contracted sales¹ between 2015 and 2017 was 105.3%.
The contracted sales for 2017 was RMB50.24 billion ¹, representing an increase of 103.9% YOY.

Accelerating nationwide layout

Headquartered in Shanghai, with strategic presence in China's seven core metropolitan areas, namely "Western Taiwan Straits Economic Zone", "Yangtze River Delta Economic Zone", "Greater Bay Area", "Beijing-Tianjin-Hebei Region", "Central China", "Chengdu-Chongqing", and "Western Cities"

Industry leader

Ranks 22nd among "2018 China Real Estate Developers"
Top 30 of the "2017 Best 100 of China Real Estate Developers"
Ranks 5th among the "2017 TOP10 Growth Enterprises of China Real Estate"

Widely acknowledged by awards



Top 30 of the “2017 Best 100 of China Real Estate Developers”
Ranking 5th among the “2017 TOP10 Growth Enterprises of China Real Estate”

Enterprise Research Institute of the Development Research Center of State Council, Real Estate
Research Institute of Tsinghua University and China Index Academy



Ranking 26th among the “2017 Best 50 of China Real Estate Developers”
2017 Best 10 of Development of China Real Estate Developers
2017 Best 10 of Development of China Real Estate Developers in Fujian

China Real Estate Industry Association, Shanghai E-House Real Estate Research Institute and China Real Estate Evaluation Centre



Ranking 22nd among the “2018 Best 500 of China Real Estate Developers Evaluation”
2018 Best 10 of Development of China Real Estate Developers
2018 Best 30 of China Real Estate Developers

China Real Estate Industry Association,
China Real Estate Evaluation Centre

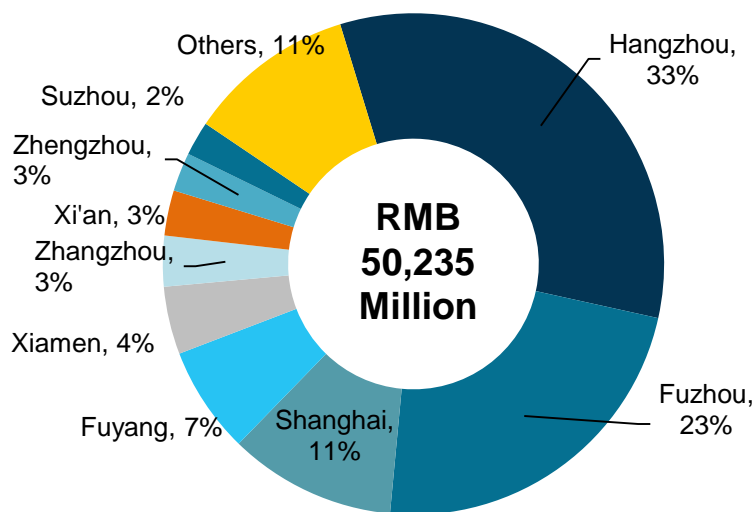


Ranking 24th among the 2017 Top 30 Brands of Chinese Real Estate Companies (Diversified Ownership)

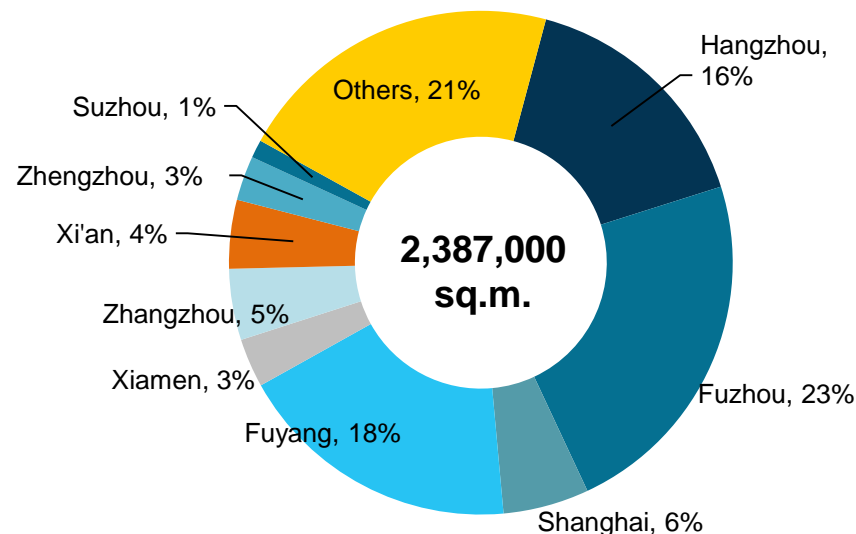
Enterprise Research Institute of the Development Research Center of State Council, Real Estate
Research Institute of Tsinghua University and China Index Academy

Contracted sales analysis

Total contracted sales in 2017¹



Total contracted GFA in 2017¹



City	Amount (RMB mn)	Contracted sales area (sq.m)	ASP of contract sales (RMB)
Hangzhou	16,671	380,744	43,785
Fuzhou	11,568	546,992	21,149
Shanghai	5,419	131,858	41,098
Fuyang	3,466	437,831	7,916
Xiamen	2,195	74,975	29,280
Zhangzhou	1,645	109,196	15,060
Xi'an	1,467	105,228	13,939
Zhengzhou	1,254	68,206	18,392
Suzhou	1,111	27,800	39,960
Others	5,439	504,070	10,790

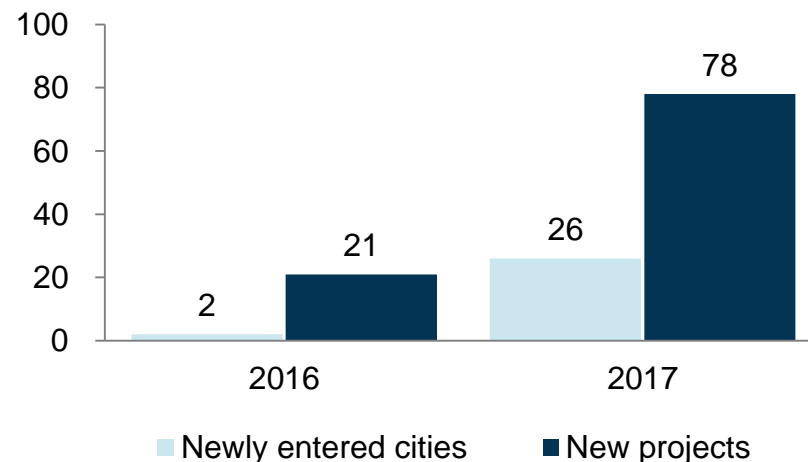
Land reserve overview



Layout in “7 Core Metropolitan areas”

	No. of city	No. of projects
Yangtze River Delta	19	75
Western Taiwan Straits	5	38
Chengdu-Chongqing	2	2
Greater Bay Area	1	1
Provincial Capitals in Central China	1	3
Provincial Capitals in Western China	4	12
Beijing-Taijin-Hebei	1	2
Total	33	133

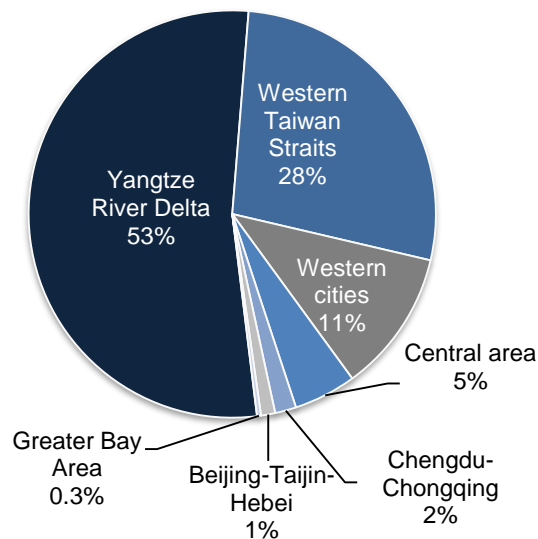
Newly entered cities and projects



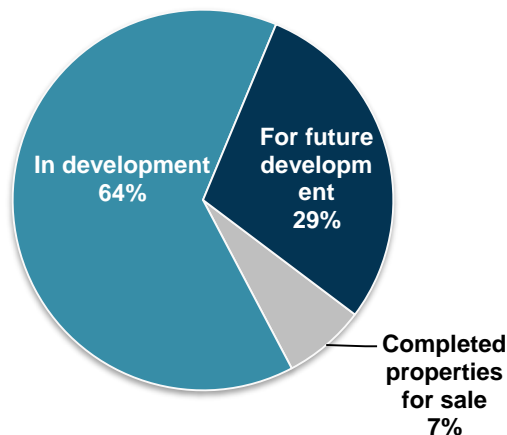
- ❑ As of the 31 December of 2017, the Company had a total land reserve of approximately 23.15 million sq.m, attributable GFA of land reserve approximately 12.67 sq.m
- ❑ 14.77 million sq.m. of the total land reserve is under construction, and 6.86 million sq.m. is for future development
- ❑ Covering 33 cities with 133 projects in China

Land reserve overview (con't)

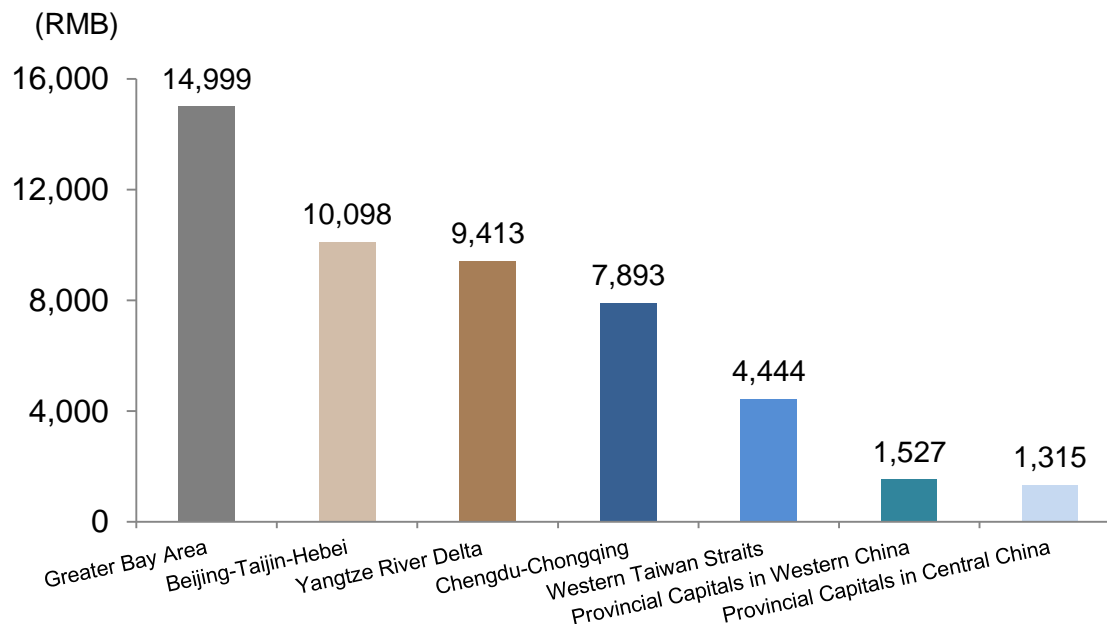
Regional distribution (by area)



By development stage (by construction area)



Average land cost in 2017 (by region)



- ❑ Newly acquired 78 land parcels with newly added land reserve area of 14.82 million sq. m. and attributable land reserve of approximately 7.46 million sq. m in 2017. The average cost of land reserve was RMB4,814 per sq. m.
- ❑ As of 31 December, 2017, the average land cost was RMB 6,568 per sq. m.

Cultivate existing areas: Yangtze River Delta and Western Taiwan Straits



Yangtze River Delta

- ▲ 75 projects in 19 cities with land reserve of 12.32 million sq.m., representing 53% of total land reserve
- ▲ Shanghai, Hangzhou, Nanjing, Ningbo, Jinhua, Shaoxing, Nantong, Suzhou, Quzhou, Zhoushan, Fuyang, Hefei, and etc

Western Taiwan Straits

- ▲ Total 38 projects in 5 cities with land reserve of 6.34 million sq.m., representing 28% of total land reserve
- ▲ Fuzhou, Xiamen, Zhangzhou, Longyan, Putian



Ronsine Poly •The Genesis ARC(Hangzhou)



Ronsine Mansion ARC (Hangzhou)



The White House(Fuzhou)



Ocean City(Xiamen)

Actively develop new areas: provincial capitals in Western and Central China area



- ▲ February 2018, Ronshine China acquired Zhengzhou Qinghuayuan at RMB802 million, securing land use rights of four land parcels in Zhengzhou, Henan Province, China
- ▲ July 2017, Ronshine China acquired 55% equity of Ningbo Hailiang and Anhui Hailiang respectively to focus on cultivation of markets in provincial capitals in Western and Central China and adjacent areas
- ▲ Chengdu-Chongqing: 2 projects with total land reserve of approximately 389.8 thousands sq.m.
- ▲ Central area: 3 projects in Zhengzhou with total land reserve of approximately 1.15 million sq.m.
- ▲ Western area: 12 projects in Xi'an, Lanzhou, Xi'ning and Yinchuan with total land reserve of 2.62 million sq.m.

	Zhengzhou acquisition overview	Hailiang acquisition overview
Announcement Date:	9 th February 2018	27 th July 2017
Equity acquired:	Zhengzhou Qinghuayuan Property Development Co., Ltd.	Acquired 55% of Ningbo Hailiang Property Investment Company Limited and Anhui Hailiang Property Company Limited respectively
Acquisition cost:	RMB 802 million	RMB 2.897 billion
Site area:	295.3 thousands sq.m	> 5 million sq.m

Actively develop new areas: Great Bay Area and Beijing-Taijin-Hebei



▲ Beijing-Taijin-Hebei : Tianjin Jinghai and Jinnan

▲ Total land reserve was 260.2 thousand sq.m.



▲ Greater Bay Area: Guangzhou

▲ Total GFA of land reserve was 72.7 thousand sq.m.





Future Development

Focus on mid-to-high-end upgrading properties, and improve residential experience

- ▲ Strive to provide high-quality property products and services and create premium value for customers, aiming to enhance the reputation of the Company
- ▲ Though marketing efforts like advertisement, real estate exhibitions and trading fairs, to enhance the awareness of its brands

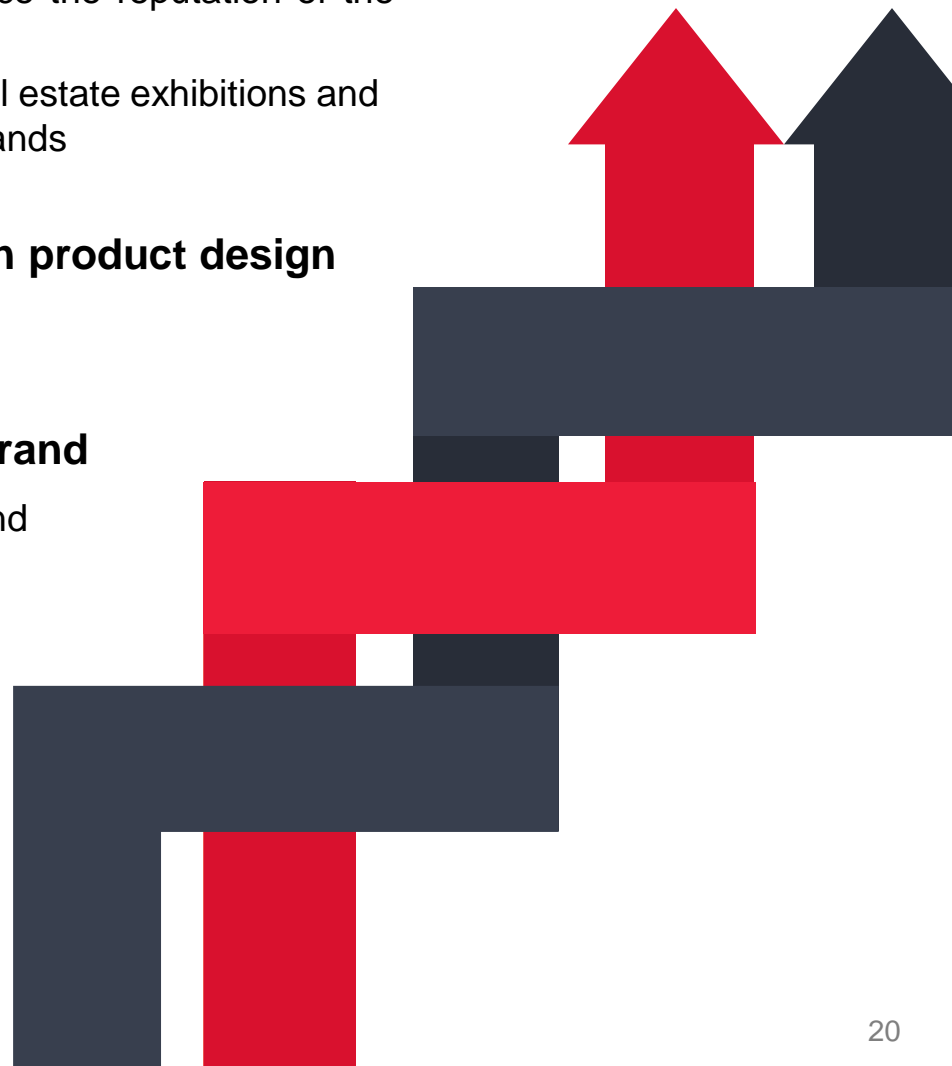
Creative construction plan and innovation product design to create value for customers

Build brand with faith, and benefit from brand

- ▲ Implement high quality development strategy, and enhance overall profitability

Participate in more landmark projects

- ▲ Adhere to regional “in-depth cultivation” and “mid- to high-end” strategies, to build benchmark products
- ▲ Develop landmark projects in existing cities, and build image and brand in new markets



12 months

Sufficient
Liquidity

- Maintaining minimum cash balance sufficient to cover the basic operating cost for the next 12 months



1+N

Land acquisition
strategy

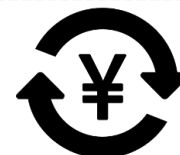
- Implement “1+N” strategy, and explore core regions of “Beijing-Tianjin-Hebei” and “Yangtze River Delta Economic Region”, “Guangdong-Hong Kong-Macau Greater Bay Area” and “Western Taiwan Straits Economic Zone”
- “1+N” :1 represents the core city, N represents satellite cities within the coverage of high speed rail or express way net work in the core city



Deleverage

Deleverage steadily

- Long-term annual target of EBITDA/Interest expense ratio set at more than 2 times
- Actively manage gearing level



Financial and capital planning

- Adhere to “asset light” cooperation strategy and maintain healthy and balanced financial development
- In respect of the acquisition of land bank, carefully scrutinize the internal estimates (repurchase amount: 50%) to balance the overall profit margin and liquidity, mindful land acquisition strategy and reduce the funding pressure by joint venture

Unite with competitive peers, maximize profits
by integrating and synergizing resources



Asset- light strategy 2.0

- Co-develop projects with large-scale peers, input management philosophies, operation experiences and capital advantages so as to enjoy more profits
- Leverage Ronshine's management and operation advantages to acquire a certain percentage of equity interest in land parcels owned by other property developers, to achieve complementary advantages and win-win situation

Asset- light strategy 1.0

- Adopted asset-light strategy and co-operate with other top-ranking property developers, such as Vanke, Greenland Group, Country Garden, Poly Group, etc., to co-develop projects and ensure the quality and operational efficiency to reach top level
- Maximize the value of capital expenses by the cooperating with peers in land parcel acquisition



Appendix

Consolidated income statements

For the year ended 31 December (RMB mn)	2017	% of total revenue	2016	% of total revenue	% change
Revenue	30,341	100%	11,372	100%	167%
Revenue from sales of properties	29,589	98%	11,114	98%	166%
Revenue from construction contracts	560	2%	178	2%	214%
Rental income and others	193	1%	80	1%	143%
Cost of Sales	(25,317)	83%	(9,070)	80%	179%
Gross profit	5,025	17%	2,302	20%	118%
Selling and marketing costs	(819)	3%	(473)	4%	73%
Administrative expenses	(876)	3%	(478)	4%	83%
Fair value gains on investment properties	1,108	4%	361	3%	207%
Fair value gains on the remeasurement of joint ventures	--	--	278	2%	--
Other income and other gains — net	46	0%	12	0%	290%
Operating profit	4,484	15%	2,001	18%	124%
Finance income	248	1%	132	1%	88%
Finance cost	(25)	0%	(6)	0%	298%
Finance income, net	223	1%	125	1%	78%
Share of net profit of associates and joint ventures accounted for using the equity method	283	1%	443	4%	-36%
Profit before income tax	4,990	16%	2,570	23%	94%
Income tax expense	(2,343)	8%	(867)	8%	170%
Profit for the year	2,646	9%	1,703	15%	55%
Profit for the year attributable to owners of the Company	1,680	6%	1,292	11%	30%
Basic earnings per share (RMB Yuan)	1.22		0.96		27%

Consolidated balance sheet



(RMB '000)	(For the year ended 31 December) 2017	2016
Assets		
Non-current assets		
Property, plant and equipment	1,518,138	1,321,057
Land use rights	464,407	479,518
Investment properties	10,465,400	4,058,000
Intangible assets	8,485	4,876
Investments accounted for using the equity method	6,743,913	2,695,532
Available-for-sale financial assets	-	640,000
Prepayments	42,000	33,724
Term deposits	92,729	--
Deferred tax assets	512,609	258,949
	19,847,681	9,491,656
Current assets		
Properties under development	90,900,267	31,614,716
Completed properties held for sale	9,477,128	7,572,767
Amounts due from customers for contract works	140,745	1,249,435
Trade and other receivables and prepayments	23,720,226	32,103,325
Amounts due from related parties	3,971,790	229,101
Prepaid taxation	1,604,331	512,156
Available-for-sale financial assets	16,959	24,000
Restricted cash	1,933,517	907,304
Term deposits	111,000	3,677,169
Cash and cash equivalents	18,472,631	11,525,557
	150,348,594	89,415,260
Total assets	170,196,275	98,906,916
Equity		
Capital and reserves attributable to owners of the Company	10,224,277	7,470,518
Share capital	13	12
Share premium	3,506,038	2,485,669
Other reserves	6,718,226	4,984,837
	10,224,277	7,470,518
Non-controlling interests	17,794,795	12,386,271
Perpetual Capital Instruments	2,741,981	3,232,533
Total equity	30,761,053	23,089,322
Liabilities		
Non-current liabilities		
Borrowings	47,609,990	31,683,744
Deferred tax liabilities	3,041,401	1,479,533
	50,651,391	33,163,277
Current liabilities		
Borrowings	21,843,620	7,733,520
Trade and other payables	21,594,588	10,947,247
Amounts due to related parties	1,354,824	1,474,137
Pre-sale proceeds received from customers	41,244,149	20,968,395
Current tax liabilities	2,746,650	1,531,018
Total liabilities	139,435,222	75,817,594
Total equity and liabilities	170,196,275	98,906,916

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