

2019 ANNUAL RESULTS PRESENTATION

BUILDING TRUST AND QUALITY MOVING AHEAD PROGRESSIVELY



Fuzhou China Legend



1 | Highlights and Outlook



2 | Business Operation



3 | Financial Performance



4 | Appendix



1. Highlights and Outlook



Pioneer in quality properties

Kunshan • Magnolia Mansion

Consistently growing profit

- Revenue: RMB **51.5 bn**, up **50%** yoy
- Core net profit attributable to the owners of the Company: approx. RMB **3.2 bn**, up **27%** yoy
- Proposed full-year dividend of **0.60 HKD** per share, up **64%** yoy

Contracted sales keeping increasing

- Contracted sales: RMB **141.3bn**, up **16%** yoy
- Sales from tier 1&2 cities accounted for **80%+** of the total, with sell-through rate of **70%+**
- Average pre-selling price: RMB **21,583** per sqm
- Cash collection rate: **80%+**

Optimized debt structure

- Net gearing ratio dropped from 105% at prior year-end to **70%**
- Cash and bank: RMB **34.3bn**, up **37%** yoy
- Debt due within one year: RMB **18.7bn**, dropped **25%** yoy
- Cash to short-term debt ratio grew from 1.01x at prior year-end to **1.83x**
- Approx. RMB **137.4bn** credit facilities are unutilized

2019 Annual Results Highlights



Delivering a better life

Shengzhou• New Century

Expanding land bank , promoting transformation of urban renewal

- **46** newly acquired land parcels with **7.31mn** m², including **2mn** m² from urban renewal
- Total land bank amounts to **26.96mn** m², approx. **81%** of which are from first- and second-tier cities
- Average land cost: RMB **6,897** per m², land cost to sales price ratio:**32%**

Credit Rating upgraded both in onshore and offshore, and sufficient institutional credit facilities granted

- Offshore credit rating: Fitch, Moody's and S&P upgraded rating to "**BB-**", "**B1**" and "**B+**", all with **stable outlook**
- Onshore credit rating: CCXI affirmed long-term corporate credit rating of "**AAA**" and CSCI Pengyuan assigned an "**AAA**" for its initial coverage
- The stock and bond has been covered by **15+** sell-side with **overweight/buy** recommendations

Quality win awards

- Won more than **40** domestic and foreign design awards, including **19** Kinpan Awards ranking **top 4**
- Customer satisfaction survey reaches **90 points**¹, far exceeding the industry average

Deepened “1+N” layout

“1+N”: 1 refers to tier 1&2 cities, N refers to surrounding satellite cities, with:

1. Obvious spillover demand
2. Net inflows of population
3. Emerging industries

Targeting efficient cities

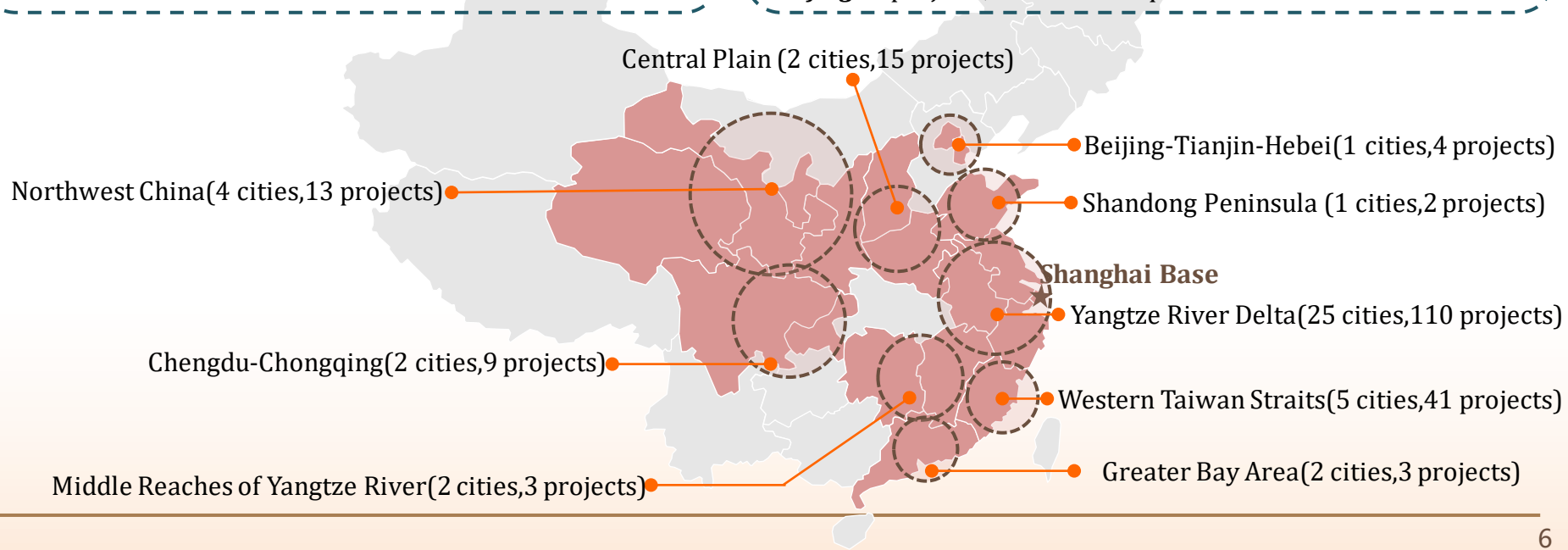
Nine core urban agglomerations involves several efficient cities, like

Fuzhou: 27 projects, 4.33mn m² equal to 16% of total land bank

Hangzhou: 32 projects, 2.94mn m² equal to 11% of total land bank

Zhengzhou: 12 projects, 4.17mn m² equal to 15% of total land bank

Nanjing: 7 projects, 2.08mn m² equal to 8% of total land bank



Profitability Orientated with Mid-high End Products

Profitability orientated for new projects

Pursuing profitable growth

- Emphasis on land profitability test
- Promoting transformation of urban renewal
- Seeking project acquisition opportunities

Having potential for rapid development

- Healthy financial leverage providing sufficient development flexibility
- Excellent capability for development nationwide with 10 regional companies

A prudent approach for land acquisition

- Proposing 30% -50% of the sales proceeds used for land acquisition

Stick to mid-high end & improved residences

- Four major series to meet diversified needs
- Leading product design strengthening brand competitiveness

Century Series



Haiyue Series



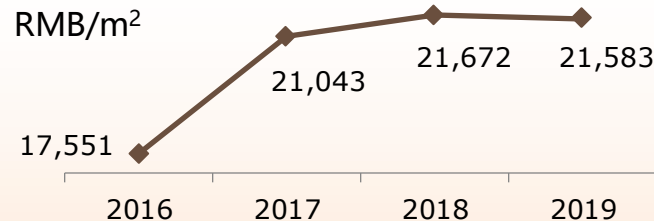
Lan Series



Center Series



Leading selling price is relating to quality first strategy, which building the brand value





A reasonable net gearing ratio //

- Net gearing ratio stays at the range of **70%-90%**

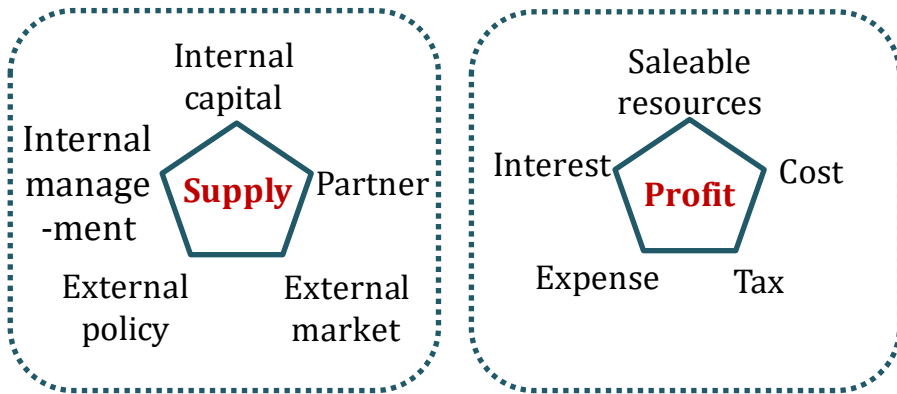
Adequate liquidity //

- Maintaining a lowest cash balance so as to satisfy the basic working capital needs for the next **12 months**
- Actively exploring multiple financing methods to maintain flexibility in the current complex international situation

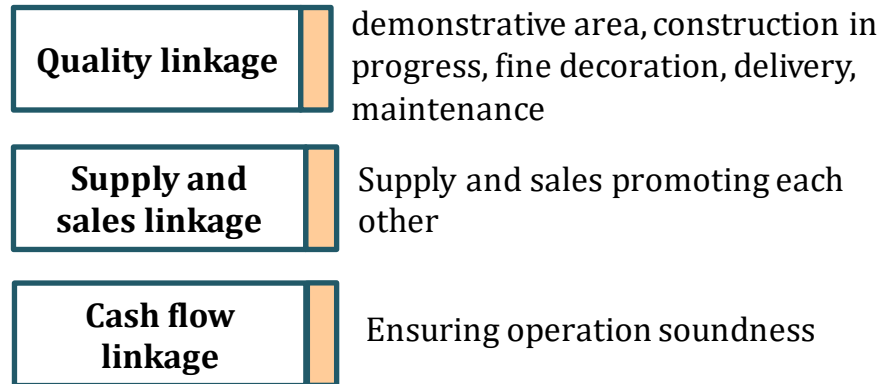
Financial and capital planning //

- Strengthening fund planning and improving **fund utilization efficiency**
- Reduce the funding pressure by **joint development**: partnering with strong players to maintain the financial soundness and balanced development

Five factors of supply and profit



Three linkage



Earning enhancement

- Discover organic growth potential to improve the margin of the Company
 - Maintain operation and financial soundness
 - Strive to create long term and stable return to shareholders



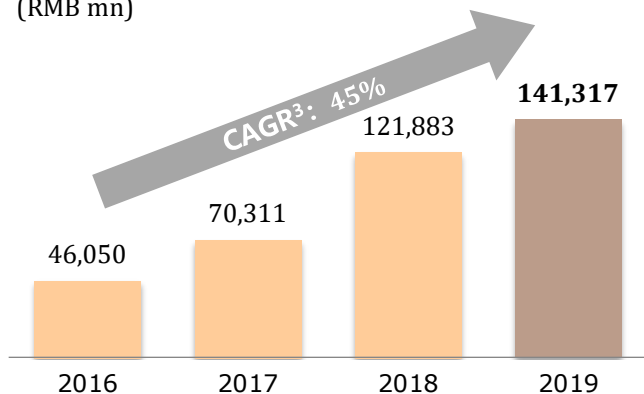


2. Business Operation

Contracted Sales Over 100bn With High Quality Products

2019 Contract Sales¹

(RMB mn)

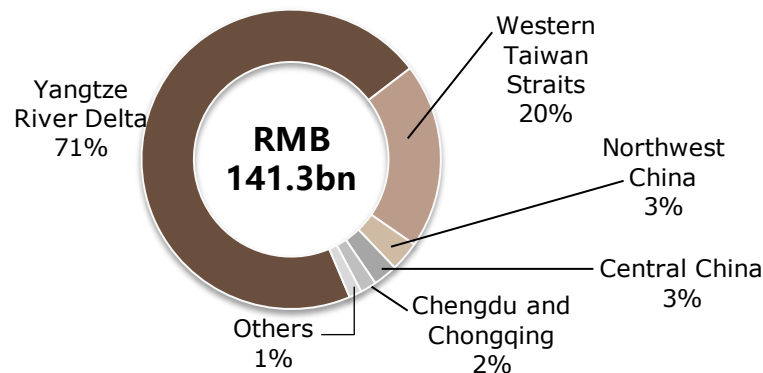


2019
Sales in Fuzhou²



2019
Sales in Hangzhou³

2019 Contract Sales (by region)



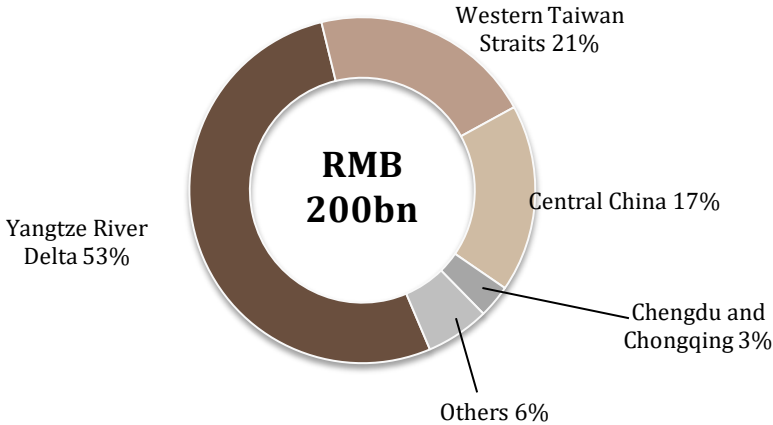
City	Amount (RMB m)	Ratio (%)	GFA (10k m ²)	ASP (RMB/m ²)
Hangzhou	48,621	34	125	39,018
Fuzhou	18,470	13	77	23,961
Nanjing	16,202	11	64	25,504
Shanghai	9,354	7	25	38,072
Zhangzhou	6,282	4	39	16,023
Others	42,388	31	325	13,042
Total	141,317	100	655	21,583

Note 1. Contracted sales include sales from JVs and associates

2. Source: 2019 Top 10 Developers in urban area of Fuzhou by Equity by CRIC

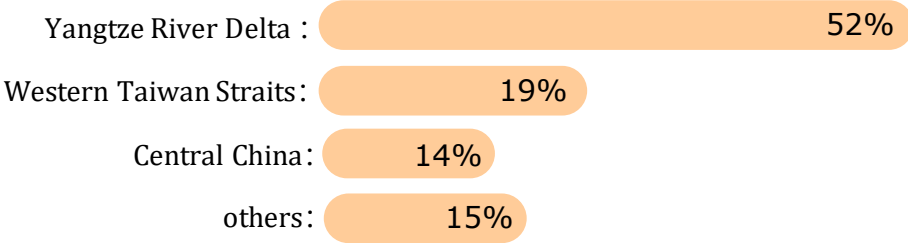
3. Source: 2019 Top 20 Developers in Hangzhou by Equity by CRIC

2019 saleable resources (by region)



2020 saleable resources

In total: RMB 220 bn



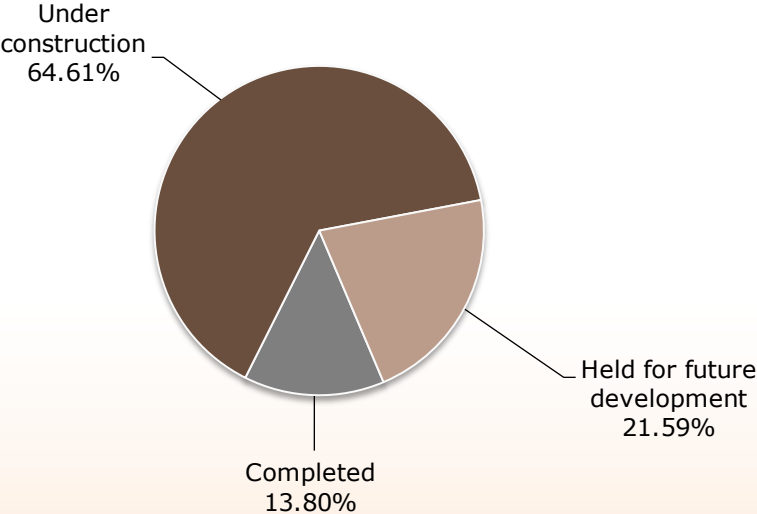
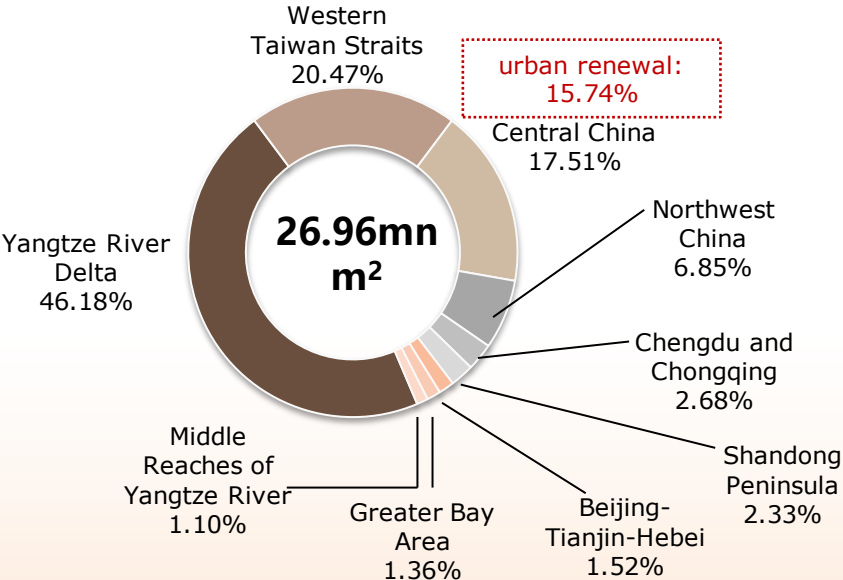
Expected sell-through rate: approx. **70%**



Shanghai • Hongqiao World Centre

- Over **80%** of the land reserve is located in the prime locations in tier 1&2 cities in China, covering **44** cities and **200** projects
- Primary and secondary property development linkage projects will become a new driver for replenishing premium and cheap land bank

Total land bank	Attributable land bank	Average land cost ¹	Average land cost/ASP
26.96mn m ²	13.32mn m ²	RMB 6,897/ m ²	32%



Note: 1. based on floor area.

Selected Land Acquisitions Offering More Growth Potential

Newly acquired land

46

Average land premium

9%

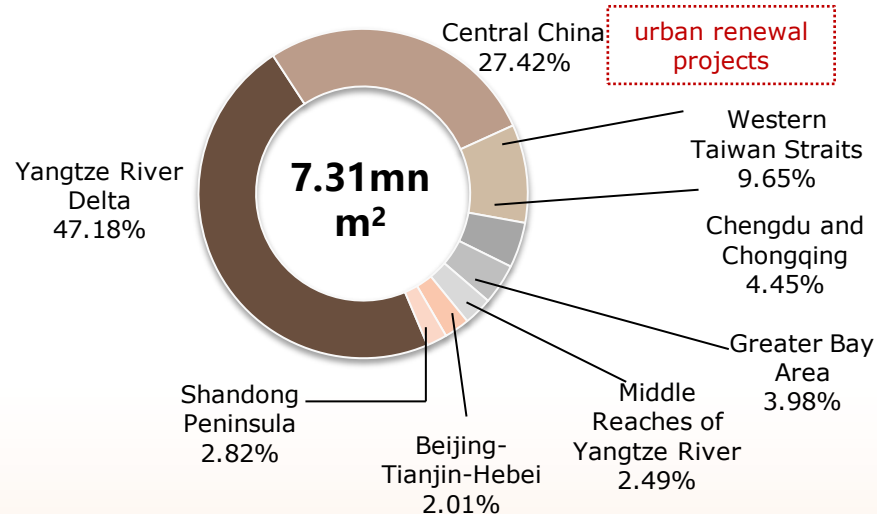
Average land cost¹

RMB 6,648/m²

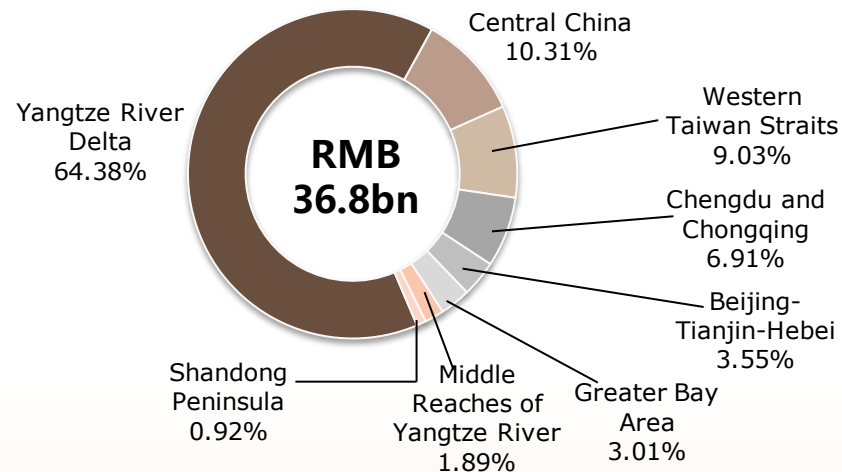
Tier 1&2 cities ratio²

92%

2019 newly acquired land bank



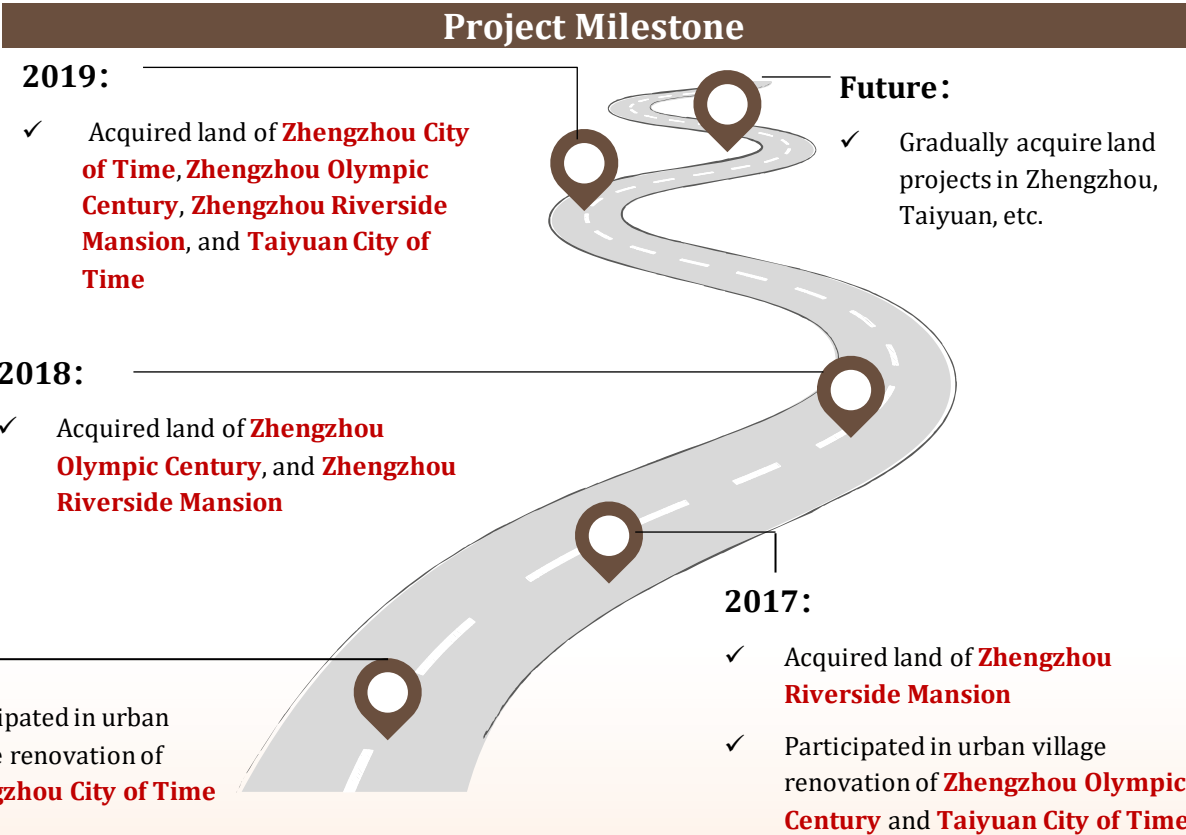
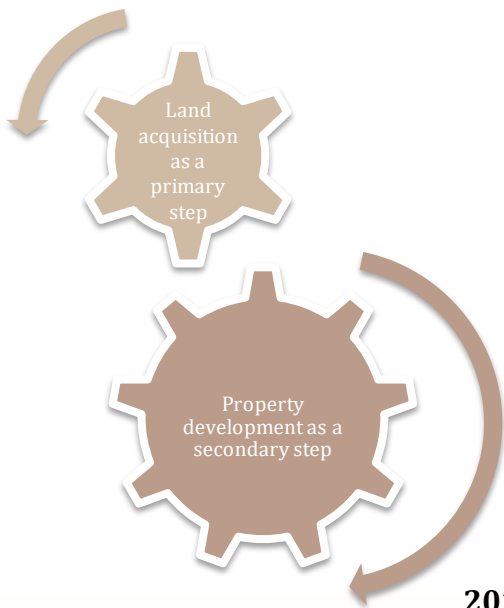
2019 total land cost



Note 1. based on floor area

2. based on attributable land cost of newly acquired land

New Growth Engine : Primary and Secondary Land/Property Development Linkage



New Growth Engine : Primary and Secondary Land/Property Development Linkage

City	Project name	Expected total GFA	Year of initial acquisition	Acquisition GFA before	Future acquisition GFA
Zhengzhou	Olympic Century	Approx. 1.65	2018	0.81	Approx. 0.84
	Riverside Mansion	Approx. 2.70	2017	2.33	Approx. 0.37
	City of Time	Approx. 2.00	2019	0.57	Approx. 1.43
Taiyuan	City of Time	Approx. 3.41	2019	0.55	Approx. 2.86
Toal		Approx. 9.76		4.26	Approx. 5.50

(million m²)

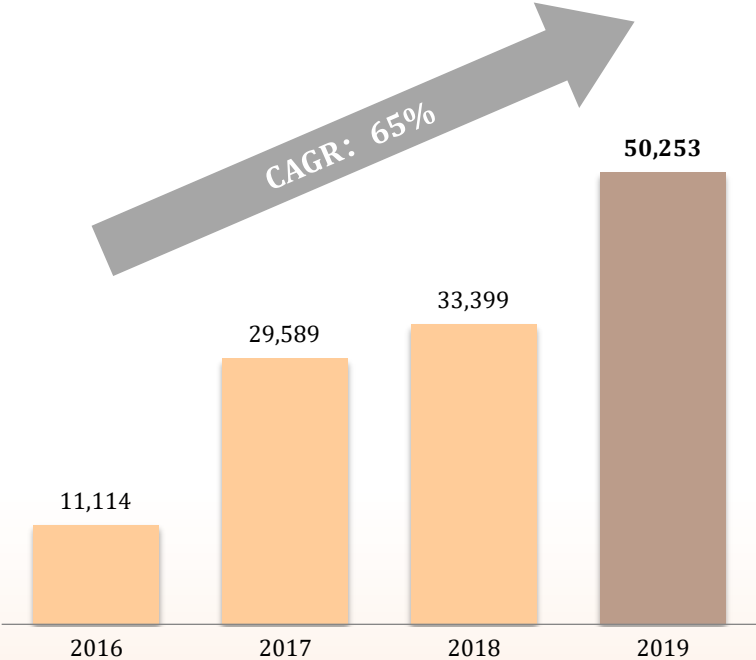




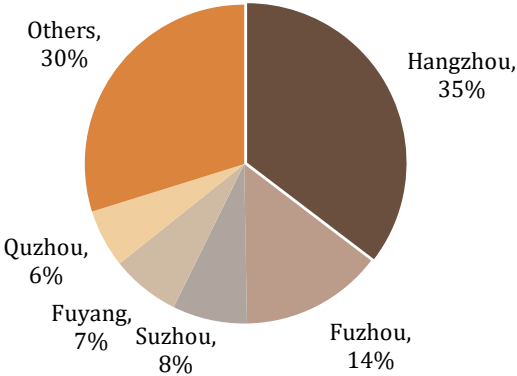
3. Financial Performance

Revenue

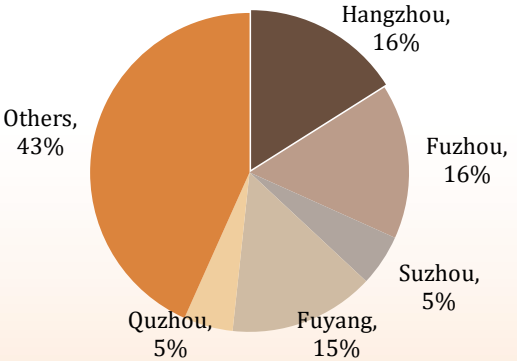
(RMB mn)



Recognized contracted sales (by city)



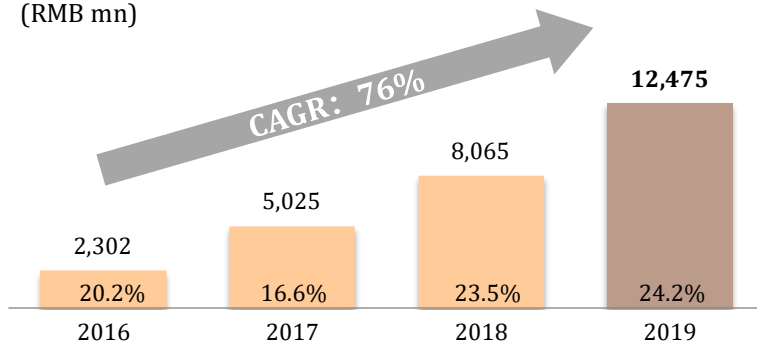
Recognized GFA (by city)



Continuously Increasing Profitability

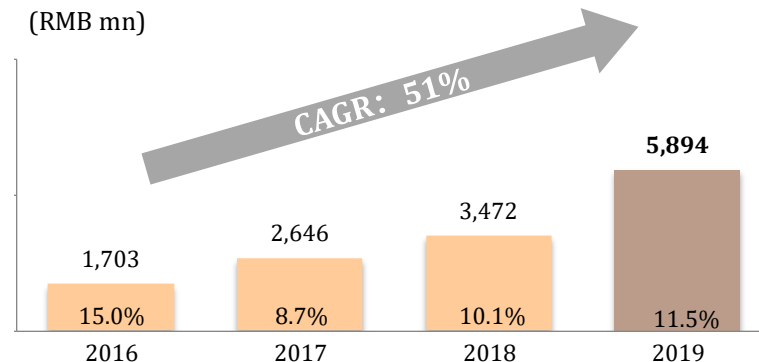
Gross profit and margin

(RMB mn)



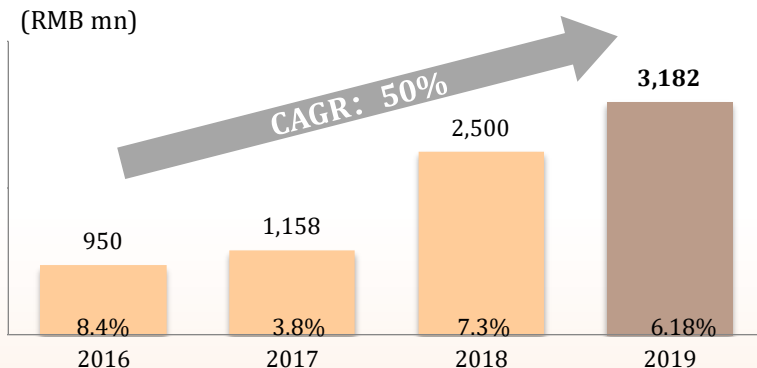
Profit for the year and margin

(RMB mn)



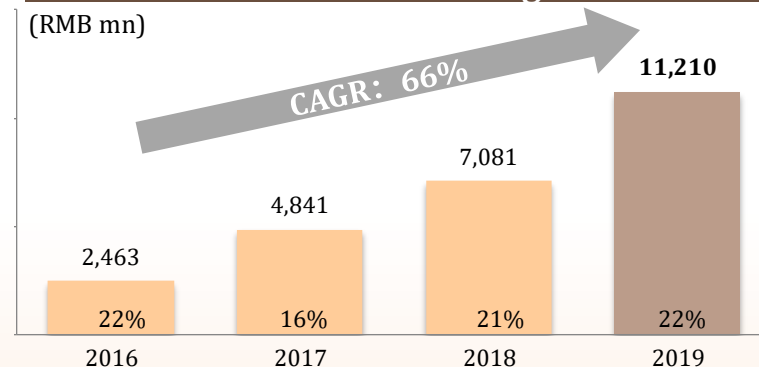
Core net profit¹ and margin

(RMB mn)



EBITDA² and margin

(RMB mn)

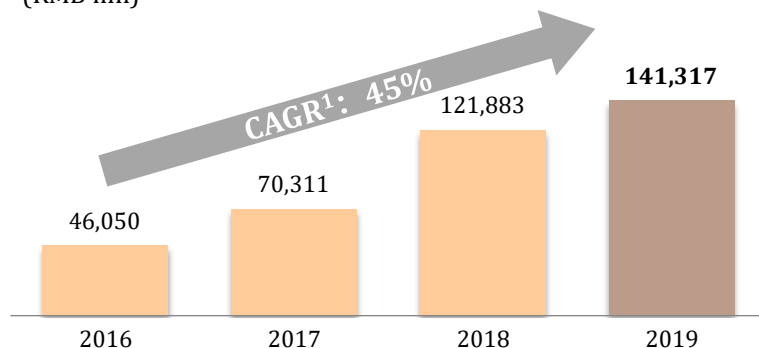


Note 1. Core net profit attributable to the owners of the Company = net profit attributable to the owners of the Company - fair value of investment properties after deferred corporate income tax + net foreign exchange losses - revaluated gains from transferring shares of JV subsidiaries + expenses from equity settled share options
2. EBITDA = profit before tax + net finance income / (cost) + depreciation + amortization of intangible assets

Rapid Growth Capabilities

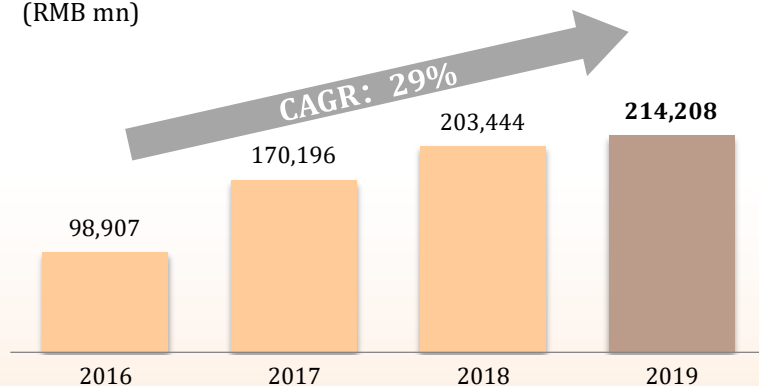
Contracted sales

(RMB mn)



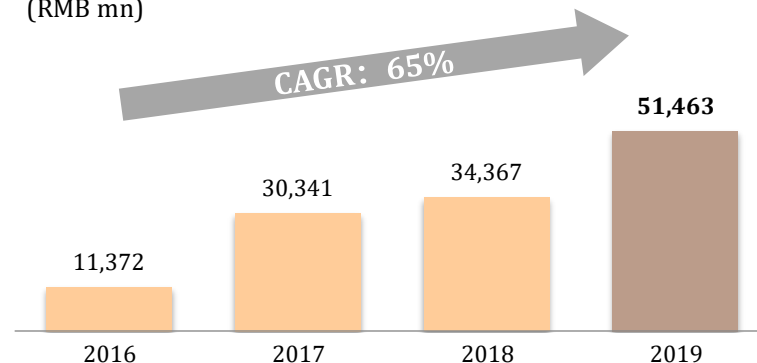
Total assets

(RMB mn)



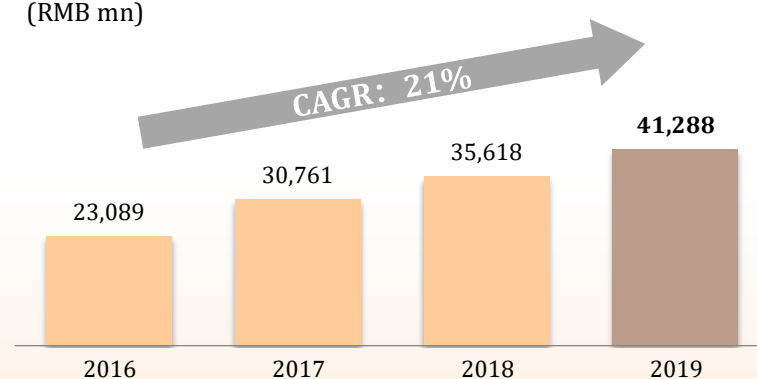
Revenue

(RMB mn)



Total equity

(RMB mn)



Note: 1. including contracted sales from JVs and associates

Optimizing Debt Structure

Debt maturity analysis

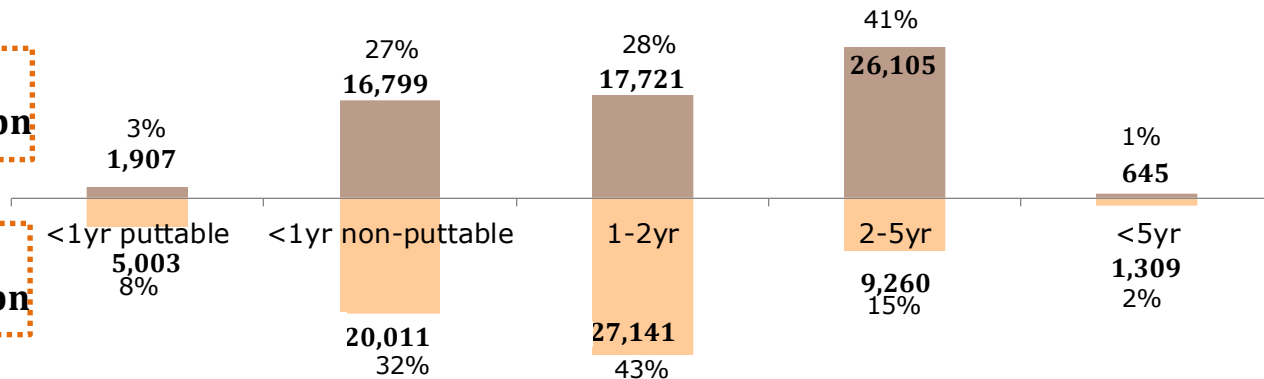
(RMB mn)

2019

Total debt of RMB63.2bn

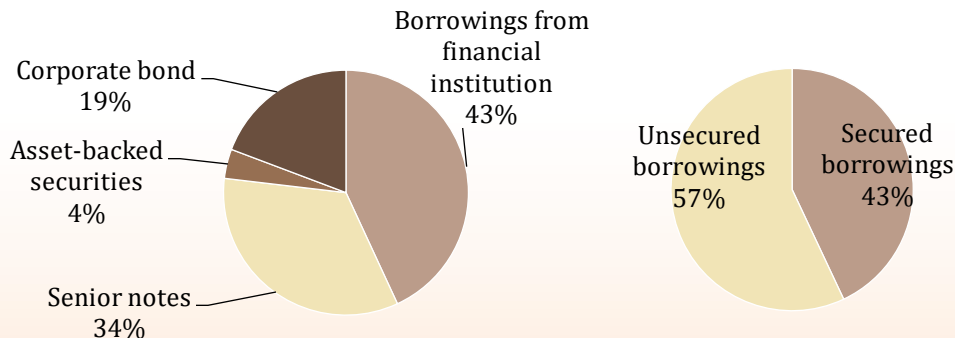
2018

Total debt of RMB62.5bn

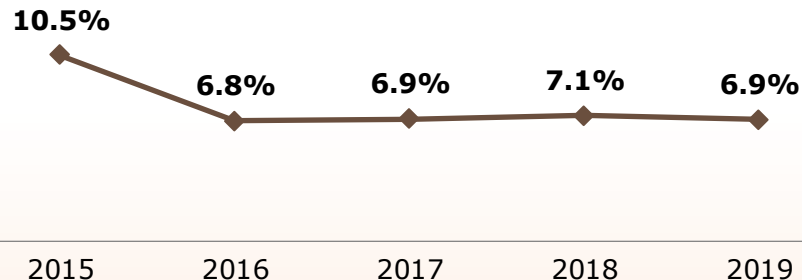


Borrowing type analysis

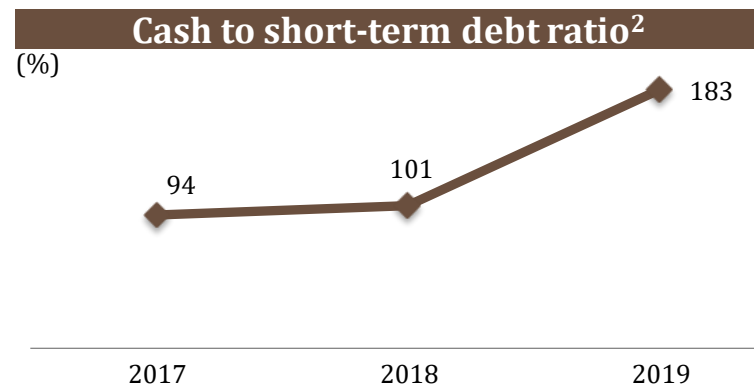
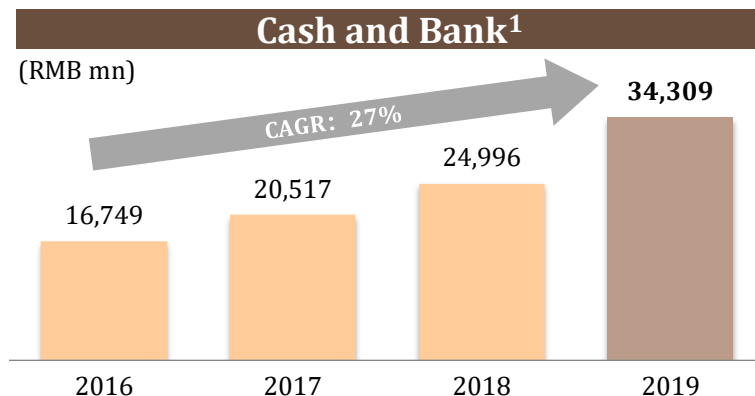
(RMB mn)



Finance cost

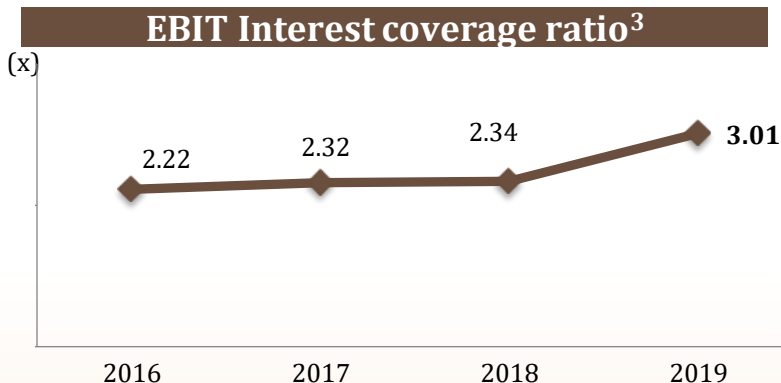
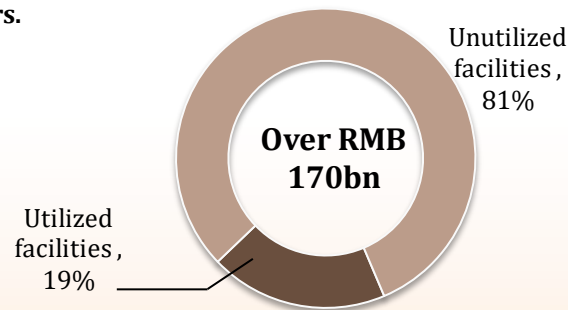


Sufficient Liquidity



Credit facilities

As of 31 Dec 2019, total credit facilities exceed RMB170bn and unutilized credit facilities was RMB137bn, of which **90%** is granted by financial institutions, **10%** is granted by others.



Notes: 1. Cash and cash balance includes restricted cash and term deposits

2. Cash to short-term debt = cash and cash balance / short-term debt

3. Interest coverage ratio = (profit before tax + net finance cost / (income) + capitalized interest + depreciation + amortization of intangible assets) / (interest expense+ capitalized interest)

A photograph of a modern building at dusk. The building features a large glass facade that reflects the interior lights and the surrounding environment. Above the glass section is a decorative facade with a repeating geometric pattern. The building is situated behind a body of water, which reflects the lights from the building and the sky. In the foreground, there is a curved concrete structure, possibly a pool or a walkway, with some greenery and trees visible on the left and right sides.

4. Appendix

Consolidated Income Statement

<i>(RMB'000)</i>	2019	2018
Revenue	51,462,502	34,366,500
Costs of sales	38,987,328	26,301,557
Gross Margin	12,475,174	8,064,943
Selling and marketing expenses	1,199,042	1,137,009
Administrative expenses	1,479,244	1,341,193
Fair value gains on investment properties	49,682	336,643
Other income and other gains – net	298,152	123,463
Operating profit	10,144,722	6,046,847
Finance income	249,911	243,063
Finance costs	629,483	534,943
Finance (cost) / income – net	379,572	291,880
Share of net profit of associates and joint ventures accounted for using the equity method	895,660	902,681
Profit before income tax	10,660,810	6,657,648
Income tax expenses	4,767,017	3,186,122
Profit for the period	5,893,793	3,471,526
– attributable to owners of the Company	3,154,064	2,149,660
Earnings per share (RMB)	1.87	1.38

Consolidated Balance Sheet

(RMB'000)	2019	2018	2019	2018
Non-current assets			Equity	
Property, plant and equipment	1,567,616	1,447,648	Share capital	15
Land use rights	463,555	449,296	Share premium	4,902,013
Investment properties	13,224,100	12,031,700	Other reserves	11,503,837
Prepayments	-	-	Capital and reserves attributable to the owners of the Company	16,405,865
Intangible assets	5,580	7,516	Minority interests	24,882,365
Investments accounted for using the equity method	6,256,491	7,697,952	Perpetual capital instruments	-
Financial assets at fair value through profit or loss	755,773	802,087	Total equity	41,288,230
Deferred tax assets	444,954	539,127		35,618,358
Total non-current assets	22,718,069	22,975,326	Liabilities	
			Non-current liabilities	
			Borrowings	44,471,364
			Lease liability	13,814
			Deferred tax liabilities	2,027,669
			Total non-current liabilities	46,512,847
				40,155,088
Current assets			Current liabilities	
Properties under development	115,299,354	116,692,069	Borrowings	18,706,447
Completed properties held for sale	7,673,170	8,806,284	Current lease liability	16,982
Contract assets	999,576	530,514	Contract liabilities	60,265,275
Trade and other receivables and prepayments	25,015,169	18,482,121	Trade and other payables	33,070,355
Amounts due from related parties	5,654,598	8,359,546	Amounts due to related parties	7,293,888
Prepaid taxation	2,539,535	2,602,357	Pre-sale proceeds received from customers	85,250
Available-for-sale financial assets	-	-	Current tax liabilities	6,968,764
Cash and bank balances	34,308,567	24,995,661	Total current liabilities	126,406,961
Total current assets	191,489,969	180,468,552	Total liabilities	172,919,808
Total assets	214,208,038	203,443,878	Total equity and liabilities	214,208,038

Four Major Product Series

Century Series



Selective, high-value & potential location, top design team creates modern art living community architecturally, innovatively and artistically

Representative Project

Hangzhou Flow Era
Hangzhou NEO1
Hangzhou Genesis
Shanghai Century Summit

Haiyue Series



Cohesion of Chinese architectural and humanistic design, creating a comprehensive innovative and contemporary new urban art living community

Representative Project

Fuzhou China Legend
Qingdao The Ocean of Stars
Suzhou Haiyue Pingjiang
Chongqing Haiyue Pinghu

Lan Series



Located in the essence of the city, surrounded by mountains, rivers sea or lakes, creating a contemporary art living community

Representative Project

Hangzhou Liangchu Lan Tian
Hangzhou Konggang Lan Tian
Fuzhou Ronshine Lan Tian

Center Series



Located in the city center, building landmarks such as five-star hotel/ mix-used commercial properties, driving the development of the nearby areas

Representative Project

Ronshine Sunkwan Center
Shanghai Hongqiao World Center
Xiamen Ronshine Center

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