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**Ronshine China Holdings Limited**

**融信中國控股有限公司**

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

**(Stock code: 3301)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2019 FINANCIAL HIGHLIGHTS**

- Contracted sales amounted to RMB141,316.54 million, representing an increase of 15.94% as compared with the previous year.
- Revenue amounted to RMB51,462.50 million, representing an increase of 49.75% as compared with the previous year.
- Gross profit amounted to RMB12,475.17 million, representing an increase of 54.68% as compared with the previous year.
- Profit for the year amounted to RMB5,893.79 million, representing an increase of 69.78% as compared with the previous year.
- Core net profit contributable to owners of the Company for the year amounted to RMB3,181.68 million, representing an increase of 27.27% as compared with the previous year.
- Earnings per share for profit attributable to owners of the Company amounted to RMB1.87 representing an increase of 35.51% as compared with the previous year.
- Gearing ratio decreased from 1.05 as at 31 December 2018 to 0.70 as at 31 December 2019.
- The Directors proposed to declare a final dividend of HK\$0.60 per share for the financial year ended 31 December 2019.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 with comparative figures for the year ended 31 December 2018, as follows:

### CONSOLIDATED INCOME STATEMENT

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	4	<b>51,462,502</b>	34,366,500
Cost of sales		<b>(38,987,328)</b>	(26,301,557)
<b>Gross profit</b>		<b>12,475,174</b>	8,064,943
Selling and marketing costs		<b>(1,199,042)</b>	(1,137,009)
Administrative expenses		<b>(1,479,244)</b>	(1,341,193)
Fair value gains on investment properties		<b>49,682</b>	336,643
Other income		<b>248,785</b>	58,524
Other gains – net		<b>49,367</b>	64,939
<b>Operating profit</b>		<b>10,144,722</b>	6,046,847
Finance income	5	<b>249,911</b>	243,063
Finance costs	5	<b>(629,483)</b>	(534,943)
Finance costs – net	5	<b>(379,572)</b>	(291,880)
Share of net profit of associates and joint ventures accounted for using the equity method		<b>895,660</b>	902,681
<b>Profit before income tax</b>		<b>10,660,810</b>	6,657,648
Income tax expenses	6	<b>(4,767,017)</b>	(3,186,122)
<b>Profit for the year</b>		<b>5,893,793</b>	3,471,526
<b>Profit for the year is attributable to:</b>			
– Owners of the Company		<b>3,154,064</b>	2,149,660
– Non-controlling interests		<b>2,729,121</b>	1,157,671
– Holders of Perpetual Capital Instruments		<b>10,608</b>	164,195
		<b>5,893,793</b>	3,471,526
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic earnings per share	7	<b>1.87</b>	1.38
– Diluted earnings per share	7	<b>1.85</b>	1.37

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Profit for the year</b>	<b>5,893,793</b>	3,471,526
Other comprehensive income	—	—
<b>Total comprehensive income for the year</b>	<b>5,893,793</b>	3,471,526
<b>Total comprehensive income for the year is attributable to:</b>		
– Owners of the Company	<b>3,154,064</b>	2,149,660
– Non-controlling interests	<b>2,729,121</b>	1,157,671
– Holders of Perpetual Capital Instruments	<b>10,608</b>	164,195
	<b>5,893,793</b>	3,471,526

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2019	2018
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,567,616	1,447,648
Investment properties		13,224,100	12,031,700
Right-of-use assets		463,555	–
Land use rights	2	–	449,296
Intangible assets		5,580	7,516
Investments accounted for using the equity method		6,256,491	7,697,952
Financial assets at fair value through profit or loss		755,773	802,087
Deferred tax assets		444,954	539,127
Total non-current assets		22,718,069	22,975,326
<b>Current assets</b>			
Properties under development		115,299,354	116,692,069
Completed properties held for sale		7,673,170	8,806,284
Contract assets		999,576	530,514
Trade and other receivables and prepayments	8	25,015,169	18,482,121
Amounts due from related parties		5,654,598	8,359,546
Prepaid taxation		2,539,535	2,602,357
Cash and bank balances		34,308,567	24,995,661
Total current assets		191,489,969	180,468,552
<b>Total assets</b>		<b>214,208,038</b>	<b>203,443,878</b>
<b>EQUITY</b>			
Share capital		15	14
Share premium		4,902,013	4,423,556
Other reserves		11,503,837	8,331,258
Capital and reserves attributable to owners of the Company		16,405,865	12,754,828
Non-controlling interests		24,882,365	21,915,398
Perpetual Capital Instruments		–	948,132
<b>Total equity</b>		<b>41,288,230</b>	<b>35,618,358</b>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>44,471,364</b>	37,709,817
Lease liabilities		<b>13,814</b>	–
Deferred tax liabilities		<b>2,027,669</b>	2,445,271
		<hr/>	<hr/>
Total non-current liabilities		<b>46,512,847</b>	40,155,088
		<hr/>	<hr/>
<b>Current liabilities</b>			
Borrowings		<b>18,706,447</b>	24,823,017
Lease liabilities		<b>16,982</b>	–
Contract liabilities		<b>60,265,275</b>	63,962,973
Trade and other payables	10	<b>33,070,355</b>	28,338,602
Amounts due to related parties		<b>7,293,888</b>	5,478,112
Derivative financial instruments		<b>85,250</b>	–
Current tax liabilities		<b>6,968,764</b>	5,067,728
		<hr/>	<hr/>
Total current liabilities		<b>126,406,961</b>	127,670,432
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>172,919,808</b>	167,825,520
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>214,208,038</b>	203,443,878
		<hr/>	<hr/>

## 1 BASIS OF PREPARATION

### (a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

### (b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial instruments and investment properties, which are measured at fair value.

### (c) New and amended standards and interpretations adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2019.

HKFRS 16	Lease
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015-2017 cycle	

Except for the impact of adoption of HKFRS16 set out in Note 2 below, the adoption of other applicable new and amended standards and interpretations did not have any material impact on the consolidated financial statements of the Group.

### (d) New standards, amendments and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined

The above standards are not expected to have a material impact on the consolidated financial statement of the Group.

## 2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

The Group has adopted HKFRS 16 Leases from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

### (a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

### (b) Measurement of lease liabilities

	<i>RMB'000</i>
Operating lease commitments as at 31 December 2018	57,977
Discounted using the lessee's incremental borrowing rate of the date of initial application	53,472
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	<u>(15,696)</u>
<b>Lease liability recognised as at 1 January 2019</b>	<u><b>37,776</b></u>
Of which are:	
Current lease liabilities	16,554
Non-current lease liabilities	<u>21,222</u>

**(c) Measurement of right-of-use assets**

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The land used rights are reclassified to right-of-use assets as of 31 December 2019 and 1 January 2019, respectively.

The recognised right-of-use assets mainly relate to properties and land use rights.

**(d) Adjustments recognised in the balance sheet on 1 January 2019**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB487,072,000
- lease liabilities – increase by RMB37,776,000
- land use right – decrease by RMB449,296,000

No significant impact on the Group's net profit after tax for the periods ended 31 December 2019 as a result of adoption of HKFRS 16.

**(e) Lessor accounting**

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

**3 SEGMENT INFORMATION**

The executive directors have been identified as the chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the People's Republic of China (the "PRC"). Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2019 (2018: same).

- (a) As at 31 December 2019, except for part of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2018: same).
- (b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2019 (2018: same).



#### 4 REVENUE

	Year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at point in time	<b>50,253,131</b>	33,406,515
Revenue from construction services, hotel operations and others:		
– Recognised at point in time	<b>326,050</b>	173,304
– Recognised over time	<b>725,974</b>	650,637
Revenue from other sources-rental income	<b>157,347</b>	136,044
	<b>51,462,502</b>	34,366,500

#### 5 FINANCE COSTS – NET

	Year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
– Interest income from bank deposits	<b>249,911</b>	243,063
	<b>249,911</b>	243,063
Finance costs		
– Net foreign exchange losses	<b>(76,869)</b>	(457,868)
– Interest expenses of borrowings	<b>(5,302,069)</b>	(5,226,070)
– Less: capitalised interest	<b>4,749,455</b>	5,148,995
	<b>(629,483)</b>	(534,943)
Finance costs – net	<b>(379,572)</b>	(291,880)

## 6 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax (“CIT”)	2,808,172	1,877,753
PRC land appreciation tax (“LAT”)	2,282,274	1,930,210
	<b>5,090,446</b>	3,807,963
Deferred income tax:		
PRC CIT	(323,429)	(621,841)
Income tax expense	<b>4,767,017</b>	3,186,122

### PRC CIT

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2018 and 2019, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “CIT Law”) effective on 1 January 2008.

### PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

### PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

### Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2019 (2018: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2019 (2018: Nil).

## Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	<u>3,154,064</u>	<u>2,149,660</u>
Weighted average number of ordinary shares in issue	<u>1,689,067,000</u>	<u>1,552,963,000</u>
Basic earnings per share (RMB per share)	<u>1.87</u>	<u>1.38</u>

### (b) Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	<u>3,154,064</u>	<u>2,149,660</u>
Weighted average number of ordinary shares in issue	<u>1,689,067,000</u>	<u>1,552,963,000</u>
Adjustments – share options and awarded shares	<u>12,823,000</u>	<u>18,454,000</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,701,890,000</u>	<u>1,571,417,000</u>
Diluted earnings per share (RMB per share)	<u>1.85</u>	<u>1.37</u>

## 8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade receivables ( <i>Note (a)</i> )	73,991	59,580
Other receivables:		
– Amounts due from minority interests	8,199,973	6,503,833
– Deposits for acquisition of land use rights and property development projects	2,002,005	871,281
– Deposits for construction contracts	405,460	50,000
– Others	1,133,231	958,387
	11,740,669	8,383,501
Prepayments:		
– Prepayments for acquisition of land use rights	6,887,697	4,635,286
– Prepaid value added tax, business taxes and other taxes	6,000,101	5,149,216
– Others	312,711	254,538
	13,200,509	10,039,040
Total trade and other receivables and prepayments	25,015,169	18,482,121
Less: non-current portion of prepayments	–	–
Current portion of trade and other receivables and prepayments	25,015,169	18,482,121

(a) Ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within one year	69,087	55,190
Over one year	4,904	4,390
	73,991	59,580

## 9 DIVIDEND

The 2018 final dividend of HK\$0.365 per ordinary share, totalling HK\$629,439,000 (equivalent to approximately RMB552,645,000), was approved by the shareholders at the annual general meeting held on 5 June 2019.

The Board of Directors of the Company proposed a final dividend of HK\$0.60 per ordinary share out of the share premium account, totaling approximately HK\$1,029,316,000 (equivalent to approximately RMB922,040,000). Such dividend is to be approved by the shareholders at the annual general meeting (“AGM”) on 5 June 2020. These financial statements do not reflect this dividend payable as a liability as at 31 December 2019.

## 10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Trade payables ( <i>Note (a)</i> )	<b>11,838,408</b>	8,423,760
Notes payable	<b>343,297</b>	1,064,455
Other payables:		
– Amounts due to minority interests	<b>13,483,058</b>	11,913,987
– Deposits received for sales of properties	<b>379,526</b>	662,059
– Other taxes payable	<b>3,556,357</b>	3,496,506
– Interests payable	<b>986,136</b>	776,048
– Deposits from contractors and suppliers	<b>533,075</b>	399,443
– Accrued payroll	<b>241,663</b>	242,805
– Dividend payable	<b>171,424</b>	–
– Others	<b>1,537,411</b>	1,359,539
	<b>33,070,355</b>	28,338,602

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Within one year	<b>9,363,765</b>	6,470,999
Over one year	<b>2,474,643</b>	1,952,761
	<b>11,838,408</b>	8,423,760

## 11 SUBSEQUENT EVENT

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

## **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 2019 (the “**Year**”).

## **MARKET REVIEW**

In 2019, the global economy has entered synchronized slowdown with increasing uncertainty. In face of increasing domestic and foreign risks and challenges, China has maintained stable progress in economic development, with the gross domestic product in 2019 amounting to nearly RMB100 trillion, an increase of 6.1% as compared with 2018, representing one of the top growth rates among the world’s main economies, and continued to push the world economic growth as an important engine.

During the Year, the overall growth rate of China’s real estate industry slowed down. The central government clearly defined the goal of “Stabilizing land prices, housing prices and related expectations”, continued to adhere to the positioning of “housing is for living, not for speculation” and implemented long-term control mechanism of “one city, one policy”. Therefore, the real estate market has generally maintained smooth operation. According to the data of National Bureau of Statistics, the sales data of the real estate market continued to grow positively in 2019. The sales of commodity housing amounted to RMB15,972.5 billion for the Year, representing an increase of 6.5% as compared with 2018, while sales area amounted to 1,715.58 million sq.m. for the Year, basically the same as last year.

## **BUSINESS REVIEW**

Facing the opportunities and challenges of times, the Group unwaveringly upheld the vision of “become a property developer leader with quality and a service provider for an ideal life”, and insisted on strategic policy of “focus, balance and alliance with giants”. By closely monitoring and capitalizing on the development trend and precisely following industrial changes and market cycle, the Group achieved steady growth in performance and gradual decrease in net debt ratio, and significantly optimized its capital structure during the Year. While gaining high recognition from the capital market, the Group has become an outstanding force in China’s urbanization process.

The Group became a property developer with contracted sales over RMB100 billion in 2018, since then, the Group has abided by the keynotes of quality first and steady progress and maintained steadily improvement of various profit indicators in 2019. For the year ended 31 December 2019, the Group recorded revenue of RMB51.5 billion, an increase of 49.75% as compared with last year; with its gross profit and net profit amounting to RMB12.5 billion and RMB5.9 billion, representing an increase of 54.68% and 69.78%, respectively, as compared with last year. During the Year, the Group recorded contracted sales of RMB141.3 billion, an increase of 15.9% as compared with last year, successfully achieved the annual target of RMB140 billion set at the beginning of the year during adverse market conditions. Also, the Group recorded a contracted gross floor area of 6.55 million sq.m. and an average contracted sales price of RMB21,583 per sq.m. which ranked at the top of the industry. In terms of regional sales, the Group has laid a solid foundation in the Yangtze River Delta and west coast of Straits, reflecting clearly its regional ranked competitive strength. According to China Real Estate Information Corporation, the Group ranked first in terms of sales in Fuzhou and ranked fourth in terms of equity sales in Hangzhou in 2019 (calculated by the proportion of the Group's equity interest in the property development projects).

During the Year, the Group maintained a prudent land acquisition policy, focused on quality and profitability of projects and acquired a number of plots of land at a low premium by accurately following market cycle. Meanwhile, efforts have been continuously made on urban renewal projects, successively acquiring quality land at low cost through interaction of primary land development and secondary land development. Recently, the Group has transformed 1.77 million sq.m. in total in Zhengzhou, Henan Province and Taiyuan, Shanxi Province and will continuously promote the urban renewal project in the future to transform and enrich its land reserves. During the Year, the Group obtained 46 new land projects, adding land reserves of approximately 7.3 million sq.m. at an equity consideration of approximately RMB16.3 billion. As at 31 December 2019, the Group established a total of 200 projects with total land reserves of approximately 27.0 million sq.m.

The Group has also continued to deepen the “1+N” layout and built an integration of Hangzhou Bay consisting of three provinces and one city. The Group deeply cultivated nine urban agglomerations (the Yangtze River Delta, the west coast of the Straits, middle reaches of the Yangtze River, Zhongyuan (Central Plain), Chengdu and Chongqing Region, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Shandong Peninsula and Northwest China) totaling 44 cities. While reinforcing its status as a property developer with contracted sales over RMB100 billion, the Group continued to improve its national layout. By strategically laying a solid foundation in the core metropolitan areas of these core first-and second-tier cities, the Group proactively expanded from cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industry planning. The Group has successfully enhanced its premium pricing capability and overall market share by creation of benchmarking city projects and cultural communities of high quality, which have laid a solid foundation for future growth.

The Group adheres to the strategy of “Balanced Development” and has stably implemented de-leveraging plans by accurately grasping opportunities in the capital market to reduce its financing costs, exploring diversified financing channels and optimizing its debt structure. During the Year, the Group issued domestic and overseas bonds prudently, allocated long-term and short-term debt comprehensively to optimize its capital structure continuously. Meanwhile, the Group completed the swap of senior notes to extend the debt period. It actively managed domestic and foreign bonds by way of single note consolidation, early redemption and other methods to reduce financing costs. In addition, benefiting from the continuous improvement of the Company’s financial indicators and project cash flow conditions, more favorable interest rates for development loans are offered to the Group, which has contributed to a reduction of the Company’s overall debt cost. As of 31 December 2019, the Group’s interest-bearing debt balance was RMB63.2 billion and the net debt ratio decreased from 105% in 2018 to 70%. The Group achieved its de-leveraging target while maintaining the overall debts at a stable level. At the same time, the Group actively explored new financing channels and successfully obtained a dual-currency term loan facilities of HK\$815.5 million in total for a term of 12 months in September 2019, marking its first cross-border syndicated loan, which is undoubtedly a key milestone of the Group’s successful expansion in new financing channels. The Group also placed much emphasis on shareholders’ interests. During the Year, the Company repurchased 10.626 million shares in 16 rounds from September to November 2019 at a cumulative consideration of approximately HK\$97.48 million.

The Group’s financial position continued to improve, with the profit margin remaining stable, and its overall strength was significantly improved. During the Year, three major international credit rating agencies raised their ratings on the Group. Among them, S&P raised the Group’s outlook rating in April 2019 and August 2019 respectively, and finally raised the Group’s long-term issuer’s credit rating from “B” to “B+” with an outlook of “stable”; Moody raised the Company’s main rating from “B2” to “B1” while the outlook remained “stable”; and Fitch raised the Group’s credit rating from “B+” to “BB–” and the outlook to “stable”, attesting to the fact that the Group’s development has been unanimously recognized by the capital market. Looking forward, the Group believes that it will be well recognized by the industry owing to its strong financial position and premium development.

In addition, the Group received increasingly high recognition in the capital market and won the favor of various investment institutions due to its solid sales performance and prominent regional competitive advantages. Among which, Deutsche Bank recommended a “Buy” rating and included the Group in their “top pick list” because of its attractive valuation. In addition, well-known institutions such as Citibank, Haitong International, JP Morgan, UOB Kay Hian, Guotai Junan, CCB International Securities, Haitong Securities, Essence International, Zhongtai International, Soochow Securities, CIC Securities, Southwest Securities and Guosen Securities also recommended a “Buy” rating on the Group. Leveraging its stable performance and effective deleveraging measures, the Group has significantly increased its recognition in the capital market.



The Group has always adhered to the ultimate pursuit of residential quality and service, focusing on the historic and cultural heritage, so as to achieve a high degree of integration of art and architecture. In April 2019, China Legend (海月江潮) of Ronshine Group was awarded “Global Cultural Landmark Award (CHINA-NEW全球地標大獎)” in New York, the first Chinese project receiving such honour. At the same time, the Group has won multiple awards for its active and stable debt management and increasing market awareness, including “Best Investor Relations – High Yield Overall” and “Best Use of Debt – High Yield Overall” awarded by “Institutional Investor”, an international authoritative financial magazine, as well as “2019 China Real Estate Annual Red List Responsible Enterprise” (2019年中國房地產年度紅榜責任企業) awarded by China Real Estate Industry Association.

The wise people change with time. As a property enterprise with sales over RMB100 billion, the Group is planning for the future and beginning to adjust and sort out the Company’s organizational structure to suit future development. During the Year, the original “4+1” business unit structure of Ronshine – the four major business units and the southwestern regional company, was split into 10 new regional groups and companies, namely Zhejiang Regional Group, Fujian Regional Group, Shanghai and Suzhou Regional Company, Henan Regional Company, Southwest Regional Company, Jiangsu Regional Company, Guangdong Regional Company, Shandong Regional Company, Tianjin Regional Company and Shanxi Regional Company. A well-established national layout meets the needs of the Group’s own growth. At the same time, a more effective and refined management model will release regional energy, help reduce corporate management costs and increase profit margin. The Group’s future development is even more powerful.

## **PROSPECTS**

The year 2020 will mark the completion of building a well-off society in an all-round way and the “Thirteenth Five-Year Plan”. The basic trend of steady growth for China’s economic operation remains unchanged, and the market environment for the long-term and stable development of the real estate industry has become clear. Under the keynote of the steady development of the industry, the Group will continue to grasp the macro trend and uphold the ingenuity, while focusing on the “three carriages” of product quality, community building and balanced development, with the mission of “striving for a more beautiful China”, so as to continue to create high-quality real estate projects.

In the process of urbanization in China, the Group will adhere to its vision of “become a property developer leader with quality and a service provider for an ideal life” and make unremitting efforts to improve the quality of urban living and promote the well-being of residents. The Group will continue to deeply cultivate the existing nine core urban agglomerations, prudently acquire land, grasp investment opportunities, and achieve collaborative development for the entire industry chain through business segments including real estate development, property services, construction services, and asset management operations. The Group will actively honor its corporate responsibilities, perform duties with sense of public welfare, and gather strengths with culture. Consequently, the Group will promote optimization and upgrading of enterprise, continuously return to society and commit itself to creating quality real estate and build better lives for the Chinese people.

## **ACKNOWLEDGEMENTS**

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (“**Shareholders**”), customers and partners of the Company for their long-term support and trust in Ronshine, and my heartfelt thanks go to the Directors, management team and all employees for their hard work and dedications over the past year. In 2020, the Group will adhere to the code of starting a career with integrity and broadening reach with quality, and will remain true to its original aspiration, forge ahead against all odds, and keep on creating greater value for shareholders and investors.

**Ou Zonghong**

*Chairman*

Hong Kong, 24 March 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of operating results

	For the year ended 31 December		Change in percentage
	2019	2018	
<b>Contracted sales</b>			
Contracted sales amount ( <i>RMB'000</i> ) <sup>(1)</sup>	<b>141,316,543</b>	121,883,814	15.94%
Contracted gross floor area ( <i>sq.m.</i> )	<b>6,547,690</b>	5,624,051	16.42%
Average unit price of contracted sales ( <i>RMB/sq.m.</i> )	<b>21,583</b>	21,672	−0.41%
<b>Property delivered</b>			
Revenue from delivery of properties ( <i>RMB'000</i> )	<b>50,253,131</b>	33,406,515	50.43%
Delivered gross floor area ( <i>sq.m.</i> )	<b>4,135,482</b>	2,302,275	79.63%
Recognised average selling price of properties delivered ( <i>RMB/sq.m.</i> )	<b>12,152</b>	14,510	−16.25%
<b>Revenue (<i>RMB'000</i>)</b>	<b>51,462,502</b>	34,366,500	49.75%
<b>Cost of Sales (<i>RMB'000</i>)</b>	<b>(38,987,328)</b>	(26,301,557)	48.23%
<b>Gross profit (<i>RMB'000</i>)</b>	<b>12,475,174</b>	8,064,943	54.68%
<b>Other income and other gain – net (<i>RMB'000</i>)</b>	<b>298,152</b>	123,463	141.49%
<b>Profit before income tax (<i>RMB'000</i>)</b>	<b>10,660,810</b>	6,657,648	60.13%
<b>Profit for the period (<i>RMB'000</i>)</b>	<b>5,893,793</b>	3,471,526	69.78%
– attributable to owners of the Company ( <i>RMB'000</i> )	<b>3,154,064</b>	2,149,660	46.72%
– attributable to non-controlling interests ( <i>RMB'000</i> )	<b>2,729,121</b>	1,157,671	135.74%
– attributable to holders of Perpetual Capital Instruments ( <i>RMB'000</i> )	<b>10,608</b>	164,195	−93.54%
<b>Core net profit contributable to owners of the Company (<i>RMB'000</i>)<sup>(2)</sup></b>	<b>3,181,678</b>	2,500,010	27.27%
Gross profit margin <sup>(3)</sup>	<b>24.24%</b>	23.47%	3.28%
Net profit margin <sup>(4)</sup>	<b>11.45%</b>	10.10%	13.37%
Interest coverage ratio <sup>(5)</sup>	<b>3.17 times</b>	2.34 times	35.47%
Total assets ( <i>RMB'000</i> )	<b>214,208,038</b>	203,443,878	5.29%
Total liabilities ( <i>RMB'000</i> )	<b>172,919,808</b>	167,825,520	3.04%
Total equity ( <i>RMB'000</i> )	<b>41,288,230</b>	35,618,358	15.92%
Capital and reserve attributable to owners of the Company ( <i>RMB'000</i> )	<b>16,405,865</b>	12,754,828	28.62%
Current ratio <sup>(6)</sup>	<b>1.51 times</b>	1.41 times	7.09%
Gearing ratio <sup>(7)</sup>	<b>0.70</b>	1.05	−33.33%

Notes:

(1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.

- (2) The calculation of core net profit contributed to owners of the Company means the net profit contributed to owners of the Company less the fair value gains on investment properties (after income tax), fair value gains on the remeasurement of a joint venture recognized in other income and other gains – net and net foreign exchange gains, and plus net foreign exchange losses on financing activities and value of employee services under share option scheme.
- (3) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (4) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (5) The calculation of interest coverage ratio is based on (i) profit before income tax plus interest of borrowings less finance income and divided by (ii) interest of borrowings less finance income.
- (6) The calculation of current ratio is based on current assets divided by current liabilities.
- (7) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

## Property Development

### *Contracted Sales*

For the year ended 31 December 2019, the Group achieved contracted sales of RMB141,316.54 million, representing a growth of approximately 15.94% compared with RMB121,883.8 million for the year ended 31 December 2018. This increase was mainly attributable to the increase in the total gross floor area (“GFA”) of the Group’s contracted sales by approximately 16.42% from 5,624,051 sq.m. for the year ended 31 December 2018 to 6,547,690 sq.m. for the year ended 31 December 2019.

The amount of the Group’s contracted sales in Hangzhou, Fuzhou, Nanjing, Shanghai, Zhangzhou, Fuyang, Zhengzhou, Xi’an and Ningbo accounted for (i) approximately 79.51% of the Group’s total contracted sales amount for the year ended 31 December 2019, respectively, and (ii) approximately 68.76% of the Group’s total GFA of contracted sales for the year ended 31 December 2019, respectively. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2019:

	<b>Amount</b> <i>(RMB million)</i>	<b>Percentage</b> <i>(%)</i>	<b>GFA</b> <i>(sq.m.)</i>	<b>Percentage</b> <i>(%)</i>	<b>Average selling price</b> <i>(RMB/sq.m.)</i>
Hangzhou	48,620.85	34.41	1,246,103.00	19.03	39,018.32
Fuzhou	18,470.45	13.07	770,851.82	11.77	23,961.08
Nanjing	16,201.78	11.46	635,255.91	9.70	25,504.33
Shanghai	9,354.42	6.62	245,701.65	3.75	38,072.28
Zhangzhou	6,282.18	4.45	392,060.71	5.99	16,023.48
Fuyang	3,661.67	2.59	468,206.44	7.15	7,820.62
Zhengzhou	3,450.16	2.44	280,339.12	4.28	12,307.11
Xi’an	3,212.07	2.27	254,304.22	3.88	12,630.84
Ningbo	3,113.90	2.20	210,281.25	3.21	14,808.25
Others	28,949.07	20.49	2,044,585.86	31.24	14,158.89
<b>Total</b>	<b>141,316.54</b>	<b>100.00</b>	<b>6,547,690.00</b>	<b>100.00</b>	<b>21,582.66</b>

## Projects completed

For the year ended 31 December 2019, the Group and its joint ventures and associates had completed a total of 43 projects or phases of projects, with total GFA of 6,125,081 sq.m. (2,949,552 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

## Projects under construction

As at 31 December 2019, the Group and its associates and joint ventures had a total of 98 projects or phases of projects under construction, with total planned GFA of 17,419,452 sq.m. (8,239,497 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

## Land reserve

During the year ended 31 December 2019, there were a total of 46 newly acquired land parcels with a total GFA of 7,305,537 sq.m. (3,417,510 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB6,648 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2019:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	10 April 2019	37,791	95,045	67,007	632	446	11,149
	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	7 August 2019	19,497	57,801	52,004	374	337	9,600
	Tan Zi Kou (灘子口)	29 August 2019	13,938	39,877	9,559	258	62	9,255
Zhengzhou	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	4 June 2019	199,775	574,870	272,505	1,819	862	3,167
	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	29 August 2019	102,755	508,336	256,049	1,184	596	3,134
	Zhengzhou Jiangwancheng -Zhongqiao-2 (鄭州江灣城-中橋-2)	11 October 2019	12,280	28,491	24,787	18	16	790
	Zhengzhou Jiangwancheng -Supai-3 (鄭州江灣城-蘇派-3)	11 October 2019	11,666	31,262	27,480	18	15	751
	Zhengzhou Jiangwancheng -Delan-2 (鄭州江灣城-德藍-2)	9 October 2019	97,430	306,506	156,318	154	78	717

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	12 June 2019	24,000	81,453	65,814	73	59	1,127
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	22 March 2019	31,677	85,304	21,113	521	129	8,216
	Wenzhou Jinlin House (溫州金麟府)	8 May 2019	44,518	116,872	30,679	757	199	8,500
	Wenzhou Hai Yue Qing Feng (溫州海月清風)	27 June 2019	134,979	351,082	100,985	1,820	524	7,491
	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	8 July 2019	24,252	99,657	31,850	883	282	13,004
	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	21 November 2019	43,630	156,072	43,700	928	260	8,510
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	22 May 2019	34,369	75,159	35,280	705	331	13,001
	Tianjin Lanyue 4 (天津瀾悅4號)	22 May 2019	27,184	71,611	33,657	600	282	11,742
Taiyuan	Taiyuan Shi Guang Zhi Cheng (太原時光之城)	26 September 2019	117,073	553,989	424,300	603	462	1,355
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	22 February 2019	26,931	90,429	43,504	1,295	623	19,235
	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	11 July 2019	118,623	207,600	54,640	1,096	288	6,843
	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	27 September 2019	58,150	185,930	74,372	1,957	784	15,299
	Kunshan Bacheng Lot (昆山巴城地塊)	19 December 2019	83,781	192,695	30,831	1,076	172	5,582
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	26 June 2019	19,403	51,581	47,300	136	124	3,492
	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	12 November 2019	56,841	132,105	132,105	745	745	7,943
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	28 November 2019	94,800	205,868	45,291	339	75	2,386
Nantong	Nantong Lan Chen (南通瀾宸)	2 September 2019	86,194	160,034	153,217	890	852	8,537
Nanjing	Nanjing 2019G87 (南京2019G87)	4 December 2019	49,829	195,889	64,643	2,320	766	16,628
	Nanjing 2019G94 (南京2019G94)	19 December 2019	53,456	96,162	96,162	1,220	1,220	19,019
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	11 June 2019	67,374	182,044	64,808	696	248	5,167
Jinhua	Tianyang River Mansion (天陽雲棲江境)	15 May 2019	40,891	78,761	36,277	561	259	10,562
Jiangmen	Jiangmen Guoyue House (江門國樞府)	10 April 2019	30,231	103,033	15,980	442	69	5,847
	Jiangmen Mansion (江門學院府)	1 July 2019	46,154	187,753	88,244	665	312	4,800

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	7 May 2019	70,277	187,969	88,345	771	362	6,095
	Huzhou Rongjing Garden (湖州融璟園)	22 May 2018	48,508	142,437	26,778	450	85	5,457
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	20 March 2019	18,703	62,696	22,984	873	320	21,211
	Hangzhou Tianlang House (杭州天琅府)	12 April 2019	25,811	103,264	47,563	1,354	624	19,433
	Baolong Lin'an Project (寶龍臨安項目)	14 June 2019	37,328	135,479	62,402	572	263	6,128
	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	24 June 2019	57,103	196,204	60,863	823	255	5,546
	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	30 December 2019	51,006	127,515	30,604	1,859	446	14,578
Fuyang	Fuyang Linquan Project (阜陽臨泉項目)	13 May 2019	92,156	235,107	64,654	390	107	2,115
Fuzhou	Changle Lanshan (長樂瀾山)	29 March 2019	125,737	317,109	92,152	1,202	349	5,005
	Pingtian Lanchen (平潭瀾宸)	18 June 2019	66,431	191,194	179,703	811	762	5,549
	Fuzhou CBD49 Lot (福州CBD49地塊)	20 September 2019	38,232	115,094	39,328	1,236	422	14,497
Chengdu	Shui Nian River (水碾河)	30 July 2019	9,633	26,166	12,298	260	122	13,500
	Chengdu Ruilian (成都瑞聯)	31 July 2019	19,580	62,049	19,248	560	174	14,300
	Chengdu Jinniu 16 mu (成都金牛16畝)	4 December 2019	10,725	44,168	17,667	457	183	14,200
Changzhou	Changzhou Lanyue (常州瀾悅)	29 May 2019	19,278	55,814	52,460	395	371	9,313
<b>Total</b>			<u>2,499,978</u>	<u>7,305,537</u>	<u>3,417,510</u>	<u>36,798</u>	<u>16,322</u>	<u>6,648</u>

As at 31 December 2019, the total GFA of the Group's land reserve was approximately 27.0 million sq.m. among which, approximately 3.8 million sq.m. were completed properties held for sale, approximately 17.4 million sq.m. were under construction, and approximately 5.8 million sq.m. were held for future development.

As at 31 December 2019, the average cost per sq.m. of the Group's land reserve was RMB6,897, of which, approximately 81% was located in the prime area in the first and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.



The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2019:

Region	Name of Projects	Total Land Value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhangzhou	Zhangzhou Wanke City (漳州萬科城)	15,641.60	10.74	1,773.17
Nanjing	Nanjing Century East (南京世紀東方)	175,129.04	10.04	24,957.12
Fuzhou	China legend (福州海月江潮), The Twin Harbour City (福州雙杭城)	415,880.00	96.35	6,064.53
Fuzhou	Changle Shangjiang Town (長樂上江城)	66,300.00	34.19	2,437.20
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	76,824.00	72.17	1,609.66
Fuzhou	Nice Villa (福州有墅)	1,664.66	4.99	485.71
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	263,400.00	18.54	23,207.05
Shanghai	Ronshine Greenland International Phase I (Lot D) (融信綠地國際一期 (D 地塊))	7,516.55	1.67	6,165.40
Shanghai	Ronshine Greenland International Phase III (Lot A) (融信綠地國際三期 (A 地塊))	4,347.30	0.74	6,017.86
Shanghai	Ronshine Greenland International Phase IV (Lot B) (融信綠地國際四期 (B 地塊))	1,048.13	0.16	6,098.18
Shanghai	Ronshine Greenland International Phase II (Lot C) (融信綠地國際二期 (C 地塊))	6,366.60	1.16	6,100.91
Shanghai	Shanghai Platinum (上海鉅爵)	20,491.80	2.15	15,408.81
Shanghai	Shanghai Zhongxing Road (上海中興路)	550,500.00	6.10	100,090.91
Shanghai	Shanghai Xihong Bridge No.1 (上海西虹橋壹號)	37,068.58	2.39	21,610.30
Shanghai	Century Summit (上海世紀江灣)	157,750.00	4.59	52,839.87
Zhangzhou	Hangzhou Lan Sky (杭州瀾天)	14,496.24	3.87	5,739.46
Zhangzhou	Hangzhou Baoli daguojing (杭州保利大國璟)	14,381.24	1.39	16,001.87
Nanjing	Nanjing Bo'an Center (南京鉅岸中心)	53,700.00	35.09	2,514.78
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	135,172.00	13.56	13,575.64
Hangzhou	Hangzhou Lanxuan (杭州瀾軒)	9,829.62	0.92	16,720.79
Longyan	Longyan Lot (龍岩學院府)	3,709.33	1.49	3,146.94
Zhangzhou	Zhangzhou No.1 (漳州壹號府)	148,848.00	17.59	10,897.04
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	85,741.85	8.97	12,842.08
Chengdu	Chengdu Ronshine Residence (成都融信公館)	70,415.64	5.92	16,914.86
Tianjin	Tianjin West Coast (天津西海岸)	97,744.67	14.74	8,237.63
Tianjin	Tianjin Jinnan (天津津南府)	99,999.90	9.77	12,959.16
Putian	Putian Ronshine (莆田融信府)	81,990.15	10.88	10,032.19



Region	Name of Projects	Total Land Value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Guangzhou	Guangzhou Tianyue (廣州天樾府)	53,537.40	3.47	14,999.46
Xiamen	Xiamen Century (廈門世紀)	68,556.00	3.73	31,520.00
Chongqin	Chongqin Lan Bay (重慶瀾灣)	80,284.28	18.25	6,189.33
Jinhua	Jinhua Mei Di Jun Lan Jiang Shan (金華美的君蘭江山)	70,895.53	7.78	12,550.00
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	43,083.27	6.13	5,100.74
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	130,679.84	67.88	2,576.72
Hangzhou	Hangzhou Century (杭州世紀)	165,090.88	7.95	30,816.04
Ningbo	Fenghua Nanshan (奉化南山府)	17,902.19	3.09	8,772.53
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	16,277.70	21.89	911.79
Hangzhou	Hangzhou Lvcheng Wang Yin Yun Lu (杭州綠城望隱雲廬)	18,776.00	1.32	26,106.20
Hangzhou	Hangzhou Lvcheng Xi Xi Yun Lu (杭州綠城西溪雲廬)	7,740.39	0.58	27,278.95
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	30,499.94	3.97	12,129.86
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	14,790.00	2.32	9,464.35
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	385,288.13	13.52	40,541.60
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	55,810.50	3.40	24,703.96
Hangzhou	Hangzhou De Xin Yin Jiang Nan (杭州德信印江南)	51,770.12	4.60	16,579.62
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	13,817.28	2.53	7,339.71
Hangzhou	Hangzhou Jin Di Yue Hong Wan (杭州金地悅虹灣)	151,100.14	9.37	22,949.96
Zhengzhou	Zhengzhou Jiangwancheng – Supai-1 (鄭州江灣城－蘇派－1)	22,211.56	52.19	470.25
Fuzhou	Fuzhou Lan Sky (福州瀾天)	129,085.50	7.77	21,972.88
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	27,698.71	5.46	4,323.62
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	85,459.17	7.33	16,004.79
Fuzhou	Changle Yujingwan (長樂御景灣)	8,364.00	3.94	2,137.35
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	2,351.87	4.54	713.65
Ganzhou	Ganzhou Rongxita (贛州榕璽台)	18,832.00	6.32	3,510.62
Nantong	Nantong Yue Rong Shu (悅榕墅)	2,963.86	0.74	4,665.27
Fuyang	Hai Liang Yue Fu (海亮•悅府)	13,029.89	14.34	990.00
Fuyang	The Riverside Mansion (海亮•江灣城)	4,695.25	3.35	1,662.31

Region	Name of Projects	Total Land Value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Hai Liang Long Yuan (海亮•瓏園)	4,063.51	2.34	2,320.54
Fuyang	Hai Liang Xing Cheng (海亮•星城)	1,360.65	0.93	1,934.00
Fuyang	Xingfu Li East County (幸福里•東郡)	8,254.36	5.32	2,235.35
Fuyang	Xingfu Li North County (幸福里•北郡)	10,375.09	5.91	2,190.22
Bengbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	666.71	0.45	1,691.38
Hefei	Tang Ning Fu-Hefei (唐寧府-合肥)	18,445.59	1.40	18,155.55
Zhengzhou	Hailiang time ONE (海亮時代ONE)	28,114.34	12.39	3,284.25
Xi'an	Hai Liang De Wen Jun (海亮•德文郡)	24,282.22	9.46	2,545.62
Xi'an	Hai Liang Tang Ning Fu (海亮•唐寧府)	10,148.95	6.98	1,960.03
Xi'an	Chang'an Xi Yue (長安熙悅)	685.61	1.84	445.76
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	23,958.00	19.48	1,545.70
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	5,826.98	5.10	1,293.40
Yinchuang	Haimao No.1 Project (海茂壹號院)	3,719.44	3.59	1,319.04
Yinchuang	Shiyuefu Project (世悅府)	9,413.10	10.04	1,280.77
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	8,161.68	2.25	4,837.12
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望NEO1)	35,469.90	1.65	31,551.04
Jiaxing	Jiaxing Country Garden Chongde (嘉興碧桂園崇德府)	8,861.92	3.53	3,219.19
Jiaxing	Haining Lanting (海寧瀾庭)	49,590.00	9.60	7,199.70
Hangzhou	Hangzhou Dexin Shixin (杭州德信市中心府)	19,381.86	1.62	8,441.83
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	18,635.40	4.56	5,599.13
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	324,532.91	27.07	17,133.99
Huzhou	Anji Yuejiang (安吉悅江府)	5,165.91	2.43	2,985.69
Zhengzhou	Zhengzhou Jiangwancheng – Zhongqiao -1 (鄭州江灣城—中喬—1)	21,280.30	37.93	722.41
Chengdu	Chengdu Lan Sky (成都瀾天)	20,765.26	7.03	4,200.01
Fuyang	Fuyang Lvdi Zifeng House (阜陽綠地紫峰公館)	4,634.42	3.36	1,695.69
Dongtai	Dongtai Project (東台項目)	3,024.34	1.46	2,761.11
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	6,890.40	4.08	2,102.04
Zhengzhou	Zhengzhou Jiangwancheng – Supai-2 (鄭州江灣城—蘇派-2)	10,709.40	28.98	550.09
Qingdao	The Ocean Costal (青島海月星灣)	35,539.81	17.01	3,503.70
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	12,421.49	0.80	21,731.19
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	38,454.00	13.02	3,938.78
Fuyang	Fuyang Shangjun (阜陽上郡)	4,668.65	3.37	1,721.42
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	15,547.02	0.99	25,396.66
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	2,222.50	0.40	7,686.59
Xi'an	Hai Liang • Yuchen (海亮•御宸)	11,039.21	3.10	4,820.70

Region	Name of Projects	Total Land Value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Tianyang Oriental Residence (天陽東方邸)	42,603.90	3.49	17,161.86
Bengbu	Bengbu Golden Age (蚌埠黃金時代)	9,919.89	6.18	1,933.34
Zhengzhou	Zhengzhou Jiangwancheng – Delan -1 (鄭州江灣城－德藍－1)	11,750.40	29.40	520.13
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀-1)	25,528.52	15.34	2,263.60
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	62,301.47	4.35	19,235.00
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	31,996.11	2.30	21,211.47
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	12,882.38	2.11	8,215.74
Fuzhou	Changle Lanshan (長樂瀾山)	34,930.12	9.22	5,005.05
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	44,556.00	6.70	11,149.04
Jiangmen	Jiangmen Guoyue House (江門國樾府)	6,854.18	1.60	5,847.32
Hangzhou	Hangzhou Tianlang House (杭州天琅府)	62,377.68	4.76	19,432.86
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	36,237.00	8.83	6,094.93
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	19,866.00	3.07	8,499.93
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	8,460.00	2.68	5,456.95
Jinhua	Tianyang River Mansion (天陽雲棲江境)	25,859.87	3.63	10,561.64
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	33,092.70	3.53	13,000.90
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	28,200.00	3.37	11,741.91
Changzhou	Changzhou Lanyue (常州瀾悅)	37,126.05	5.25	9,313.49
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	5,898.40	6.58	1,126.54
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	26,340.79	5.51	6,128.16
Fuzhou	Pingtian Lanchen (平潭瀾宸)	76,225.89	17.97	5,549.16
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	24,788.57	6.48	5,167.48
Fuyang	Fuyang Linqun Project (阜陽臨泉項目)	10,719.78	6.47	2,114.95
Wenzhou	Wenzhou Hai Yue Qing Feng (溫州海月清風)	52,350.48	10.10	7,490.88
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	25,543.11	5.05	5,546.25
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	12,425.35	4.73	3,491.73
Zhengzhou	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	86,235.54	27.25	3,166.61
Jiangmen	Jiangmen Mansion(江門學院府)	31,247.95	8.82	4,800.01
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	28,220.68	3.19	13,003.51
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	28,841.50	5.46	6,842.72
Chengdu	Shui Nian River (水碾河)	12,224.23	1.23	13,500.35
Chengdu	Chengdu Ruilian (成都瑞聯)	17,370.89	1.92	14,300.05
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	33,679.37	5.20	9,599.94

Region	Name of Projects	Total Land Value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Chongqing	Tan Zi Kou (灘子口)	6,184.26	0.96	9,255.27
Nantong	Nantong Lan Chen (南通瀾宸)	85,245.35	15.32	8,537.19
Fuzhou	Fuzhou CBD49 Lot (福州CBD49地塊)	42,234.12	3.93	14,497.28
Suzhou	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	78,288.40	7.44	15,299.07
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	74,500.00	13.21	7,943.48
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	25,989.60	4.37	8,509.74
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	7,465.48	4.53	2,386.36
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	18,274.40	1.77	14,199.62
Nanjing	Nanjing 2019G87 (南京2019G87)	76,560.00	6.46	16,628.30
Nanjing	Nanjing 2019G94 (南京2019G94)	122,000.00	9.62	19,018.68
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	17,208.80	3.08	5,581.61
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	44,615.28	3.06	14,578.44
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	59,646.64	25.60	3,133.70
Taiyuan	Taiyuan Shi Guang Zhi Cheng (太原時光之城)	46,183.77	42.43	1,355.06
Zhengzhou	Zhengzhou Jiangwancheng – Zhongqiao -2 (鄭州江灣城—中喬—2)	1,570.35	2.48	789.63
Zhengzhou	Zhengzhou Jiangwancheng – Supai-3 (鄭州江灣城—蘇派—3)	1,538.25	2.75	751.07
Zhengzhou	Zhengzhou Jiangwancheng – Delan -2 (鄭州江灣城—德藍—2)	7,841.25	15.63	717.12
<b>Total</b>		<b>6,834,859.92</b>	<b>1,331.76</b>	<b>6,897.29</b>

## Financial review

### Revenue

The Group's revenue increased by approximately 49.75% from RMB34,366.50 million for the year ended 31 December 2018 to RMB51,462.50 million for the year ended 31 December 2019. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties, hotel operation and others.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	<b>For the year ended</b>		<b>Change in percentage</b>
	<b>31 December</b>	<b>2018</b>	
	<b>2019</b>		
	<b>RMB'000</b>	<b>RMB'000</b>	
<b>Revenue</b>			
Sales of properties	<b>50,253,131</b>	33,406,515	50.43%
Construction services	<b>725,974</b>	650,637	11.58%
Rental income, hotel operation and others	<b>483,397</b>	309,348	56.26%
<b>Total</b>	<b>51,462,502</b>	<b>34,366,500</b>	<b>49.75%</b>

The increase in the Group's revenue was mainly attributable to:

- (i) the increase in the recognised GFA of properties delivered by the Group by approximately 79.63% from 2,302,275 sq.m. for the year ended 31 December 2018 to 4,135,483 sq.m. for the year ended 31 December 2019;
- (ii) the increase in revenue generated from construction services by approximately 11.58% from RMB650.64 million for the year ended 31 December 2018 to RMB725.97 million for the year ended 31 December 2019; and
- (iii) the increase in rental income generated from investment properties from RMB136.04 million for the year ended 31 December 2018 to RMB157.35 million for the year ended 31 December 2019. The others comprise mainly hotel operation and consultation service. During the year, revenue from hotel operation of the Group was RMB155.94 million.

Revenue generated from the sales of properties amounted to RMB50,253.13 million for the year ended 31 December 2019. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2019:

	For the year ended 31 December					
	2019			2018		
	Revenue	GFA delivered by the Group	Average selling price	Revenue	GFA delivered by the Group	Average selling price
	(RMB million)	(sq.m.)	(RMB/sq.m.)	(RMB million)	(sq.m.)	(RMB/sq.m.)
Hangzhou	17,765	663,662	26,768	13,331	700,069	19,042
Fuzhou	7,224	648,177	11,145	4,705	291,075	16,165
Suzhou	3,801	216,226	17,579	4,683	146,864	31,860
Fuyang	3,515	610,006	5,762	2,637	432,349	6,097
Quzhou	2,966	206,663	14,352	—	—	—
Others	14,982	1,790,749	8,366	8,051	731,918	11,000
<b>Total</b>	<b>50,253</b>	<b>4,135,483</b>	<b>12,152</b>	<b>33,407</b>	<b>2,302,275</b>	<b>14,510</b>

#### *Cost of sales*

The Group's cost of sales increased by approximately 48.23% from RMB26,301.56 million for the year ended 31 December 2018 to RMB38,987.33 million for the year ended 31 December 2019. This increase mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

#### *Gross profit and gross profit margin*

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 54.68% from RMB8,064.94 million for the year ended 31 December 2018 to RMB12,475.17 million for the year ended 31 December 2019.

The Group's gross profit margin increased from 23.47% for the year ended 31 December 2018 to 24.24% for the year ended 31 December 2019, primarily because the Group delivered different portfolios of properties in 2019 compare with 2018.

#### *Selling and marketing costs*

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) others costs including rental expense and office expense.



The Group's selling and marketing costs increased by approximately 5.46% from RMB1,137.01 million for the year ended 31 December 2018 to RMB1,199.04 million for the year ended 31 December 2019, primarily due to the increased sales cost of the Group and properties management expenses as a result of increase in the number of new projects and projects under construction of the Group.

#### *Administrative expenses*

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) consulting fees; (iii) office and travel expenses; (iv) entertainment expenses; (v) other taxes; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses increased by approximately 10.29% from RMB1,341.19 million for the year ended 31 December 2018 to RMB1,479.24 million for the year ended 31 December 2019, mainly attributable to the increases in staff cost of the Group and consulting activities due to the increase in the number of new projects and project under construction of the Group.

#### *Fair value gains on investment properties*

The decrease in fair value gains on investment properties by approximately 85.24% from RMB336.64 million for the year ended 31 December 2018 to RMB49.68 million for the year ended 31 December 2019 was due to the different development progress of the investment properties which are under development.

#### *Other income and other gains – net*

The Group's other income and other gains primarily includes (i) interest income; (ii) gains from certain unlisted equity securities; and (iii) deposits forfeited from some of the Group's prospective customers who breached the relevant property purchase agreements. The Group's other income and other gains – net increased from RMB123.46 million for the year ended 31 December 2018 to RMB298.15 million for the year ended 31 December 2019.

#### *Operating profit*

The Group's operating profit for the year increased by approximately 67.77% from RMB6,046.85 million for the year ended 31 December 2018 to RMB10,144.72 million for the year ended 31 December 2019.

#### *Finance costs – net*

Finance income primarily consists of interest income from bank deposits. Finance cost primarily consists of net foreign exchange losses and interest expenses of borrowings. The Group recorded a net finance costs of RMB291.88 million for the year ended 31 December 2018 and a net finance costs of RMB379.57 million for the year ended 31 December 2019. This variance primarily due to the increase of non-capitalised interest expenses of RMB475.54 million and decrease of net foreign exchange losses of RMB381.00 million.

### *Profit before income tax*

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 60.13% from RMB6,657.65 million for the year ended 31 December 2018 to RMB10,660.81 million for the year ended 31 December 2019.

### *Income tax expense*

The Group's income tax expense comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expense increased by approximately 49.62% from RMB3,186.12 million for the year ended 31 December 2018 to RMB4,767.02 million for the year ended 31 December 2019. Specifically, CIT (including deferred income tax) increased by approximately 97.84% from RMB1,255.91 million for the year ended 31 December 2018 to RMB2,484.74 million for the year ended 31 December 2019, and LAT increased by approximately 18.24% from RMB1,930.21 million for the year ended 31 December 2018 to RMB2,282.27 million for the year ended 31 December 2019.

### *Amounts due from related parties*

The Group's amounts due from related parties decreased by approximately 32.36% from RMB8,359.55 million as of 31 December 2018 to RMB5,654.60 million as of 31 December 2019, which was mainly attributable to repayment from related parties which was generated from proceeds of properties sales.

### *Profit for the period attributable to owners of the Company*

The Group's profit for the period attributable to owners of the Company increased by approximately 46.72% from RMB2,149.66 million for the year ended 31 December 2018 to RMB3,154.06 million for the year ended 31 December 2019.

### *Profit for the period attributable to non-controlling interests*

Profit for the period attributable to non-controlling interests increased by approximately 135.74% from a profit of RMB1,157.67 million for the year ended 31 December 2018 to a profit of RMB2,729.12 million for the year ended 31 December 2019. This increase was primarily attributable to the recognition of revenue from sales of properties during the year ended 31 December 2019 in the respective projects, which were jointly developed with non-controlling parties.



## Financing activities

### *Exchange Offer and Consent Solicitation in relation to outstanding senior notes*

Reference is made to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018, 1 March 2018, 27 March 2018, 10 July 2018, 11 July 2018, 17 July 2018, 30 August 2018, 31 August 2018 and 6 September 2018 in relation to the Company's outstanding 8.25% senior note due 2021 (ISIN (Reg S): XS1747665922, Common Code (Reg S): 174766592), comprising US\$325,000,000 8.25% senior notes due 2021 first issued by the Company on 1 February 2018, with additional issuances of US\$100,000,000 8.25% senior notes due 2021 issued on 27 February 2018, US\$225,000,000 8.25% senior notes due 2021 issued on 12 July 2018 and US\$150,000,000 8.25% senior notes due 2021 issued on 4 September 2018 (the “**2018 Notes**”).

On 8 February 2019, the Company offered to exchange the outstanding 2018 Notes (the “**Old Notes**”) for new notes which are the US\$ denominated senior notes due 2021 to be issued by the Company (the “**New Notes**”), to be exchanged in accordance with the exchange offer (the “**Exchange Offer**”) and commenced the solicitation of consent of holders of the Old Notes (the “**Consent Solicitation**”), upon the terms and subject to the conditions set forth in the exchange offer memorandum dated 8 February 2019.

On 22 February 2019, US\$390,466,000 principal amount of the Old Notes were exchanged and the Company delivered US\$392,238,000 of the New Notes and US\$1,083,282.69 in cash in full satisfaction of the exchange consideration for the Old Notes. Following the completion of the Exchange Offer and the Consent Solicitation, US\$390,466,000 principal amount of the Old Notes were cancelled. Application was also sought to list the New Notes on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). No listing of the New Notes had been sought in Hong Kong.

On the same date, the Company issued additional new notes in the aggregated principal amount of US\$207,762,000 due in 2021 (the “**Additional New Notes**”) on SGX-ST pursuant to the concurrent offering (“**Concurrent New Money Issuance**”) by the Company to issue and sell the Additional New Notes that will form a single series with the corresponding New Notes issued in the Exchange Offer. For further details, please refer to the paragraph headed “Issuance of 2019 First Senior Notes due 2021” in this section.

On 18 June 2019, US\$64,945,000 principal amount of the 2018 Notes, representing 15.86% of the aggregate principal amount of the outstanding 2018 Notes, were repurchased by the Company and were cancelled. As at the date of this announcement, US\$323,729,000 in aggregate principal amount of the 2018 Notes remained outstanding.

For further details, please refer to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019, 19 February 2019, 22 February 2019, 27 February 2019 and 19 June 2019.

### *Issuance of 2019 First Senior Notes due 2021*

Reference is made to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019 and 22 February 2019 in relation to, among other things, the Exchange Offer and Consent Solicitation, and the Concurrent New Money Issuance.

On 22 February 2019, the Company issued Additional New Notes in the aggregated principal amount of US\$207,762,000 due in 2021 on SGX-ST. The Additional New Notes will be consolidated and form a single series with the US\$392,238,000 principal amount of New Notes exchanged in accordance with the Exchange Offer (the “**2019 First Senior Notes**”). Upon consolidation, the total outstanding principal amount of the 2019 First Senior Notes will be US\$600,000,000, with an interest rate of 11.25% per annum payable semi-annually in arrears.

The maturity date of the 2019 First Senior Notes is 22 August 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the 2019 First Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 12 February 2019, 19 February 2019, 22 February 2019 and 27 February 2019 and the relevant offering memorandum.

As at the date of this announcement, the Group had utilised all the net proceeds from the issuance of the 2019 First Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

### *Issuance of 2019 Second Senior Notes due 2022*

On 25 February 2019, the Company issued senior notes in the aggregate principal amount of US\$300,000,000 due in 2022 (the “**Original 2019 Second Senior Notes**”) on SGX-ST, with an interest rate of 10.50% per annum payable semi-annually in arrears. The maturity date of the Original 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 2019 Second Senior Notes, at a pre-determined redemption price.

On 29 April 2019, the Company issued additional notes in the aggregate principal amount of US\$200,000,000 (to be consolidated and form a single series with the Original 2019 Second Senior Notes) (the “**Consolidated 2019 Second Senior Notes**” and together with the Original 2019 Second Senior Notes, “**2019 Second Senior Notes**”). The maturity date of the Consolidated 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Second Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 26 February 2019, 30 April 2019 and 10 May 2019 and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised all of the net proceeds from the issuance of the 2019 Second Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

#### *Public Offering of the 2019 Domestic Corporate Bonds in the PRC*

On 28 February 2019, Rongxin (Fujian) Investment Group Co., Ltd.\* (融信(福建)投資集團有限公司) (“**Rongxin Investment**”), an indirect subsidiary of the Company established in the PRC, proposed to lodge an application to the Shanghai Stock Exchange to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion (RMB4.0 billion inclusive) (the “**2019 Domestic Corporate Bonds**”). Upon receipt of the approval from the Shanghai Stock Exchange, the 2019 Domestic Corporate Bonds shall be issued by Rongxin Investment in certain tranches in the PRC.

The 2019 Domestic Corporate Bonds are non-guaranteed bonds, and satisfy the basic conditions for conducting securities-pledged repurchase. For further details, please refer to the announcement of the Company dated 28 February 2019.

#### *Placing in 2019*

Reference is made to the Company’s announcement dated 4 April 2019 (the “**2019 Placing Announcement**”). The Group successfully raised a net proceeds of HK\$1.18 billion through the placing (the “**2019 Placing**”) of 108,000,000 existing shares (the “**2019 Placing Shares**”) by Dingxin Company Limited (“**Dingxin**”), a controlling Shareholder, to not less than six independent professional, institutional and/or individual investors at the placing price of HK\$10.95 each on 11 April 2019 for the Company’s development purposes and as general working capital of the Group. The Company subsequently allotted and issued 108,000,000 new shares to Dingxin.

Upon the completion of the 2019 Placing, the Company received gross proceeds of HK\$1,182,600,000 and net proceeds, after deducting all applicable costs and related expenses, of HK\$1,171,460,000, representing a net issue price of HK\$10.85 per 2019 Placing Share.

As at the date of this announcement, the Group had utilised all the net proceeds from the 2019 Placing for the Company’s development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2019 Placing Announcement.

#### *Issuance of 2019 Third Senior Notes due 2022*

On 17 April 2019, the Company issued senior notes in the aggregate principal amount of US\$200,000,000 due in 2022 (the “**Original 2019 Third Senior Notes Due 2022**”) on SGX-ST, with an interest rate of 8.75% per annum payable semi-annually in arrears on 25 April and 25 October of each year, commencing on 25 October 2019.

The maturity date of the Original 2019 Third Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem up to 35% of the aggregate principal amount of the Original 2019 Third Senior Notes Due 2022 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.75% of the principal amount of the Original 2019 Third Senior Notes Due 2022, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

On 6 June 2019, the Company issued additional notes in the aggregate principal amount of US\$235,000,000 (to be consolidated and form a single series with the Original 2019 Third Senior Notes Due 2022) (the “**First Consolidated 2019 Senior Notes Due 2022**”).

On 9 October 2019, the Company issued additional notes in the aggregate principal amount of US\$265,000,000 (to be consolidated and form a single series with the Original 2019 Third Senior Notes Due 2022) (the “**Second Consolidated 2019 Senior Notes Due 2022**” and together with the First Consolidated 2019 Senior Notes Due 2022 and the Original 2019 Third Senior Notes Due 2022, “**2019 Third Senior Notes**”). The maturity date of the First Consolidated 2019 Senior Notes Due 2022 and the Second Consolidated 2019 Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the First Consolidated 2019 Senior Notes Due 2022 and the Second Consolidated 2019 Senior Notes Due 2022 at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 18 April 2019, 30 April 2019, 9 June 2019, 19 June 2019 and 10 October 2019 and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2019 Third Senior Notes to refinance certain existing indebtedness, which was consistent with the purposes disclosed in the aforesaid announcements.

#### *Completion of the partial redemption at the option of holders of Senior Notes due 2019*

Reference is made to the announcements of the Company dated 2 December 2016 and 15 February 2017 in relation to the issue of the 6.95% senior notes due 2019 (the “**2019 Notes**”). On 20 December 2018, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$229,735,000 of the 2019 Notes held by such holder from 8 December 2018 to 20 December 2018 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$229,811,421.99. For more details, please refer to the announcement of the Company dated 20 December 2018.

On 13 June 2019, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$46,640,000 of the 2019 Notes held by such holders till 13 June 2019 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$46,943,730. As at 13 June 2019, the aggregate principal amount of the 2019 Notes repurchased by the Company is US\$276,375,000, and following cancellation of the repurchased notes, the outstanding aggregate principal amount of the 2019 Notes will be US\$123,625,000. For more details, please refer to the announcement of the Company dated 13 June 2019.

On 8 December 2019, the 2019 Notes reached its maturity and have been redeemed as at the date of this announcement.

#### *Early Redemption of Private Corporate Bonds*

Reference is made to the announcements the Company dated 25 January 2016 and 26 January 2016 in relation to, among other things, the First Tranche Private Corporate Bonds with an aggregate principal amount of RMB3.1 billion at the interest rate of 7.89% per annum and issued by Rongxin Investment, a wholly-owned subsidiary of the Company, on 26 January 2016.

On 17 June 2019, as proposed by Rongxin Investment and pursuant to a resolution passed by the bondholders of the First Tranche Private Corporate Bonds, Rongxin Investment exercised its right of early redemption in full the First Tranche Private Corporate Bonds before its maturity at the redemption price equal to its aggregate principle amount together with all accrued and unpaid interest thereon for a total amount of RMB1,830,716,849.32. Upon redemption, the First Tranche Private Corporate Bonds were delisted from the Shenzhen Stock Exchange and cancelled with effect from 17 June 2019. For more details, please refer to the announcement of the Company dated 17 June 2019.

#### *Issuance of 2019 Fourth Senior Notes due 2023*

On 16 July 2019, the Company issued notes in the aggregate principal amount of US\$300,000,000 due in 2023 (the “**Original 2019 Fourth Senior Notes Due 2023**”) on SGX-ST, with an interest rate of 8.95% per annum payable semi-annually in arrears on 22 January and 22 July of each year, beginning on 22 January 2020.

The maturity date of the Original 2019 Fourth Senior Notes Due 2023 is 22 January 2023. At any time and from time to time before the maturity date, the Company may at its option redeem up to 35% of the aggregate principal amount of the Original 2019 Fourth Senior Notes Due 2023 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.95% of the principal amount of the Original 2019 Fourth Senior Notes Due 2023, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.



On 18 October 2019, the Company issued additional notes in the aggregate principal amount of US\$120,000,000 (to be consolidated and form a single series with the Original 2019 Fourth Senior Notes Due 2023) (the “**Consolidated 2019 Fourth Senior Notes Due 2023**”, and together with the Original 2019 Fourth Senior Notes Due 2023, “**2019 Fourth Senior Notes**”). The maturity date of the Consolidated 2019 Fourth Senior Notes Due 2023 is 22 January 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Fourth Senior Notes Due 2023, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 17 July 2019 and 18 October 2019 and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised most of the net proceeds from the 2019 Fourth Senior Notes to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the aforesaid announcement.

#### *Issuance of 2019 Fifth Senior Notes due 2023*

On 3 December 2019, the Company issued notes in the aggregate principal amount of US\$324,000,000 due in 2023 (the “**2019 Fifth Senior Notes Due 2023**”) on SGX-ST, with an interest rate of 8.10% per annum payable semi-annually in arrears on 9 June and 9 December of each year, beginning on 9 June 2020.

The maturity date of the 2019 Fifth Senior Notes Due 2023 is 9 June 2023. At any time and from time to time before the maturity date, the Company may at its option redeem up to 35% of the aggregate principal amount of the 2019 Fifth Senior Notes Due 2023 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.10% of the principal amount of the 2019 Fifth Senior Notes Due 2023, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

For more details, please refer to the announcement of the Company dated 4 December 2019 and the relevant offering memorandum.

As at the date of this announcement, the Group had utilised most of the net proceeds from the 2019 Fifth Senior Notes Due 2023 to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the aforesaid announcement.

#### *Liquidity and financial resources*

As at 31 December 2019, the Group’s net current assets amounted to RMB65,083.01 million (2018: RMB52,798.12 million). Specifically, the Group’s total current assets increased by approximately 6.11% from RMB180,468.55 million as at 31 December 2018 to RMB191,489.97 million as at 31 December 2019. The Group’s total current liabilities decreased by approximately 0.99% from RMB127,670.43 million as at 31 December 2018 to RMB126,406.96 million as at 31 December 2019. The increase in the Group’s total current assets was primarily attributable to (i) the increase in amounts due from minority interests by approximately 26.08% from RMB6,503.83 million as at 31 December 2018 to RMB8,199.97

million as at 31 December 2019, (ii) the increase in cash and bank balances by 37.26% from RMB24,995.66 million as at 31 December 2018 to RMB34,308.57 million as at 31 December 2019.

As at 31 December 2019, the Group had cash and bank balances of RMB34,308.57 million (2018: RMB24,995.66 million), total borrowings of RMB63,177.81 million (2018: RMB62,532.83 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.85% (including bank borrowings, trust and other borrowings, the Domestic Corporate Bonds, the Additional Senior Note and the Asset-backed Securities) (2018: approximately 7.09%).

As at 31 December 2019, the aggregated issued amount of the Domestic Corporate Bonds was RMB12,167.52 million, representing approximately 19.26% of the total borrowings of the Group.

#### *Pledge of assets*

As at 31 December 2019, the Group's borrowings were secured by the Group's assets of RMB43,318.48 million (2018: RMB47,269.6 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain borrowings from financial institution were also secured by the equity interests of certain subsidiaries.

#### *Provision of a guarantee in favour of a bank for Hangzhou Ronghao Property Co., Ltd.*

On 23 August 2019, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of Ping An Bank Co., Ltd Hangzhou Branch\* (平安銀行股份有限公司杭州分行) (the “**Creditor**”), pursuant to which Rongxin Investment agreed to provide guarantee for the due performance of the repayment obligations of Hangzhou Ronghao Property Co., Ltd.\* (杭州融浩置業有限公司) (“**Hangzhou Ronghao**”), a company established in the PRC with limited liability which is indirectly owned as to 45.28% by the Company as at the date of this announcement, to the Creditor under the loan agreement entered into between Hangzhou Ronghao and the Creditor on the same date in relation to the grant of loan in the principal amount of RMB750 million.

For further details, please refer to the announcement of the Company dated 23 August 2019.

#### *Contingent liabilities*

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB37,486.46 million as at 31 December 2019 (31 December 2018: RMB32,066.20 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

#### *Current ratio*

As at 31 December 2019, the current ratio of the Group was 1.51 times (31 December 2018: 1.41 times). The increase in the Group's current ratio was mainly attributable to the increase of cash and bank balances included in current assets.

#### *Gearing ratio*

As at 31 December 2019, the gearing ratio of the Group was 0.70 (2018: 1.05), mainly due to the increase of cash and bank balances. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

#### **Future plans for material investments**

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in the PRC. No concrete plan for future investments is in place for the Group as at the date of this announcement.

#### **FOREIGN CURRENCY RISK**

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 31 December 2019, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB22,292.03 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.



## MATERIAL ACQUISITION AND DISPOSAL

On 15 March 2019, Fujian Taikun Trading Company Limited\* (福建泰坤貿易有限公司) (“**Seller**”), a wholly-owned subsidiary of the Company, entered into an agreement (“**Agreement**”) with Greenland Property Group Co., Ltd\* (綠地地產集團有限公司) (“**Purchaser**”), pursuant to which the Seller conditionally agreed to dispose of and the Purchaser conditionally agreed to purchase, the sale equity interest representing 50% of the equity interest of Shanghai Kaitai Property Development Co., Ltd. (上海愷泰房地產開發有限公司), a limited liability company established in the PRC on 3 September 2013 and a joint venture between the Group and the Purchaser, at an aggregate consideration of RMB1,005,000,000 (equivalent to approximately HK\$1,175,146,500) (the “**Disposal**”). The Company intends to use the net proceeds from the Disposal as general working capital of the Group and funding of possible investment in the property development industry.

The terms of the Agreement were determined after arm’s length negotiations between the parties thereto and the Directors were of the view that the terms of the Agreement were on normal commercial terms and were fair and reasonable and in the interests of the Company and its shareholders as a whole.

For further details, please refer to the announcements of the Company dated 18 March 2019 and 19 March 2019.

Save as disclosed above, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2019.

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Group employed a total of 3,389 full-time employees (2018: 3,487 full-time employees). For the year ended 31 December 2019, the staff cost recognised of the Group amounted to RMB1,347.0 million (2018: RMB1,300.0 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group’s PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group’s employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2019, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Friday, 5 June 2020, a notice of which will be published and despatched to the Shareholders in due course.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK\$0.60 (equivalent to RMB0.54) per share of the Company for the year ended 31 December 2019 (the “**Final Dividend**”), totaling RMB922.04 million, to the Shareholders whose names appear on the register of members of the Company as at the close of business on Tuesday, 16 June 2020 (2018: HK\$0.365 per share). If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend will be payable on or before Friday, 28 August 2020.

## **CLOSURES OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 1 June 2020 to Friday, 5 June 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 29 May 2020.

For the purpose of determining the entitlement of the Final Dividend, the register of members of the Company will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitling the Final Dividend, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 10 June 2020.

## PURCHASE, SALE AND REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2019, the Company repurchased a total of 10,626,000 shares at an aggregate consideration of HK\$97,482,260 (before expenses) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) using internal resources.

Particulars of the shares repurchased during the year ended 31 December 2019 are as follows:

Month of Shares repurchased 2019	Date of cancellation	Number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$)
September	15 November 2019	1,661,000	9.18	8.60	14,762,985
October	15 November 2019	8,515,000	9.42	8.92	78,647,535
November	2 December 2019	450,000	9.14	8.83	4,071,740
<b>Total</b>		<b>10,626,000</b>			<b>97,482,260</b>

The above share repurchases were made with a view to place much emphasis on Shareholders’ interest.

Save as disclosed in this announcement, during the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listing securities of the Company.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 15 September 2017 and 29 September 2017 in relation to the 2017 Landscape Engineering Services Framework Agreement, pursuant to which Xiujing (Fujian) Landscape Engineering Company Limited\* (秀景(福建)園林工程有限公司) (“**Xiujing Landscape**”) agreed to provide among others services, (i) landscape engineering design services; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the “**Landscape Engineering Services**”) to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou for a term commencing from the date of the 2017 Landscape Engineering Services Framework Agreement (i.e. 15 September 2017) and ended on 31 December 2019 (both days inclusive).

On 10 January 2020, Xiujing Landscape and the Company entered into the 2020 Landscape Engineering Services Framework Agreement to renew the 2017 Landscape Engineering Services Framework Agreement for a term of three years commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) to 31 December 2022 (both days inclusive).

Xiujing Landscape was, at the date of entering into the 2020 Landscape Engineering Services Framework Agreement, owned as to 99% by Mr. Ou Zonghong, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company, and 1% by Mr. Ou Guopeng, the son of Mr. Ou Zonghong. As Xiujing Landscape is an associate of Mr. Ou Zonghong, it is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For further details, please refer to the announcements of the Company dated 10 January 2020 and 15 January 2020.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 31 December 2019 up to the date of this announcement.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2019.

## **CORPORATE GOVERNANCE**

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders of the shares of the Company and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company complied with all applicable code provisions under the Corporate Governance Code throughout the year ended 31 December 2019, save and except for the deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed below.

Code Provision A.2.1 of the Corporate Governance Code stipulated that the roles of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://www.rongxingroup.com)).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed, and has agreed with the auditor of the Company on, the annual results of the Group for the year ended 31 December 2019.

## **AUDITOR**

The financial figures in the preliminary announcement of the annual results of the Group for the year ended 31 December 2019 have been agreed by PricewaterhouseCoopers (“**PwC**”), the auditor of the Company, to the amounts set out in the Group's consolidated financial statements. PwC shall retire at the AGM. A resolution will be proposed at the AGM for the reappointment of PwC as the auditor of the Company.

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.rongxinggroup.com](http://www.rongxinggroup.com)). The annual report of the Company for the year ended 31 December 2019 will be dispatched to Shareholders and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Ronshine China Holdings Limited**  
**Ou Zonghong**  
*Chairman*

Hong Kong, 24 March 2020

*As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng are the independent non-executive Directors.*

*\* for identification purposes only*