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 2018

2018 FINANCIAL HIGHLIGHTS

- Contracted sales amounted to approximately RMB121,883.81 million, representing an increase of approximately 73.35% as compared with the previous year.
- Revenue amounted to approximately RMB34,366.50 million, representing an increase of approximately 13.27% as compared with the previous year.
- Gross profit amounted to approximately RMB8,064.94 million, representing an increase of approximately 60.50% as compared with the previous year.
- Profit for the year amounted to approximately RMB3,471.53 million, representing an increase of approximately 31.19% as compared with the previous year.
- Core net profit contributable to owners of the Company for the year amounted to approximately RMB2,500.01 million, representing an increase of approximately 115.86% as compared with the previous year.
- Earnings per share for profit attributable to owners of the Company amounted to approximately RMB1.38 representing an increase of approximately 13.11% as compared with the previous year.
- Gearing ratio decreased 0.54 from 1.59 as at 31 December 2017 to 1.05 as at 31 December 2018.
- The Directors proposed to declare a final dividend of HK$0.365 per share for the financial year ended 31 December 2018.

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 2018 with comparative figures for the year ended 31 December 2017, as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2018 *RMB'000*	2017 *RMB'000*
Revenue	*4*	**34,366,500**	30,341,404
Cost of sales		**(26,301,557)**	(25,316,550)
Gross profit		**8,064,943**	5,024,854
Selling and marketing costs		**(1,137,009)**	(818,513)
Administrative expenses		**(1,341,193)**	(876,349)
Fair value gains on investment properties		**336,643**	1,108,095
Other income and other gains – net		**123,463**	45,521
Operating profit		**6,046,847**	4,483,608
Finance income	*5*	**243,063**	247,660
Finance cost	*5*	**(534,943)**	(24,629)
Finance (cost)/income – net	*5*	**(291,880)**	223,031
Share of net profit of associates and joint ventures accounted for using the equity method		**902,681**	283,100
Profit before income tax		**6,657,648**	4,989,739
Income tax expense	*6*	**(3,186,122)**	(2,343,491)
Profit for the year		**3,471,526**	2,646,248
Profit for the year is attributable to:			
– Owners of the Company		**2,149,660**	1,679,521
– Non-controlling interests		**1,157,671**	734,442
– Holders of Perpetual Capital Instruments		**164,195**	232,285
		3,471,526	2,646,248
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic earnings per share	*7*	**1.38**	1.22
– Diluted earnings per share	*7*	**1.37**	1.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**3,471,526**	2,646,248
Other comprehensive income	**–**	–
Total comprehensive income for the year	**3,471,526**	2,646,248
Total comprehensive income for the year is attributable to:		
– Owners of the Company	**2,149,660**	1,679,521
– Non-controlling interests	**1,157,671**	734,442
– Holders of Perpetual Capital Instruments	**164,195**	232,285
	3,471,526	2,646,248

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,447,648**	1,518,138
Land use rights		**449,296**	464,407
Investment properties		**12,031,700**	10,465,400
Prepayments		**–**	92,729
Intangible assets		**7,516**	8,485
Investments accounted for using the equity method		**7,697,952**	6,743,913
Financial assets at fair value through profit or loss		**802,087**	–
Available-for-sale financial assets		**–**	42,000
Deferred tax assets		**539,127**	512,609
Total non-current assets		**22,975,326**	19,847,681
Current assets			
Properties under development		**116,692,069**	90,900,267
Completed properties held for sale		**8,806,284**	9,477,128
Amounts due from customers for contract works		**–**	140,745
Contract assets		**530,514**	–
Trade and other receivables and prepayments	*8*	**18,482,121**	23,720,226
Amounts due from related parties		**8,359,546**	3,971,790
Prepaid taxation		**2,602,357**	1,604,331
Available-for-sale financial assets		**–**	16,959
Cash and bank balances		**24,995,661**	20,517,148
Total current assets		**180,468,552**	150,348,594
Total assets		**203,443,878**	170,196,275
EQUITY			
Share capital		**14**	13
Share premium		**4,423,556**	3,506,038
Other reserves		**8,331,258**	6,718,226
Capital and reserves attributable to owners of the Company		**12,754,828**	10,224,277
Non-controlling interests		**21,915,398**	17,794,795
Perpetual Capital Instruments		**948,132**	2,741,981
Total equity		**35,618,358**	30,761,053

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**37,709,817**	47,609,990
Deferred tax liabilities		**2,445,271**	3,041,401
Total non-current liabilities		**40,155,088**	50,651,391
Current liabilities			
Borrowings		**24,823,017**	21,843,620
Contract liabilities		**63,962,973**	–
Pre-sale proceeds received from customers		**–**	41,244,149
Trade and other payables	*9*	**28,338,602**	21,594,588
Amounts due to related parties		**5,478,112**	1,354,824
Current tax liabilities		**5,067,728**	2,746,650
Total current liabilities		**127,670,432**	88,783,831
Total liabilities		**167,825,520**	139,435,222
Total equity and liabilities		**203,443,878**	170,196,275

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, available-for-sale financial assets 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 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property[1]
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014–2016 cycle	

Save for the impact of adoption of HKFRS 9 and HKFRS 15 set out in Note 2, the adoption of other 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
HKFRS 16	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
Annual Improvements to HKFRSs 2015-2017 cycle	Clarifying previously held interest in a joint operation under HKFRS3 Business Combinations and HKFRS 11 Joint Arrangements Clarifying income tax consequences of payments on financial instruments classified as equity under HKAS 12 Income Taxes Clarifying borrowing costs eligible for capitalisation under HKAS 23 Borrowing Costs	1 January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 1 and HKAS 28 (Amendments)	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB57,977,000. Of these commitments, approximately RMB15,696,000 relate to short-term leases which will be recognised on a straight-line basis as expense in consolidated income statement.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB37,776,000 and lease liabilities of RMB37,776,000 on 1 January 2019 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Group expects that net profit after tax will decrease by approximately RMB931,000 for 2019 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows will decrease by approximately RMB4,505,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

The Group adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet as at 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	31 December 2017 As originally presented	**HKFRS 9**	**HKFRS 15**	**1 January 2018 Restated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Financial assets at fair value through profit or loss (FVPL)	–	42,000	–	42,000
Available-for-sale financial assets (AFS)	42,000	(42,000)	–	–
Current assets				
Amounts due from customers for contract works	140,745	–	(140,745)	–
Contract assets	–	–	140,745	140,745
AFS	16,959	(16,959)	–	-
FVPL	–	16,959	–	16,959
Current liabilities				
Pre-sale proceeds received from customers	41,244,149	–	(41,244,149)	–
Contract liabilities	–	–	41,244,149	41,244,149

(b) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 measurement categories including those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and those to be measured at amortised cost.

Reclassification from AFS to FVPL

Certain equity investments were reclassified from AFS to FVPL. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. There were no changes in fair value of the equity investments in previous years, therefore no adjustment was recorded to opening equity due to the reclassification.

Other than that, there were no changes to the classification and measurement of financial instruments.

Impairment of financial assets

The Group has three types of financial assets measured at amortised cost that are subject to new expected credit loss model of HKFRS 9 either on a 12-month basis or a lifetime basis:

- trade receivables and contract assets
- other receivables and amounts due from related parties
- cash and bank balances

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(i) Trade receivables and contract assets

The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and contract assets.

(ii) Other receivables and amounts due from related parties

The Group applied general approach and recorded either 12-month expected credit losses or lifetime expected credit losses on its other receivables and amounts due from related parties.

(iii) Cash and bank balances

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(c) Adoption of HKFRS 15

HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, referred to as open contracts, thus the comparative figures have not been restated.

The effects of the adoption of HKFRS 15 are as follows:

Presentation of contract assets and liabilities

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Contract assets recognised in relation to construction services were previously presented as Amounts due from customers for contract works.

Contract liabilities for progress billing recognised in relation to sales of properties were previously presented as Pre-sale proceeds received from customers.

Accounting for sales of properties and construction services

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a point in time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, when the properties that have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

Management has assessed the current sale agreements used by the Group in accordance with HKFRS 15 and is of the view that the criteria for recognising revenue over time are not met for the sales of properties, while the construction services meets the criteria for recognising revenue over time.

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised facilities or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

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 2018 (2017: same).

As at 31 December 2018, the total non-current assets, other than financial assets at fair value through profit or loss, of the Group were located in the PRC (2017: same).

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 2018 (2017: same).

4 REVENUE

Revenue of the Group for the year ended 31 December 2018 was as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Revenue from sales of properties – Recognised at a point in time	**33,406,515**	29,588,530
Revenue from construction services, hotel operation and others:		
– Recogised at a point in time	**173,304**	91,292
– Recoginised over time	**650,637**	559,570
Revenue from other sources-rental income	**136,044**	102,012
	34,366,500	30,341,404

5 FINANCE (COST)/INCOME – NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
– Interest income from bank deposits	**243,063**	85,365
– Net foreign exchange gains	**–**	162,295
	243,063	247,660
Finance costs		
– Net foreign exchange losses	**(457,868)**	–
– Interest expenses of borrowings	**(5,226,070)**	(4,018,484)
– Less: capitalised interest	**5,148,995**	3,993,855
	(534,943)	(24,629)
Finance (cost)/income – net	**(291,880)**	223,031

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax ("**CIT**")	**1,877,753**	1,140,187
PRC land appreciation tax ("**LAT**")	**1,930,210**	1,258,057
	3,807,963	2,398,244
Deferred income tax:		
PRC CIT	**(621,841)**	(54,753)
Income tax expense	**3,186,122**	2,343,491

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 2017 and 2018, based on the existing legislation, interpretations and practices in respect thereof.

The CIT 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 2018 (2017: 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 2018 (2017: 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 was incorporated under the Business Companies Act of the BVI and is exempted from BVI 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	
	2018	2017
Profit attributable to owners of the Company (RMB'000)	**2,149,660**	1,679,521
Weighted average number of shares in issue	**1,552,963,000**	1,373,813,000
Basic earnings per share (RMB per share)	**1.38**	1.22

(b) Diluted earnings per share

Diluted earnings per share is 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	
	2018	2017
Profit attributable to owners of the Company (RMB'000)	**2,149,660**	1,679,521
Weighted average number of ordinary shares in issue	**1,552,963,000**	1,373,813,000
Adjustments – share options and awarded shares	**18,454,000**	2,725,000
Weighted average number of ordinary shares for diluted earnings per share	**1,571,417,000**	1,376,538,000
Diluted earnings per share (RMB per share)	**1.37**	1.22

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**59,580**	316,456
Notes receivable	**–**	2,300
Other receivables	**8,383,501**	7,424,739
Prepayments	**10,039,040**	16,069,460
Total trade and other receivables and prepayments	**18,482,121**	23,812,955
Less: non-current portion of prepayments	**–**	(92,729)
Current portion of trade and other receivables and prepayments	**18,482,121**	23,720,226

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within one year	**55,190**	307,735
Over one year	**4,390**	8,721
	59,580	316,456

9 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**8,423,760**	7,007,075
Notes payable	**1,064,455**	592,778
Other payables	**18,850,387**	13,994,735
	28,338,602	21,594,588

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within one year	**6,470,999**	5,017,284
Over one year	**1,952,761**	1,989,791
	8,423,760	7,007,075

10 DIVIDEND

The Board of Directors of the Company proposed a final dividend of HK$0.365 per ordinary share out of the share premium account, totaling approximately HK$584,460,000 (equivalent to approximately RMB512,104,000). Such dividend is to be approved by the shareholders at the forthcoming annual general meeting ("**AGM**") on 5 June 2019. These financial statements do not reflect this dividend payable as a liability as at 31 December 2018 (2017: none).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual results of the Group for the year ended 31 December 2018 (the "**Year**").

Market Review

In 2018, the global economy kept evolving, while the growth momentum slowed down in the second half of the year in circumstances of trade friction and other uncertainties. According to the statistics from The International Monetary Fund, the global gross domestic product ("**GDP**") growth rate in 2018 is basically the same with 2017. Relatively, China's economy has maintained a good momentum of overall stability and progress. In 2018, China's GDP grew at a compound annual growth rate of 6.6% to over RMB90 trillion for the first time ever. China has the highest GDP growth rate among the five largest economies. China's economic growth contributes nearly 30% to world economic growth and continues to be the biggest contributor to world economy growth.

During the Year, the PRC government resolutely implemented the policy principle of "housing is for living in, not for speculation", and continued to introduce regulatory policies to curb the overheated property market. Nearly 450 control policies have been implemented throughout the Year, which marks the most intensive year for implementation of real estate control policies. Notwithstanding the strict control policies, the sales data of the real estate market continued to grow positively in 2018. The sales of commodity housing amounted to RMB121.88 billion for the Year, representing an increase of 13.35% as compared with last year, while the sales area amounted to 5.6 million sq.m. for the Year, representing an increase of 25.15% as compared with last year. The real estate industry has gradually stabilized, returning to the nature of "residential", and "quality" has mainstreamed across the new era of the industry, which provides a great opportunity for the development of quality real estate developers like us.

Business Review

Ronshine adheres to quality and unwaveringly upholds the vision of "become a property developer leader with quality and a service provider for an ideal life". With the implementation of the national expansion strategy, the Group became a property developer with contracted sales of RMB100 billion for the Year and achieved a fruitful outcome through the development strategy of "focus, balance and light assets". During the Year, the Group continued to cultivate the eight core urban agglomerations with its presence, namely the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan (Central Plain), Southwest China and Northwest China urban agglomerations, laying a solid foundation for the fulfilment of "1+N" strategy in the core metropolitan areas of these core first-and-second tier cities. The Company proactively expanded from the cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries, meanwhile focusing on creating benchmark innovative city projects of high quality.

The Group identified five product series represented by "Century Series (世紀系)","House Series (公館系)"), "Mansion Series (府系)", "Lan Series (瀾系)" and "Center Series (中心系)", and successfully enhanced its product premiums and overall market share by creation of high-end quality residential properties and introduction of flexible marketing strategies. During the Year, leveraging on its brand advantages and market position, the Group together with its joint ventures and associates secured contracted sales amount of approximately RMB121.88 billion, representing an increase of approximately 73.35% in 2018 as compared with last year, which surpassed its annual target of RMB120 billion. The total contracted gross floor area of the Group and its joint ventures and associates reached a new height of 5,624,051 sq.m. and an average contracted sales price of RMB21,672 per sq.m. During the Year, the Group's operating revenue, gross profit margin and net profit recorded a significant increase. The Group recorded an operating revenue of approximately RMB34.367 billion, representing an increase of approximately 13.27% as compared with last year, with its gross profit and net profit amounting to RMB8.065 billion and RMB3.472 billion respectively, representing an increase of approximately 60.50% and 31.19% respectively, as compared with last year. In terms of regional sales, the Group continued to maintain its leading position in Hangzhou and Fuzhou, reflecting clearly its regional competitive strength. According to China Real Estate Information Corporation, the Group ranked second and fourth in terms of equity sales in Hangzhou and Fuzhou respectively in 2018.

The Group adopted a more prudent land acquisition policy, accurately capitalize on the market outlook, and focuses on acquiring more land reserves of quality and high potential. In February 2018, Zhengzhou Rongzhu Property Development Co., Ltd* (鄭州融築房地產開發有限公司), an indirect wholly-owned subsidiary of the Company, acquired four plots of land in Zhengzhou, Henan Province, aiming to expand its layout in Henan Province and further cultivate growth in the Central China. In August 2018, the Group ventured into the Tourist Resort Zone in Qingdao city, Shandong province for the first time, joined hands with West Coast Development (Group) * (西海岸發展集團) to build its first-ever quality project within the promising Qingdao market. During the Year, the Group together with its joint venture and associates initiated 24 new land projects, adding land reserves of total GFA of approximately 4,775,121 sq.m. at an equity consideration of approximately RMB7.134 billion. As at 31 December 2018, the Group together with its joint ventures and associates have established its presence in 39 cities, operating a total of 154 projects, with total land reserves of approximately 25,416,500 sq.m.

In the Year which witnessed the Company's becoming a property developer with contracted sales of RMB100 billion and the steadily rise of profit indicators, the Group actively manages the leverage level, expands the financing channels, and continuously optimizes the capital structure and debt structure. In June 2018, the Group completed the placing of 103.5 million shares at HK$10.62 per share, with proceeds of approximately HK$1.1 billion. This placing has introduced high-quality long-term investors to the Group, further optimized its shareholder structure. During the Year, the Company has completed the issuance of US$1.0 billion offshore senior notes, RMB1.3 billion domestic asset backed securities (ABS) and RMB2.0 billion domestic corporate bonds specialized in rental housing, the above proceeds would be used for the refinancing its existing indebtedness, which optimized the Company's debt structure and provided effective support for its liquidity.

The significant regional competitive advantages, sufficient premium land bank, high-speed sales growth and gradually optimized financial level have drawn the attention and recognition of the market. During the Year, Moody's and S&P, both are international credit rating agencies, unanimously raised the Group's outlook rating to "Stable", meanwhile, China Chengxin Securities Appraisal Co., Ltd. (中誠信證券評估有限公司), an authoritative domestic credit rating agency, has assigned a first-time AAA issuer rating to the Group, and the rating outlook of the Company is stable.

By virtue of the Group's ultimate pursuit of product quality and service, its brand value has been highly recognized by the market, thus achieving a win-win situation with respect to "performance and reputation". In 2018, the Group was ranked among "China's Top 22 Real Estate Developers in 2018 (2018中國房地產開發企業22強)" by the China Real Estate Association and the China Real Estate Appraisal Center, and was named "2018 China Top 10 Comprehensive Developments of Real Estate Development Enterprises (2018中國房地產開發企業綜合發展10強)". The brand value of Ronshine reached RMB15.5 billion. It ranked 22nd among the "Best 50 of China Real Estate Developers Brand Value (中國房地產開發企業品牌價值50強)" for six consecutive years and was named the "Top 30 Brands of Chinese Real Estate Companies (Diversified Ownership) (中國房地產公司品牌價值TOP30(混合所有))" for 2018. During the Year, Ronshine ranked 5th among the "2018 China Top 100 Real Estate Developers – Growth Enterprises TOP 10 (2018中國房地產百強企業－成長性TOP10)" and won the "China's TOP2 Fastest Growing Listed Real Estate Developers in 2018 (2018中國房地產上市公司發展速度TOP2)" in recognition of its rapid development momentum.

Upholding its conviction of "taking from community and returning to community", Ronshine actively undertook social responsibilities, carried out public welfare and cultural poverty alleviation projects, and has invested accumulated more than RMB200 million in its public welfare and poverty alleviation projects. During the Year, the Group won the "Annual Targeted Poverty Alleviation Enterprise (精準扶貧年度創新企業獎)" awarded by Southern Weekly for its innovative attempts and outstanding achievements achieved in the "Youth in China Project", a large scale public welfare project. It also won the "2018 Social Responsibility Contribution Award (2018年度社會責任貢獻獎)" and "2018 Social Care Award (2018年度社會關懷獎)" by International Financial News in the "Public Welfare with You 2018 International Financial News CSR Pioneer Forum & CSR Award Presentation Ceremony (益路有你2018國際金融報CSR先鋒論壇－暨企業社會責任頒獎典禮)". Moreover, the Group has been presented with the "2018 CSR Targeted Poverty Alleviation Award (2018企業社會責任精準扶貧獎)" by Xinhua Net. In the future, the Group will continue to abide by the philosophy of "learning with integrity on the basis of benevolence", and will actively fulfill corporate social responsibilities by leveraging its resources and advantages.

Future Prospects

Looking forward into 2019, it is expected that the overall economic situation in the PRC will "maintain stable progress", while the structure of economic development and living standards of residents will continue to improve. Affected by the current round of austerity measures, the environment of the real estate market has stabilized at this stage. The Ministry of Housing and Urban-Rural Development has developed a "three stables" policy, with the aim of stabilizing the land prices, housing prices and expectations to maintain the smooth operation of the real estate market. Benefitting from the positive effect of the long-term development of the market brought by reasonable policy regulation, real estate enterprises will experience a stage from scale growth to quality improvement.

The Group will closely monitor changes in real estate policies and the market, and adhere to the three major strategies of "focus, balance and light assets". The Group will focus on the mid-to-high end residential properties targeting at improvement and the eight core urban agglomerations with its presence. The Group believes that, with the increasing demand for residential properties targeting at improvement and high-quality residential properties in first-tier and second-tier cities, its strategy to focus on mid-to-high end residential properties will receive a positive response from the market. Abiding by the keynote of steady progress, the Group will optimize the balance between scale, profit and leverage, achieve enhanced co-operation and complementarity of edges through implementation of "light asset" development strategy, and create new profit growth point by matching the maturity profiles of cash flows. Based on the steady development of the industry, the Group believes that, under the precise control of market cycle and the persistence of product quality, it will be able to achieve persistent and quality business growth.

Acknowledgements

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the "**Shareholders**"), customers and partners for their long-term support, and my heartfelt thanks go to the Directors, the management team and all employees for their hard work and contributions in the past year. In 2019, the Group will unwaveringly uphold the strong vision of "become a property developer leader with quality and a service provider for an ideal life" to build houses with sincerity, creating greater value for the Shareholders.

Ou Zonghong
Chairman

Hong Kong, 21 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the year ended 31 December		Change in
	2018	2017	percentage
Contracted sales			
Contracted sales amount *(RMB'000)*[1]	**121,883,814**	70,311,000	73.35%
Contracted gross floor area *(sq.m.)*	**5,624,051**	4,494,000	25.15%
Average unit price of contracted sales *(RMB/sq.m.)*	**21,672**	15,646	38.51%
Property delivered			
Revenue from delivery of properties *(RMB'000)*	**33,406,515**	29,588,530	12.90%
Delivered gross floor area *(sq.m.)*	**2,302,275**	2,462,983	-6.52%
Recognised average selling price of properties delivered *(RMB/sq.m.)*	**14,510**	12,013	20.79%
Revenue *(RMB'000)*	**34,366,500**	30,341,404	13.27%
Cost of Sales *(RMB'000)*	**(26,301,557)**	(25,316,550)	3.89%
Gross profit *(RMB'000)*	**8,064,943**	5,024,854	60.50%
Other income and other gains – net *(RMB'000)*	**123,463**	45,521	171.22%
Profit before income tax *(RMB'000)*	**6,657,648**	4,989,739	33.43%
Profit for the year *(RMB'000)*	**3,471,526**	2,646,248	31.19%
– attributable to owners of the Company *(RMB'000)*	**2,149,660**	1,679,521	27.99%
– attributable to non-controlling interests*(RMB'000)*	**1,157,671**	734,442	57.63%
– attributable to holders of Perpetual Capital Instruments *(RMB'000)*	**164,195**	232,285	-29.31%
Core net profit contributable to owners of the Company *(RMB'000)*[2]	**2,500,010**	1,158,152	115.86%
Gross profit margin[3]	**23.47%**	16.56%	41.73%
Net profit margin[4]	**10.10%**	8.72%	15.83%
Interest coverage ratio[5]	**2.34 times**	2.32 times	0.86%

	As at 31 December		Change in
	2018	2017	percentage
Total assets *(RMB'000)*	**203,443,878**	170,196,275	19.53%
Total liabilities *(RMB'000)*	**167,825,520**	139,435,222	20.36%
Total equity *(RMB'000)*	**35,618,358**	30,761,053	15.79%
Capital and reserve attributable to owners of the Company *(RMB'000)*	**12,754,828**	10,224,277	24.75%
Current ratio[(6)]	**1.41 times**	1.69 times	-16.57%
Net gearing ratio[(7)]	**1.05**	1.59	-33.96%

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 net 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 2018, the Group achieved contracted sales of RMB121,883.81 million, representing a growth of approximately 73.35% compared with RMB70,311.00 million for the year ended 31 December 2017. This increase was mainly attributable to (i) the increase in the total gross floor area ("**GFA**") of the Group's contracted sales by approximately 25.15% from 4,494,000 sq.m. for the year ended 31 December 2017 to 5,624,051 sq.m. for the year ended 31 December 2018, and (ii) the average contracted sales price increased from RMB15,646 per sq.m. in 2017 to RMB21,672 per sq.m.

The amount of the Group's contracted sales in Hangzhou, Shanghai, Fuzhou, Xi'an, Nanjing, Quzhou, Jinhua, Lu'an and Fuyang accounted for (i) approximately 33.05%, 17.98%, 9.77%, 5.13%, 6.56%, 3.02%, 2.21%, 1.93%, and 2.61% of the Group's total contracted sales amount for the year ended 31 December 2018, respectively, and (ii) approximately 17.61%, 9.63%, 10.41%, 8.86%, 4.05%, 2.72%, 1.95%, 5.63% and 7.54% of the Group's total GFA of contracted sales for the year ended 31 December 2018, respectively. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2018:

	Amount *(RMB million)*	**Percentage** *(%)*	**GFA** *(sq.m.)*	**Percentage** *(%)*	**Average selling price** *(RMB/sq.m.)*
Hangzhou	40,285	33.05	990,506	17.61	40,671
Shanghai	21,916	17.98	541,600	9.63	40,465
Fuzhou	11,904	9.77	585,375	10.41	20,336
Xi'an	6,252	5.13	498,149	8.86	12,550
Nanjing	8,001	6.56	227,580	4.05	35,156
Quzhou	3,685	3.02	153,230	2.72	24,050
Jinhua	2,695	2.21	109,802	1.95	24,541
Lu'an	2,346	1.93	316,725	5.63	7,408
Fuyang	3,183	2.61	424,074	7.54	7,507
Others	21,616	17.74	1,777,010	31.60	12,164
Total	**121,883**	**100.00**	**5,624,051**	**100.00**	**21,672**

Projects completed

For the year ended 31 December 2018, the Group and its joint ventures and associates had completed a total of 27 projects or phases of projects, with total GFA of 2.17 million sq.m. (1.40 million 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 2018, the Group and its associates and joint ventures had a total of 96 projects or phases of projects under construction, with total planned GFA of 25.71 million sq.m. (13.12 million 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 2018, there were a total of 24 newly acquired land parcels with a total GFA of 4,775,121 sq.m. (1,955,501 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 RMB5,183 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 2018:

City	Project name	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.)
Zhenjiang	Jurong 2017-J10-2–02 Lot (句容2017-J10-2–02號地塊)	53,873	145,463	22,779	521	82	4,837
Hangzhou	Hushu Lot (湖墅地塊)	14,684	49,995	17,398	1,019	355	31,551
Jiaxing	Tongxiang 2017-52 Lot (桐土儲[2017]52號地塊)	62,775	195,908	35,789	485	89	3,219
Jiaxing	Haining 2018-004 Lot (海土字(2018)004號地塊)	53,873	111,019	96,587	570	496	7,200
Hangzhou	Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號蜀山單元地塊)	52,780	95,047	16,538	1,114	194	8,442
Ningbo	Jiepai 3# Lot (界牌3#地塊慈溪市古塘街道)	113,857	253,594	53,255	1,020	214	5,599
Hangzhou	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	93,039	362,336	273,201	4,304	3,245	17,134
Huzhou	Anji Development Zone (安吉開發區)	53,254	113,938	24,679	239	52	2,986
Zhengzhou	Xingyang Yijiangnan Lot-2 (滎陽市憶江南地塊–2)	302,573	441,400	384,018	245	213	722
Chengdu	Xinjin Lot (新津地塊)	22,732	80,810	70,305	239	208	4,200
Fuyang	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	77,605	219,352	33,587	303	46	1,696
Dongtai	Beihai Bridge Lot (北海大橋地塊)	55,320	132,833	18,265	275	38	2,761
Mengcheng	Mengcheng 2018-6 Lot (蒙城縣2018-6號地塊)	71,359	180,357	41,424	300	69	2,102
Zhengzhou	Xingyang Yijiangnan Lot-3 (滎陽憶江南地塊–3)	80,190	228,831	201,120	89	78	552
Qingdao	The Ocean Costal (Qingdao West Coast Center) (海月星灣(青島西海岸中心))	100,705	422,259	100,075	882	209	3,504
Fuzhou	Helin E05 Lot (鶴林E05地塊)	65,666	183,995	9,200	2,854	143	21,731
Haining	Haining 18130 Lot (Haining Xieqiao New Lot) (海土字18130號地塊(海寧斜橋新地塊))	44,887	143,618	143,618	442	442	3,939
Fuyang	Shangjun (Fuyang 78 Lot) (上郡(阜陽78地塊))	102,494	269,298	38,524	371	53	1,721
Shanghai	Yangpu 02B1-06 Lot (楊浦區平涼社區02B1-06地塊)	16,112	65,091	9,894	1,031	157	25,593

City	Project name	Site area	Total GFA	Total GFA of the owners of the Company interested	Land cost	Total land cost attributable to the owners of the Company	Average land cost
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB/ sq.m.)*
Fuzhou	Fuzhou 2017-18 Lot (福州市晉安宦溪鎮羅漢村桂湖社區地塊一宗地2017-18)	77,113	158,846	7,942	889	44	7,687
Xi'an	Hailiang • Yuchen (海亮•御辰)	27,695	104,948	34,633	199	66	2,573
Hangzhou	Dingqiao R21-05 Lot (丁橋單元R21-05號地塊)	23,772	80,379	34,965	979	426	17,162
Bengbu	Bengbu Golden Age (蚌埠黃金時代)	97,022	292,842	61,795	470	99	1,933
Zhengzhou	Zhengzhou Delan Lot (鄭州德蘭地塊)	196,121	442,962	225,911	230	118	520
Total		**1,859,501**	**4,775,121**	**1,955,501**	**19,069**	**7,134**	**5,183**

As at 31 December 2018, the total GFA of the Group's land reserve was approximately 25.4 million sq.m. among which, approximately 3.9 million sq.m. were completed properties held for sale, approximately 17.6 million sq.m. were under construction, and approximately 3.9 million sq.m. were held for future development.

As at 31 December 2018, the cost per sq.m. of the Group's land reserve was RMB6,356, of which, approximately 75% 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 2018:

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.)*
Bengbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	3,030.50	0.45	1,691.38
	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	32,593.00	4.42	1,680.44
	Bengbu Golden Age (蚌埠黃金時代)	9,919.89	6.18	1,933.34
Chengdu	Chengdu Residence (成都主城區三號宗地金牛區百壽路－融信錦溪公館)	70,415.64	5.92	16,914.86
	Xinjin Lot (新津地塊)	20,765.26	7.01	4,200.01
Dongtai	Beihai Bridge Lot (北海大橋地塊)	3,780.43	1.79	2,761.11
Fuzhou	West Coast (融信陽光城西海岸(領海三期))	15,400.00	7.33	910.43
	Lan County (融信瀾郡)	163,200.00	3.69	8,373.52
	David City (福州平潭大衛城)	39,882.00	2.35	2,341.59
	The Coast (融信後海)	92,500.00	5.68	7,405.92
	The Twin Harbour City (融信雙杭城)	562,000.00	98.96	6,064.53
	The Long Island (融信長島)	130,000.00	61.01	2,437.20
	The Bund (平潭外灘)	9,001.50	7.92	1,430.31
	"Hot Spring City" (福州溫泉城項目)	87,300.00	76.27	1,609.66
	Show Kingdom (世歐王莊)	300,000.00	12.48	4,786.60
	Huayun Mansion (華雲山莊)	14,688.14	6.48	3,300.00
	Mawei 2017-06 Lot (馬尾2017-06號地塊)	15,553.78	2.85	7,339.71
	Tractor Plant Lot (原省拖拉機廠地塊)	141,000.00	8.49	21,972.88
	Changle Yujingwan (長樂御景灣)	8,364.00	3.94	2,137.35
	Fuzhou 2017-18 Lot (福州市晉安宦溪鎮羅漢村桂湖社區地塊一宗地2017-18)	4,445.00	0.79	7,686.59
	Helin E05 Lot (鶴林E05地塊)	14,270.00	0.92	21,731.19
Fuyang	Hai Liang Yue Fu (海亮•悅府)	19,742.25	14.34	990.00
	The Riverside Mansion (海亮•江灣城)	29,345.34	3.56	1,662.31
	Hai Liang Long Yuan (海亮•瓏園)	16,254.04	3.19	2,320.54
	Hai Liang Xing Cheng (海亮•星城)	8,003.82	3.50	1,934.00
	Hai Liang Xingfu Li (海亮•幸福里)	19,704.30	14.95	1,657.59
	East County (東郡)	22,061.75	14.23	2,235.35
	North County (北郡)	11,923.86	6.77	2,190.22
	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	4,634.42	3.36	1,695.69
	Shangjun (Fuyang 78 Lot) (上郡(阜陽78地塊))	5,300.38	3.85	1,721.42
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	18,832.00	6.32	3,510.62
	Hailiang Skyscrapers (海亮天城)	67,926.77	2.49	3,602.08
Guangzhou	Licheng Lot (83001220A16159荔城街慶豐村83001220A16159宅地)	53,537.40	3.47	14,999.46
Haining	Haining 18130 Lot (Haining Xieqiao New Lot) (海土字18130號地塊(海寧斜橋新地塊))	44,200.00	14.36	3,938.78

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	Gentle Mansion (君悅府)	20,190.00	4.98	5,862.98
	Hangzhou Wocheng Project (杭州臥城地塊－天麓府)	24,820.00	6.98	5,112.55
	Hangzhou Normal University Lot (杭師大地塊)	338,437.00	3.33	25,717.10
	Lan Sky 融信•瀾天	91,200.00	4.38	5,739.46
	Yangxing Capital 融信•永興首府	36,153.90	0.57	13,076.20
	Xiaoshan Residence 融信•蕭山公館	127,517.00	1.16	18,558.95
	Jingkai Project (經開地塊－大國璟)	43,579.50	4.20	16,001.87
	Yinhe Primary School Project (銀河小學地塊(江南學府))	92,412.00	9.58	13,821.51
	Qinglong Project (慶隆地塊－融信公館)	120,411.00	5.92	31,404.00
	Qianjiang Century City Project (錢江世紀城地塊(創世紀))	228,480.00	16.67	19,229.86
	Hangzhou 2016-48 Lot (余政儲出(2016)48號張家壩港西、康良路北地塊–沐水瀾軒)	65,706.00	6.12	16,720.79
	Hangzhou 2017-4 Lot (蕭政儲出(2017)4號靖江花神廟地塊－蕭山空港)	43,083.27	6.13	5,100.74
	Hangzhou 2017-1 Lot (蕭政儲出(2017)1號)	197,904.88	9.52	30,816.04
	Hangzhou XH1306-03 (留下單元XH1306-03地塊)	18,776.00	1.32	26,106.20
	Hangzhou XH1306-02 Lot (留下單元XH1306-02地塊－西溪雲廬)	8,897.00	0.67	27,278.95
	Hangzhou 2017-44 Lot (杭政儲出【2017】44號－古翠隱秀)	385,288.13	13.52	40,541.60
	Hangzhou 2017-42 Lot (杭政儲出【2017】42號－祥符東)	55,810.50	3.40	24,703.96
	Hangzhou 2017-14 Lot (蕭政儲出【2017】14號－德信蜀山)	50,057.51	4.15	16,579.62
	Hangzhou 2017-20 Lot (蕭政儲出【2017】20號－下湘湖)	161,312.20	10.00	22,949.96
	Linangchu Lot 43 (良渚43號地塊)	85,459.17	7.33	16,004.79
	Hushu Lot (湖墅地塊)	35,469.90	1.67	31,551.04
	Xiaoshan 2018-4 Shushan Unit Lot (蕭政儲出(2018)4號蜀山單元地塊)	19,381.86	1.63	8,441.83
	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	324,532.91	27.07	17,133.99
	Dingqiao R21-05 Lot (丁橋單元R21-05號地塊)	42,603.90	2.67	17,161.86

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.)*
Hefei	Tangning Mansion (唐寧府－合肥)	18,446.52	1.40	18,155.55
Huzhou	Anji Development Zone (安吉開發區)	5,165.91	2.43	2,985.69
Jiaxing	Tongxiang 2017-52 Lot (桐土儲【2017】52號地塊)	8,859.98	3.53	3,219.19
	Haining 2018-004 Lot (海土字(2018)004號地塊)	49,590.00	9.60	7,199.70
Jinhua	Jinhua 2017-7 Lot (金市土讓告字【2017】7號，地塊一宋濂路北側地塊，葉宅北地塊)	70,895.53	7.78	12,550.00
	Jinhua 2017-10 Lot (【2017】10號康濟路地塊)	27,130.73	3.16	8,466.77
Lanzhou	Binhe Yi Hao (濱河一號)	22,990.00	18.50	1,545.70
	Xi'an Hua Fu (熙岸華府)	15,816.08	7.05	1,293.40
Lu'an	Luan 2017-14 Lot (六出2017-14號地塊，六安融信海亮•江灣城)	31,234.50	17.21	1,984.46
Longyan	Zijin Mountain Mansion (融信紫金山學院府)	18,546.66	7.46	3,146.94
Mengcheng	Mengcheng 2018-6 Lot (蒙城2018-6號地塊)	6,890.40	4.09	2,102.04
Nanjing	Nanjing 2016G58 Lot (南京仙林2016G58地塊－融築儒林花園)	178,067.56	10.21	24,957.12
	Nanjing Jiulonghu Project (南京九龍湖NO.2016G73地塊)	53,700.00	35.09	2,514.78
	Nanjing 2017G02 Lot (NO.2017G02江寧區信誠大道以南、玉振路以東地塊)	85,759.00	8.98	12,842.08
	Nanjing G31 Lot (G31南站地塊)	30,499.94	3.97	12,129.86
	Nanjing G36 Lot (G36麒麟地塊)	85,000.00	13.35	9,464.35
Nantong	Nantong Yue Rong Shu (悅榕墅)	24,698.85	0.74	4,665.27
Ningbo	Ningbo Fenghua Lot (奉化原毛紡廠地塊－南山府)	17,902.19	3.09	8,772.53
	Jiepai 3# Lot (界牌3#地塊慈溪市古塘街道)	21,420.00	5.24	5,599.13
Putian	Putian PS 2017-04 Lot (PS拍–2017-04號溪白村地塊－莆田融信府)	81,990.15	10.88	10,032.19
Qingdao	The Ocean Costal (Qingdao West Coast Center) (海月星灣(青島西海岸中心))	20,905.77	10.01	3,503.70
Quzhou	Quzhou 2017(4) Lot (衢市儲(2017)4號－中梁壹號院)	66,359.25	8.28	10,456.51
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400.00	18.54	23,207.05
	Xiamen 2017TP01 LOT (2017TP01－融信廈門海悅府)	68,556.00	3.73	31,520.00

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.)*
Shanghai	French Legend (法蘭西世家(愷岱))	61,850.00	0.84	10,803.49
	Shanghai Xujing Project (徐涇鎮會展中心3地塊(凱泰))	236,050.00	33.44	8,538.61
	Imperial Villa(融信鉑灣)	72,012.00	1.13	11,396.29
	Shanghai Huacao Lot II (KaiYU) (閔行區華漕鎮MHPO-1402 單元41-02地塊(愷譽))	20,315.00	1.67	6,165.40
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402 單元35-01地塊(愷日))	10,110.00	1.13	6,017.86
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元36-01地塊(愷崇))	4,192.50	0.45	6,098.18
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮MHPO-1402 單元42-01地塊(愷暢))	23,580.00	1.21	6,100.91
	Platinum (融信鉑爵)	49,980.00	2.21	15,408.81
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500.00	6.10	100,090.91
	Shanghai Qingpu Lot (青浦36-01地塊)	59,788.04	3.86	21,610.30
	Xinjiangwan City (新江灣城)	157,750.00	4.59	52,839.87
	Shanghai Yangpu Lot (楊浦區 平涼社區02B1-06地塊)	15,667.06	0.74	25,592.76
Shaoxing	Shengzhou Project (嵊州項目)	142,043.30	73.73	2,576.72
Suzhou	Suzhou 2016 2-4 Lot (昆山(2016)2-4地塊)	135,150.00	13.56	13,573.43
	Suzhou Tang Ning Fu (唐寧府–蘇州)	159,885.00	7.74	15,992.52
Tianjin	Tianjin 2013-92 Lot (津靜(掛)2013-92號靜海區團泊新城東區)	97,744.67	14.74	8,237.63
	Tianjin 2016-06 Lot (津南(掛)2016-06號津南區北閘口鎮)	99,967.73	9.77	12,959.16
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,178.20	6.13	713.65
Xi'an	Hai Liang De Wen Jun (海亮•德文郡)	24,282.22	9.46	2,545.62
	Hai Liang Tang Ning Fu (海亮•唐寧府)	10,148.95	6.98	1,960.03
	Hai Liang Xi Yue (海亮熙悦)	788.48	2.12	445.76
	Hailiang • Yuchen (海亮•御辰)	6,574.97	3.46	2,572.61
Yinchuan	Binhe No.1 Project (濱河壹號)	6,509.80	14.13	529.80
	Haimao No.1 Project (海茂壹號院)	11,271.03	7.93	1,319.04
	Shiyuefu Project (世悦府)	9,413.10	10.04	1,280.77

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)	30,080.00	20.65	1,773.17
	Imperial Land (一品江山(海融一號作品))	26,000.00	13.21	2,206.19
	Festival City (觀山海(漳州港又一城))	31,951.00	2.99	1,548.76
	Future City (融信•未來城)	30,000.00	3.45	2,572.90
	Zhangzhou Harbor B6 Lot (漳州港B6(學院名築)半山雲頂)	57,800.00	8.45	4,058.99
	Zhangzhou Harbor B8 Lot (漳州港B8(半山雅墅)西西里)	51,800.00	2.89	4,868.42
	Zhangzhou 2017P01 Lot (2017P01漳華東路地塊－融信漳州壹號府)	148,848.00	17.59	10,897.04
Zhenjiang	Jurong 2017-J10-2–02 Lot (句容2017-J10-2–02號地塊)	8,161.68	2.25	4,837.12
Zhengzhou	Zhengzhou 2013-58 Lot (牟政出2013(58)號)	26,900.40	21.85	1,506.82
	Yijiangnan (憶江南)	22,211.56	52.19	470.25
	Hailiang time ONE (海亮時代ONE)	37,992.35	12.56	3,284.25
	Xingyang Yijiangnan Lot-2 (滎陽市憶江南地塊–2)	21,280.30	37.93	722.41
	Xingyang Yijiangnan Lot-3 (滎陽市憶江南地塊–3)	7,782.66	20.11	552.13
	Zhengzhou Delan Lot (鄭州德蘭地塊)	11,750.40	22.59	520.13
Chongqin	Chongqing Q02-2–1/03 Lot (Q02-2–1/03號宗地巴南區龍洲灣Q分區地塊=龍洲灣)	104,265.30	23.68	6,189.33
Zhoushan	Zhoushan Project (環南街道－舟山定海)	27,698.71	5.46	4,323.62
Total		**8,564,158.51**	**1,291.56**	**6,356.00**

Financial review

Revenue

The Group's revenue increased by approximately 13.27% from RMB30,341.40 million for the year ended 31 December 2017 to RMB34,366.50 million for the year ended 31 December 2018. 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:

	For the year ended 31 December		
	2018	2017	Change in percentage
	RMB'000	*RMB'000*	
Revenue			
Sales of properties	**33,406,515**	29,588,530	12.90%
Construction services	**650,637**	559,570	16.27%
Rental income, hotel operation and others	**309,348**	193,304	60.03%
Total	**34,366,500**	30,341,404	13.27%

The revenue of the Group increased by approximately 13.27% from RMB30,341.40 million for the year ended 31 December 2017 to RMB34,366.50 million for the year ended 31 December 2018. This increase was mainly attributable to:

(i) the increased in the recognised average selling price of properties delivered by the Group by approximately 19.89% from RMB12,103 for the year ended 31 December 2017 to RMB14,510 for the year ended 31 December 2018;

(ii) the increase in revenue generated from construction services by approximately 16.27% from RMB559.57 million for the year ended 31 December 2017 to RMB650.64 million for the year ended 31 December 2018; and

(iii) the increase in rental income generated from investment properties from RMB102.01 million for the year ended 31 December 2017 to RMB136.04 million for the year ended 31 December 2018. The others comprise mainly hotel operation. During the year, revenue from hotel operation of the Group was RMB144.94 million.

Revenue generated from the sales of properties amounted to RMB33,406,515 million for the year ended 31 December 2018. 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 2018:

	For the year ended 31 December					
	2018			2017		
	Revenue *(RMB million)*	**GFA delivered by the Group** *(sq.m.)*	**Average selling price** *(RMB /sq.m.)*	Revenue *(RMB million)*	GFA delivered by the Group *(sq.m.)*	Average selling price *(RMB /sq.m.)*
Hangzhou	**13,331**	**700,069**	**19,042**	10,380	437,654	23,717
Fuzhou	**4,705**	**291,075**	**16,165**	7,974	678,304	11,756
Shanghai	**2,912**	**98,016**	**29,707**	3,315	165,132	20,076
Zhangzhou	**2,210**	**259,435**	**8,518**	1,556	242,003	6,432
Fuyang	**2,637**	**432,349**	**6,097**	1,453	252,224	5,761
Suzhou	**4,683**	**146,864**	**31,860**	34	3,934	8,521
Others	**2,929**	**374,467**	**7,813**	4,877	683,731	7,132
Total	**33,407**	**2,302,275**	**14,510**	29,589	2,462,982	12,013

Cost of sales

The Group's cost of sales increased by approximately 3.89% from RMB25,316.55 million for the year ended 31 December 2017 to RMB26,301.56 million for the year ended 31 December 2018. 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 60.50% from RMB5,024.85 million for the year ended 31 December 2017 to RMB8,064.94 million for the year ended 31 December 2018.

The Group's gross profit margin increased from 16.56% for the year ended 31 December 2017 to 23.47% for the year ended 31 December 2018, primarily because the Group delivered more properties at comparatively higher profit margins in 2018 as compared to the properties which the Group delivered in 2017.

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 38.91% from RMB818.51 million for the year ended 31 December 2017 to RMB1,137.01 million for the year ended 31 December 2018, primarily due to increases in the project numbers and the numbers of the sales staff of the Group as a result of increased sales activities.

Administrative expenses

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

The Group's administrative expenses increased by approximately 53.04% from RMB876.35 million for the year ended 31 December 2017 to RMB1,341.19 million for the year ended 31 December 2018, mainly attributable 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 69.62% from RMB1,108.10 million for the year ended 31 December 2017 to RMB336.64 million for the year ended 31 December 2018 was due to the market growth steady.

Other income and other gains – net

The Group's other income and other gains primarily includes (i) gains from certain unlisted equity investment; and (ii) deposits forfeited from some of the Group's prospective customers who breached the relevant property purchase agreements. The Group's other income increased from RMB45.52 million for the year ended 31 December 2017 to RMB123.46 million for the year ended 31 December 2018.

Operating profit

The Group's operating profit for the year increased by approximately 34.87% from RMB4,483.61 million for the year ended 31 December 2017 to RMB6,046.85 million for the year ended 31 December 2018.

Finance (cost)/income – net

Finance income primarily consists of interest income from bank deposits and foreign exchange gains. Finance cost primarily consists of net foreign exchange losses and interest expenses of borrowings. The Group recorded a net finance income of RMB223.03 million for the year ended 31 December 2017 and a net finance cost of RMB291.88 million for the year ended 31 December 2018. This variance was primarily resulted from in foreign exchange losses.

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 33.43% from RMB4,989.74 million for the year ended 31 December 2017 to RMB6,657.65 million for the year ended 31 December 2018.

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 35.96% from RMB2,343.49 million for the year ended 31 December 2017 to RMB3,186.12 million for the year ended 31 December 2018. Specifically, CIT (including deferred income tax) increased by approximately 15.71% from RMB1,085.43 million for the year ended 31 December 2017 to RMB1,255.91 million for the year ended 31 December 2018, and LAT increased by approximately 53.43% from RMB1,258.06 million for the year ended 31 December 2017 to RMB1,930.21 million for the year ended 31 December 2018.

Amounts due from related parties

The Group's amounts due from related parties increased by approximately 110.47% from RMB3,971.79 million as of 31 December 2017 to RMB8,359.55 million as of 31 December 2018, which was mainly attributable to prepayment for acquisition of lands and properties for joint ventures.

Profit for the period attributable to owners of the Company

As a result, the Group's profit for the period attributable to owners of the Company increased by approximately 27.99% from RMB1,679.52 million for the year ended 31 December 2017 to RMB2,149.66 million for the year ended 31 December 2018.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests increased by approximately 57.63% from a profit of RMB734.44 million for the year ended 31 December 2017 to a profit of RMB1,157.67 million for the year ended 31 December 2018. This increase was primarily attributable to the recognition of revenue from sales of properties during the year ended 31 December 2018 in the respective projects, which were jointly developed with non-controlling parties.

Financing activities

Issuance of 2018 Senior Notes due 2021

On 1 February 2018, the Company issued senior notes in the aggregated principal amount of US$325,000,000 due in 2021 (the "**Original 2018 Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 8.25% per annum payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2018. Subsequently on 27 February 2018, the Company issued additional notes in the aggregate principal amount of US$100,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the "**First Consolidated 2018 Senior Notes**"). The maturity date of the First Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the First Consolidated 2018 Senior Notes, at a pre-determined redemption price.

On 12 July 2018, the Company issued additional notes in the aggregate principal amount of US$225,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the "**Second Consolidated 2018 Senior Notes**"). The maturity date of the Second Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Second Consolidated 2018 Senior Notes, at a pre-determined redemption price.

On 4 September 2018, the Company issued additional notes in the aggregate principal amount of US$150,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the "**Third Consolidated 2018 Senior Notes**" and together with the Original 2018 Senior Notes and the First Consolidated 2018 Senior Notes, the Second Consolidated 2018 Senior Notes and the Third Consolidated 2018 Senior Notes, "**2018 Senior Notes**"). The maturity date of the Third Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Third Consolidated 2018 Senior Notes, at a pre-determined redemption price.

For more details, please refer 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, and the relevant offering memorandums.

As at the date of this announcement, the Group had utilised all the net proceeds from the issuance of the 2018 Senior Notes to refinance certain existing indebtedness, which was consistent with the purposes disclosed in the aforesaid announcements.

Issuance of 2018 Senior Notes due 2020

On 19 December 2018, the Company issued senior notes in the aggregated principal amount of US$200,000,000 due in 2020 on Singapore Exchange Securities Trading Limited, with an interest rate of 11.5% per annum payable semi-annually in arrears on 3 July 2019, 3 January 2020 and 3 July 2020.

For more details, please refer to the announcements of the Company dated 19 December 2018 and 20 December 2018.

As at the date of this announcement, the Group had utilised all the net proceeds net proceeds from this offering to refinance certain existing indebtedness which was consistent with the purposes disclosed in the aforesaid announcements.

Placing in 2017 and 2018

Reference is made to the Company's announcement dated 30 October 2017 (the "**2017 Placing Announcement**"). The Group successfully raised a net proceeds of HK$1,199.5 million through the placing (the "**2017 Placing**") of 142,452,500 existing shares (the "**2017 Placing Shares**") by Dingxin Company Limited ("**Dingxin**"), a controlling shareholder of the Company, to not less than six independent professional, institutional and other individual investors at the placing price of HK$8.52 each on 7 November 2017 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 142,452,500 new shares to Dingxin. Upon the completion of the 2017 Placing, the Company received gross proceeds of approximately HK$1,213.7 million and net proceeds, after deducting all applicable costs and related expenses, of approximately HK$1,199.5 million, representing a net issue price of approximately HK$8.42 per 2017 Placing Share. The Group had utilised all the net proceeds from the 2017 Placing for the Company's development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2017 Placing Announcement.

Reference is made to the Company's announcement dated 6 June 2018 (the "**2018 Placing Announcement**"). The Group successfully raised a net proceeds of approximately HK$1.1 billion through the placing (the "**2018 Placing**") of 103,500,000 existing shares (the "**2018 Placing Shares**") by Dingxin, a controlling shareholder of the Company, to not less than six independent professional, institutional and/or individual investors at the placing price of HK$10.62 each on 8 June 2018 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 103,500,000 new shares to Dingxin.

Upon the completion of the 2018 Placing, the Company received gross proceeds of approximately HK$1,099,170,000 and net proceeds, after deducting all applicable costs and related expenses, of approximately HK$1.1 billion, representing a net issue price of approximately HK$10.58 per 2018 Placing Share.

As at the date of this announcement, the Group had utilised all the net proceeds from the 2018 Placing for the Company's development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2018 Placing Announcement.

Issuance of Asset-backed Securities in 2018

On 20 September 2018, Rongxin (Fujian) Investment Company Limited* (融信（福建）投資集團有限公司) ("**Rongxin Investment**"), a company established in the PRC and a wholly-owned subsidiary of the Company, issued asset-backed securities on the Shenzhen Stock Exchange which were backed by the account receivables for the balance payment of properties sold (the "**ABS**") in the aggregate principal amount of RMB1,300,000,000 to certain qualified investors in the PRC (the "**Issue**"). The ABS has a coupon rate of 7.5% per annum and is expected to become due on 31 July 2020. The proceeds from the Issue are expected to be used for general working capital purposes of the Group. For further details, please refer to the announcement of the Company dated 24 September 2018.

As at the date of this announcement, the Group had utilised all the net proceeds from the issuance of the ABS.

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.

Liquidity and financial resources

As at 31 December 2018, the Group's net current assets amounted to RMB52,798.12 million (2017: RMB61,564.76 million). Specifically, the Group's total current assets increased by approximately 20.03% from RMB150,348.59 million as at 31 December 2017 to RMB180,468.55 million as at 31 December 2018. The Group's total current liabilities increased by approximately 43.80% from RMB88,783.83 million as at 31 December 2017 to RMB127,670.43 million as at 31 December 2018. The increase in the Group's total current assets was primarily attributable to (i) the increase in amounts due from related parties by approximately 110.47% from RMB3,971.79 million as at 31 December 2017 to RMB8,359.55 million as at 31 December 2018, (ii) the increase in properties under development by approximately 28.37% from RMB90,900.27 million as at 31 December 2017 to RMB116,692.07 million as at 31 December 2018; and (iii) the increase in cash and bank balance by 21.63% from RMB20,517.15 million as at 31 December 2017 to RMB24,995.66 million as at 31 December 2018.

As at 31 December 2018, the Group had cash and bank balance of RMB24,995.66 million (2017: RMB20,517.15 million), total borrowings of RMB62,532.83 million (2017: RMB69,453.61 million) and a weighted average effective interest rate for outstanding borrowings of approximately 7.09% (including bank borrowings, trust and other borrowings, the Domestic Corporate Bonds, the Additional Senior Note and the Asset-backed Securities) (2017: approximately 6.90%).

As at 31 December 2018, the aggregated issued amount of the Domestic Corporate Bonds was RMB10,454.46 million, representing approximately 16.72% of the total borrowings of the Group.

Pledge of assets

As at 31 December 2018, the Group's borrowings were secured by the Group's assets of RMB47,269.6 million (2017: RMB68,691.9 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 Nanjing Kaijingsheng

On 14 August 2017, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of Bank of Beijing Co., Ltd., Nanjing Branch* (北京銀行股份有限公司南京分行) (the "**First Creditor**"), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng Property Development Co., Ltd.* (南京愷璟晟房地產開發有限公司) ("**Nanjing Kaijingsheng**"), a company established in the PRC with limited liability which is indirectly owned as to 49% by the Company as at the date of this announcement, to the First Creditor under the loan agreement entered into between Nanjing Kaijingsheng and the First Creditor on the same date in relation to the grant of loan in the principal amount of RMB800 million (RMB 640 million as at 31 December 2018). For further details, please refer to the announcement of the Company dated 14 August 2017.

Provision of a guarantee in favour of Bank of Bohai Co., Ltd., Shanghai Branch

On 29 August 2018, Rongxin Investment, as guarantor, entered into a guarantee agreement in favour of the Bank of Bohai Co., Ltd., Shanghai Branch* (渤海銀行股份有限公司上海分行), (the "**Second Creditor**"), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng, a company established in the PRC with limited liability which is indirectly owned as to 49% by the Company as at the date of this announcement, to the Second Creditor under the loan agreement entered into between Nanjing Kaijingsheng and the Second Creditor on the same date in relation to the grant of loan in the principal amount of RMB1,300 million. For further details, please refer to the announcement of the Company dated 29 August 2018.

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 RMB32,066.20 million as at 31 December 2018 (31 December 2017: RMB22,704.08 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 2018, the current ratio of the Group was 1.41 times (31 December 2017: 1.69 times). The decrease in the Group's current ratio was mainly attributable to the increase of pre-sales properties included in current liabilities.

Gearing ratio

As at 31 December 2018, the gearing ratio of the Group was 1.05 (2017: 1.59), mainly due to the decrease of total borrowings. 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 2018, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars or Hong Kong dollars, in the total amount of approximately RMB7,680.77 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

Save as disclosed below, during the year ended 31 December 2018, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

Acquisition of land by way of acquiring the entire equity interests of a company

On 9 February 2018, Zhengzhou Rongzhu Property Development Co., Ltd.* (鄭州融築房地產開發有限公司) ("**Zhengzhou Rongzhu**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Zhengzhou Zhongqiao Real Estate Development Company Limited* (鄭州中喬房地產開發有限公司) ("**Zhengzhou Qinghuayuan**"), pursuant to which Zhengzhou Rongzhu has agreed to acquire, and Zhengzhou Qinghuayuan has agreed to dispose of, the entire equity interest in Zhengzhou Keboke Enterprise Management Consultancy Co., Ltd.* (鄭州克博克企業管理諮詢有限公司), holder of the land use rights of a land located at Zhengzhou City, Henan Province, the PRC, at a consideration of RMB801.9 million.

For further details of this acquisition, please refer to the announcement of the Company dated 9 February 2018.

Capital contribution in Qingdao Tianye and Qingdao Tianhe

On 20 August 2018, Qingdao Ronshine Rongmei Property Development Co., Ltd.* (青島融信融美房地產開發有限公司) ("**Qingdao Ronshine**"), a wholly-owned subsidiary of the Company, successfully won the tender to participate in the increase in registered capital of Qingdao Xihaian Tianye Construction Development Co., Ltd.* (青島西海岸天業建設發展有限公司) ("**Qingdao Tianye**"), a company established in the PRC and wholly owned by Qingdao Xifa Real Estate Co., Ltd.* (青島西發置業有限公司) ("**Qingdao Xifa**") as at 20 August 2018, in an amount of RMB354,918,367 ("**Tianye Capital Increase**") and the increase in registered capital of Qingdao Xihaian Tianhe Construction Development Co., Ltd.* (青島西海岸天和建設發展有限公司) ("**Qingdao Tianhe**"), a company established in the PRC and wholly-owned by Qingdao Xifa as at 20 August 2018, in an amount of RMB136,346,939 ("**Tianhe Capital Increase**"), at an aggregate consideration of RMB1,179,308,076. On the same date, Qingdao Ronshine and Qingdao Property Rights Exchange (青島產權交易所), an independent third party and a government department, entered into the tender confirmation (成交確認書) ("**Tender Confirmation**") to confirm the terms of the Tianhe Capital Increase and Tianye Capital Increase, the respective agreements of which are expected to be entered into between Qingdao Ronshine and Qingdao Xifa within three (3) days after the Tender Confirmation.

Upon completion of the Tianye Capital Increase, Qingdao Tianye will be owned as to 51% by Qingdao Ronshine and 49% by Qingdao Xifa, and Qingdao Tianhye will become an indirect non wholly-owned subsidiary of the Company.

Upon completion of the Tianhe Capital Increase, Qingdao Tianhe will be owned as to 51% by Qingdao Ronshine and 49% by Qingdao Xifa, and Qingdao Tianhe will become an indirect non wholly-owned subsidiary of the Company.

For further details, please refer to the announcement of the Company dated 20 August 2018.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2018, the Group employed a total of 3,487 full-time employees (2017: 1,683 full-time employees). For the year ended 31 December 2018, the staff cost recognised of the Group amounted to RMB1,300.0 million (2017: RMB790.1 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 2018, 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 Wednesday, 5 June 2019, 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$0.365 (equivalent to RMB0.32) per share of the Company for the year ended 31 December 2018 (the "**Final Dividend**"), totaling RMB512,104,000, to the Shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 1 August 2019 (2017: Nil). If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend will be payable on or before Friday, 30 August 2019.

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 Saturday, 1 June 2019 to Wednesday, 5 June 2019 (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, 31 May 2019.

For the purpose of determining the entitlement of the Final Dividend, the register of members of the Company will be closed from Monday, 29 July 2019 to Thursday, 1 August 2019 (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 Friday, 26 July 2019.

PURCHASE, SALE AND REDEMPTION OF SHARES OF THE COMPANY

Save as disclosed in this announcement, during the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listing securities of the Company.

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 of Hong Kong Limited (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 2018.

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 2018, 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 separated 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) and the Company (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. Lo Wing Yan William and Mr. Ren Yunan, 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 2018.

AUDITOR

The financial figures in the preliminary announcement of the annual results of the Group for the year ended 31 December 2018 (to the amounts set out in the Group's consolidated financial statements) have been agreed by PricewaterhouseCoopers, the auditor of the Company, who shall retire at the AGM. A resolution will be proposed at the AGM for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.rongxingroup.com). The annual report of the Company for the year ended 31 December 2018 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, 22 March 2019

As at the date of this announcement, Mr. Ou Zonghong, Ms. Zeng Feiyuan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Dr. Lo Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou are the independent non-executive Directors.

* *for identification purposes only*