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## **Ronshine China Holdings Limited**

**融信中國控股有限公司**

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

**(Stock code: 3301)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2020 FINANCIAL HIGHLIGHTS**

- Contracted sales amounted to RMB155,172.88 million, representing an increase of 9.81% as compared with the previous year.
- Revenue amounted to RMB48,302.51 million, representing a decrease of 6.14% as compared with the previous year.
- Gross profit amounted to RMB5,312.03 million, representing a decrease of 57.42% as compared with the previous year.
- Profit for the year amounted to RMB3,494.50 million, representing a decrease of 40.71% as compared with the previous year.
- Profit attributable to owners of the Company amounted to RMB2,428.12 million, representing a decrease of 23.02% as compared with the previous year.
- Gearing ratio increased from 0.70 as at 31 December 2019 to 0.83 as at 31 December 2020.
- The Directors proposed to declare a final dividend of HK\$0.50 per share for the financial year ended 31 December 2020.

## 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 2020 with comparative figures for the year ended 31 December 2019, as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	48,302,505	51,462,502
Cost of sales		(42,990,475)	(38,987,328)
<b>Gross profit</b>		<b>5,312,030</b>	12,475,174
Selling and marketing costs		(1,259,041)	(1,199,042)
Administrative expenses		(1,603,550)	(1,479,244)
Fair value (losses)/gains on investment properties		(184,332)	49,682
Other income		302,867	248,785
Other gains – net		373,158	49,367
<b>Operating profit</b>		<b>2,941,132</b>	10,144,722
Finance income	4	1,808,259	249,911
Finance costs	4	(459,476)	(629,483)
Finance income/(costs) – net	4	1,348,783	(379,572)
Share of net profit of investment accounted for using the equity method		611,458	895,660
<b>Profit before income tax</b>		<b>4,901,373</b>	10,660,810
Income tax expenses	5	(1,406,874)	(4,767,017)
<b>Profit for the year</b>		<b>3,494,499</b>	5,893,793
<b>Profit for the year is attributable to:</b>			
– Owners of the Company		2,428,123	3,154,064
– Non-controlling interests		1,066,376	2,729,121
– Holders of Perpetual Capital Instruments		–	10,608
		<b>3,494,499</b>	5,893,793
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic earnings per share	6	1.43	1.87
– Diluted earnings per share	6	1.42	1.85

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>3,494,499</b>	5,893,793
<b>Other comprehensive income</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>3,494,499</u></b>	<b><u>5,893,793</u></b>
<b>Total comprehensive income for the year is attributable to:</b>		
– Owners of the Company	<b>2,428,123</b>	3,154,064
– Non-controlling interests	<b>1,066,376</b>	2,729,121
– Holders of Perpetual Capital Instruments	<u>—</u>	<u>10,608</u>
	<b><u>3,494,499</u></b>	<b><u>5,893,793</u></b>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,424,939	1,567,616
Investment properties		14,487,730	13,224,100
Right-of-use assets		444,183	463,555
Intangible assets		5,365	5,580
Investments accounted for using the equity method		10,862,379	6,256,491
Financial assets at fair value through profit or loss		996,855	755,773
Deferred tax assets		668,200	444,954
<b>Total non-current assets</b>		<b>28,889,651</b>	<b>22,718,069</b>
<b>Current assets</b>			
Properties under development		120,098,735	115,299,354
Completed properties held for sale		14,065,964	7,673,170
Contract assets		1,098,664	999,576
Trade and other receivables and prepayments	7	29,518,185	25,015,169
Amounts due from related parties		5,984,288	5,654,598
Prepaid taxation		3,329,274	2,539,535
Financial assets at fair value through profit or loss		362,248	–
Term deposits		6,989,416	15,671,771
Restricted cash		3,057,486	3,291,991
Cash and cash equivalents		19,854,876	15,344,805
<b>Total current assets</b>		<b>204,359,136</b>	<b>191,489,969</b>
<b>Total assets</b>		<b>233,248,787</b>	<b>214,208,038</b>
<b>EQUITY</b>			
Share capital		15	15
Share premium		3,786,195	4,902,013
Other reserves		13,926,853	11,503,837
<b>Capital and reserves attributable to owners of the Company</b>		<b>17,713,063</b>	<b>16,405,865</b>
Non-controlling interests		32,945,940	24,882,365
<b>Total equity</b>		<b>50,659,003</b>	<b>41,288,230</b>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>46,921,115</b>	44,471,364
Lease liabilities		<b>15,431</b>	13,814
Deferred tax liabilities		<b>1,915,527</b>	2,027,669
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>48,852,073</b>	46,512,847
<b>Current liabilities</b>			
Borrowings		<b>24,938,617</b>	18,706,447
Lease liabilities		<b>9,900</b>	16,982
Contract liabilities		<b>65,076,080</b>	60,265,275
Trade and other payables	9	<b>31,476,801</b>	33,070,355
Amounts due to related parties		<b>5,291,322</b>	7,293,888
Derivative financial instruments		–	85,250
Current tax liabilities		<b>6,944,991</b>	6,968,764
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>133,737,711</b>	126,406,961
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>182,589,784</b>	172,919,808
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>233,248,787</b>	214,208,038
		<hr/>	<hr/>

## 1 BASIS OF PREPARATION

### (a) Compliance with HKFRSs and HKCO

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

### (b) Historical cost convention

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

### (c) New amendments to standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2020.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

### (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 mandatory for the year ended 31 December 2020 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3	Update Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Combination	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Hong Kong Interpretation 2 (2020)	Presentation of Financial Statements – Classification by Borrower of a Term Loan	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined

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

## 2 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 (“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 2020 (2019: same).

- (a) As at 31 December 2020, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2019: same).
- (b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2020 (2019: same).

## 3 REVENUE

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at point in time	<b>46,577,900</b>	50,253,131
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	<b>267,976</b>	326,050
– Recognised over time	<b>1,322,943</b>	725,974
Revenue from other sources-rental income	<b>133,686</b>	157,347
	<b>48,302,505</b>	51,462,502

#### 4 FINANCE INCOME/(COST) – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income		
– Interest income from bank deposits	630,470	249,911
– Net foreign exchange gain	1,177,789	–
	<u>1,808,259</u>	<u>249,911</u>
Finance costs		
– Net foreign exchange losses	–	(76,869)
– Interest expenses of borrowings	(5,390,830)	(5,302,069)
– Less: capitalised interest	4,931,354	4,749,455
	<u>(459,476)</u>	<u>(629,483)</u>
Finance income/(cost) – net	<u>1,348,783</u>	<u>(379,572)</u>

#### 5 INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax (“CIT”)	1,801,850	2,808,172
PRC LAT (“LAT”)	124,051	2,282,274
	<u>1,925,901</u>	<u>5,090,446</u>
Deferred income tax:		
PRC CIT	<u>(519,027)</u>	<u>(323,429)</u>
Income tax expense	<u>1,406,874</u>	<u>4,767,017</u>

#### 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 2019 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

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



## **PRC LAT**

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

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

## **PRC dividend withholding income tax**

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

## **Hong Kong profits tax**

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2020 (2019: 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 2020 (2019: Nil).

## **Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act CAP.22 of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

## 6 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	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>2,428,123</u>	<u>3,154,064</u>
Weighted average number of ordinary shares in issue	<u>1,703,181,000</u>	<u>1,689,067,000</u>
Basic earnings per share (RMB per share)	<u>1.43</u>	<u>1.87</u>

### (b) Diluted earnings per share

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

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>2,428,123</u>	<u>3,154,064</u>
Weighted average number of ordinary shares in issue	<u>1,703,181,000</u>	<u>1,689,067,000</u>
Adjustments – share options and awarded shares	<u>3,659,000</u>	<u>12,823,000</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,706,840,000</u>	<u>1,701,890,000</u>
Diluted earnings per share (RMB per share)	<u>1.42</u>	<u>1.85</u>

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables ( <i>Note (a)</i> )	<b>158,346</b>	73,991
Other receivables:		
– Amounts due from minority interests	<b>11,517,665</b>	8,199,973
– Deposits for acquisition of land use rights and property development projects	<b>1,023,719</b>	1,307,931
– Other amounts due from third parties	<b>3,815,765</b>	694,074
– Deposits for construction contracts	<b>145,840</b>	405,460
– Others	<b>1,306,588</b>	1,133,231
Less: loss allowance	<b>(29,879)</b>	–
	<b>17,779,698</b>	11,740,669
Prepayments:		
– Prepayments for acquisition of land use rights	<b>6,240,560</b>	6,887,697
– Prepaid value added tax, business taxes and other taxes	<b>5,166,163</b>	6,000,101
– Others	<b>173,418</b>	312,711
	<b>11,580,141</b>	13,200,509
Current portion of trade and other receivables and prepayments	<b>29,518,185</b>	25,015,169

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Ageing analysis of the trade receivables is as follows:

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Within one year	<b>158,280</b>	69,087
Over one year	<b>66</b>	4,904
	<b>158,346</b>	73,991

## 8 DIVIDEND

The 2019 final dividend of HK\$0.60 per ordinary share, totaling approximately HK\$1,021,249,000 (equivalent to RMB935,157,000) according to the shareholders of the Company registered on 16 June 2020, was approved by the shareholders at the annual general meeting held on 5 June 2020.

The Board of Directors of the Company proposed a final dividend of HK\$0.50 per ordinary share out of the share premium account, totaling approximately HK\$842,631,000 (equivalent to approximately RMB709,158,000). Such dividend is to be approved by the shareholders at the annual general meeting (“AGM”) on 4 June 2021. These financial statements do not reflect this dividend payable as a liability as at 31 December 2020.

## 9 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables ( <i>Note (a)</i> )	<u>11,616,425</u>	<u>11,838,408</u>
Notes payable	<u>280,345</u>	<u>343,297</u>
Other payables:		
– Amounts due to minority interests	9,806,191	13,483,058
– Deposits received for sales of properties	312,912	379,526
– Other taxes payable	5,997,416	3,556,357
– Interests payable	1,007,062	986,136
– Deposits from contractors and suppliers	564,637	533,075
– Accrued payroll	410,785	241,663
– Dividend payable	235,576	171,424
– Others	<u>1,245,452</u>	<u>1,537,411</u>
	<u>31,476,801</u>	<u>33,070,355</u>

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within one year	10,301,675	9,363,765
Over one year	<u>1,314,750</u>	<u>2,474,643</u>
	<u>11,616,425</u>	<u>11,838,408</u>

## CHAIRMAN’S STATEMENT

### Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**” and its subsidiaries, the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2020 (the “**Year**”).

### Market Review

In 2020, the global economy has slowed down amid the severe and complex domestic and foreign environments, especially against the backdrop of the novel coronavirus disease (“**COVID-19**”) pandemic (“**pandemic**”). Only China’s economy rebounded after the COVID-19 pandemic was under control. The gross domestic product (“**GDP**”) in 2020 exceeded RMB100 trillion, representing an increase of 2.3% as compared with 2019. The rapid economic recovery is significantly higher than the overall world level, and continued to drive the world economic growth.

During the Year, given that the pandemic is gradually under control in China, with the resumption of work and production as well as the recovery of business and market going ahead, the recovery of real estate market was better than market expectations. In August, the introduction of the “three red lines” new policy ushered an era of “management dividends” for real estate industry. Ronshine, which has always focused on optimizing capital structure and improving operating capabilities, maintained steady development. The central government continued to adhere to the positioning of “housing is for living, not for speculation”, and kept the main tone of “Stabilizing land prices, housing prices and related expectations” for property market regulation. Local governments continued to implement the “city-specific policies” control mechanism to flexibly control and prevent sharp fluctuations in housing prices. According to the data of National Bureau of Statistics, the sales of the real estate market continued to grow positively in 2020. The sales of commodity housing amounted to RMB17,361.3 billion for the Year, representing an increase of 8.7% as compared with last year, while sales area amounted to 1,760.86 million sq.m. for the Year, representing an increase of 2.6% as compared with 2019.

### Business Review

Facing the challenges arising from the pandemic and the overall economy slowdown during the Year, the Group unwaveringly upheld the vision of “become a property developer leader with quality and a service provider for an ideal life”. The Group implemented the strategic policy of “focus, balance and alliance with giants”, and persisted in product quality while seeking progress and stability. Focusing on the key regions such as the Yangtze River Delta and the west coast of the Straits, the Group acquired high-quality land parcels at a low premium by accurately following the market cycle, and accelerated projects development during the pandemic. By exploring diversified domestic and overseas financing channels and actively engaging in debt management, the Group achieved gradual decrease in debt ratio and further decline in financing costs, and significantly optimized its capital structure.

The Group has also continued to deepen the “1+N” layout by adhering to the positioning of seeking quality with insight. The Group deeply cultivated nine core urban agglomerations (the Yangtze River Delta, the west coast of the Straits, middle reaches of the Yangtze River, Zhongyuan (Central Plain), Chengdu and Chongqing Region, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Shandong Peninsula and Northwest China). Land acquisition slanted towards advantageous regions such as the Yangtze River Delta and the west coast of the Straits. The Group has accumulated outstanding brand competitiveness in advantageous regions, which is conducive to enhancing the Group’s bargaining power and profitability. As the pandemic gradually subsided, housing sales in the Yangtze River Delta and the west coast of the Straits recovered noticeably. The Group’s regional advantages and product competitiveness became more apparent since home buyers paid more attention to the quality of houses. In addition, the Group strengthened the delicacy management of projects, improved operational efficiency, and placed greater demand on development efficiency while maintaining high quality, which further accelerated the progress of project development. Among them, the Hangzhou Zhanwang project, Nanjing Qinglan project and Lianyungang Mansion recorded strong sales with their timeline from land acquisition to launch of sales shortened to 5 to 7 months. During the Year, the Group recorded contracted sales of RMB155.2 billion, an increase of 9.81% as compared with last year, successfully achieving the annual target of RMB150 billion set at the beginning of the year despite adverse market conditions. Also, the Group recorded a contracted gross floor area of approximately 7.25 million sq.m. and an average selling price of RMB21,401 per sq.m.. The Yangtze River Delta region accounted for 75% in the contracted sales of 2020.

In respect of land reserves, the Group followed the principle of prudent land acquisition, predicted land cost with a restricted price, and assessed project profitability in a prudent way. The Group successfully seized market opportunities and acquired a number of high-quality land parcels at a low premium by accurately following the market cycle with its keen market sense. In addition, the Group successively replenished its land reserves at low cost by acquiring urban redevelopment projects. During the Year, the Group obtained 50 new land projects, adding land reserves of approximately 8.72 million sq.m. at a consideration of approximately RMB28.44 billion. As at 31 December 2020, the Group has a total of 247 projects with total land reserves of approximately 28.71 million sq.m.. Among which, the Yangtze River Delta region accounted for 50% in the newly added land reserves.

During the Year, the state introduced the “three red lines” policy, reflecting the state’s strengthening of control over debt financing of domestic real estate companies. Committed to maintaining a balance between development and leverage, the Group proactively grasped the capital market window to manage its debt, and explored diversified domestic and overseas financing channels. During the Year, the Group issued corporate bonds, senior notes, asset-backed securities (“ABS”) which are backed by the account receivables for the balance payment of properties sold and other credit bonds, all of which were enthusiastically subscribed by investors. The Group’s debt structure continued to optimize and financing costs further decreased, demonstrating the capital market’s confidence in the Group’s future development. As of 31 December 2020, the Group maintained a healthy debt level with the interest-bearing debt balance of RMB71.86 billion and the gearing ratio of 0.83x.

Benefiting from the Group's regional advantages and product positioning, the Group's sales continued to grow. Both of the Group's financial position and operational efficiency improved, and the Group has gained more recognition by the capital market. During the Year, the Group was included in the Hang Seng Large and Medium-sized Stocks Investable Index and Value Biased Index (恒生大中型股可投資指數及價值偏向指數). More than a dozen well-known sell-side institutions including Citibank, Jefferies, Haitong International and Guotai Junan covered the Group. The Group also continued to maintain the ratings raised by the three major international credit rating agencies in 2019. Among them, S&P recommended a "B+" on the Group's long-term issuer's credit rating with an outlook of "stable"; Moody's recommended a "B1" on the Group's main rating with an outlook of "stable"; and Fitch Ratings recommended a "BB-" on the Group's credit rating with an outlook of "stable".

The Group won various awards during the Year, including the "Top 21 of China Real Estate Developers (中國房地產開發企業21強)", the "Top 5 Kingpan Awards of 2020 China Real Estate Developers Product Capability (2020年金盤房企產品力第五名)", the "China's Real Estate Leading Enterprise of the Year (中國房地產年度領軍企業)", the "Best Brand Value Award of the Year (年度最具品牌價值獎)", the "Property Enterprise with Outstanding Influence of the Year (年度卓越影響力地產企業)" and the "PRC CSR Real Estate Enterprise of the Year (中國年度社會責任房地產企業)", also ranked TOP 20 with a significant advantage in the "2019 Top 30 Real Estate Enterprises in Land Reserve Value in the Yangtze River Delta Region (2019年長三角地區房企土儲貨值排行榜TOP30)" published by CRIC (克而瑞研究中心), which demonstrate the recognition from the whole industry on the Group's comprehensive strength.

Adhering to customer-centricity and valuing employees as the cornerstones, the Group performs its social responsibility, aiming to create long-term value for society and the environment, shareholders, customers, employees and partners. During the Year, the Group's residential project "Rongxin Xuhui Century One Mile Project in Qibao Town, Minhang District (閔行區七寶鎮融信旭輝世紀古美項目)" successfully passed the review of the ultra-low energy consumption plan by the Shanghai Commission of Housing and Urban-rural Development. Meanwhile, another project "Ronshine Sunkwan Center Project (融信上坤中心項目)" has received Leadership in Energy and Environmental Design (LEED-LC) Gold pre-certification from U.S. Green Building Council and WELL (Gold) pre-certification from the International WELL Building Institute. The Group also won the "Best ESG Award of Golden Hong Kong Stocks", highlighting the industry and investors' recognition on the Group's outstanding performance in environmental protection, social responsibility and internal governance.

## **Prospects**

Year 2021 marks the opening year of the nation's 14th Five-year Plan, and the country will embark on a new journey of building a modern socialist country in all respects. Notwithstanding the increasingly stringent real estate financing conditions, the Group will continue to deepen its regional layout, focus on high-efficiency cities, and improve project quality. At the same time, the Group will acquire land prudently, improve operational efficiency and project development progress, and further enhance project profitability. By precisely grasping the capital market window, optimizing financing channels, expanding syndicated financing, and reducing financing costs, the Group will lay a solid foundation for its future development with high quality.

The Group will also anchor its direction and consolidate its investment layout. The Group has always maintained an open and win-win attitude, and strives to achieve the effect of “1+1>2”. At present, under the background of tightening policy regulation and limited financing scale, the respective advantages of branded and local real estate companies are becoming increasingly prominent. In order to fully exploit the respective advantages of all parties, the Group actively looks for diversified cooperation opportunities. The Group believes that, “alliance with giant” is increasingly important for real estate companies to achieve high-quality development.

The Group will continue to adhere to its vision of “becoming a quality property developer leader and a service provider for an ideal life”, so as to continue to create high-quality real estate projects. Meanwhile, the Group will actively honor its corporate responsibilities, to promote social development, improve the quality of urban living and build better lives for the Chinese people.

### **Acknowledgements**

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the “**Shareholders**”), customers and partners of the Company for their long-term support and trust in Ronshine. My heartfelt thanks go to the Directors, management team and all employees for their hard work and dedications over the past year. In 2021, the Group will continue its persistence in quality, while seeking progress and stability, and keep on creating greater value for Shareholders and investors.

**Ou Zonghong**  
*Chairman*

Hong Kong, 31 March 2021



## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of operating results

	For the year ended		Change in percentage
	31 December 2020	2019	
<b>Contracted sales</b>			
Contracted sales amount ( <i>RMB'000</i> ) <sup>(1)</sup>	<b>155,172,878</b>	141,316,543	9.81%
Contracted gross floor area ( <i>sq.m.</i> )	<b>7,250,886</b>	6,547,690	10.74%
Average unit price of contracted sales ( <i>RMB/sq.m.</i> )	<b>21,401</b>	21,583	-0.84%
<b>Property delivered</b>			
Revenue from delivery of properties ( <i>RMB'000</i> )	<b>46,577,900</b>	50,253,131	-7.31%
Delivered gross floor area ( <i>sq.m.</i> )	<b>2,853,026</b>	4,135,482	-31.01%
Recognised average selling price of properties delivered ( <i>RMB/sq.m.</i> )	<b>16,326</b>	12,152	34.35%
<b>Revenue</b> ( <i>RMB'000</i> )	<b>48,302,505</b>	51,462,502	-6.14%
Cost of Sales ( <i>RMB'000</i> )	<b>42,990,475</b>	38,987,328	10.27%
Gross profit ( <i>RMB'000</i> )	<b>5,312,030</b>	12,475,174	-57.42%
Other income and other gain – net ( <i>RMB'000</i> )	<b>676,025</b>	298,152	126.74%
Profit before income tax ( <i>RMB'000</i> )	<b>4,901,373</b>	10,660,810	-54.02%
Profit for the year ( <i>RMB'000</i> )	<b>3,494,499</b>	5,893,793	-40.71%
– attributable to owners of the Company ( <i>RMB'000</i> )	<b>2,428,123</b>	3,154,064	-23.02%
– attributable to non-controlling interests ( <i>RMB'000</i> )	<b>1,066,376</b>	2,729,121	-60.93%
– attributable to holders of Perpetual Capital Instruments ( <i>RMB'000</i> )	–	10,608	-100.00%
Gross profit margin <sup>(2)</sup>	<b>11.00%</b>	24.24%	-54.63%
Net profit margin <sup>(3)</sup>	<b>7.23%</b>	11.45%	-36.83%
Total assets ( <i>RMB'000</i> )	<b>233,248,787</b>	214,208,038	8.89%
Total liabilities ( <i>RMB'000</i> )	<b>182,589,784</b>	172,919,808	5.59%
Total equity ( <i>RMB'000</i> )	<b>50,659,003</b>	41,288,230	22.70%
Capital and reserve attributable to owners of the Company ( <i>RMB'000</i> )	<b>17,713,063</b>	16,405,865	7.97%
Current ratio <sup>(4)</sup>	<b>1.53 times</b>	1.51 times	1.32%
Gearing ratio <sup>(5)</sup>	<b>0.83</b>	0.70	18.57%

Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

## Property Development

### Contracted Sales

For the year ended 31 December 2020, the Group achieved contracted sales of RMB155,172.88 million, representing a growth of approximately 9.81% compared with RMB141,316.54 million for the year ended 31 December 2019. This increase was mainly attributable to the increase in the total gross floor area (“GFA”) of the Group’s contracted sales by approximately 10.74% from 6,547,690 sq.m. for the year ended 31 December 2019 to 7,250,886 sq.m. for the year ended 31 December 2020.

The amount of the Group’s contracted sales in Hangzhou, Fuzhou, Nanjing, Wenzhou, Shanghai, Suzhou, Nantong, Chongqing and Huzhou accounted for (i) approximately 77.72% of the Group’s total contracted sales amount for the year ended 31 December 2020, and (ii) approximately 64.78% of the Group’s total GFA of contracted sales for the year ended 31 December 2020. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2020:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	48,247	31.09	1,609,638	22.20	29,974
Fuzhou	18,904	12.18	837,251	11.55	22,579
Nanjing	15,098	9.73	468,819	6.47	32,204
Wenzhou	12,030	7.75	621,836	8.58	19,346
Shanghai	8,479	5.46	102,367	1.41	82,829
Suzhou	4,988	3.21	232,974	3.21	21,410
Nantong	4,797	3.09	197,862	2.73	24,244
Chongqing	4,794	3.09	384,657	5.30	12,463
Huzhou	3,295	2.12	241,164	3.33	13,663
Others	34,541	22.28	2,554,318	35.22	13,523
<b>Total</b>	<b>155,173</b>	<b>100.00</b>	<b>7,250,886</b>	<b>100.00</b>	<b>21,401</b>

## Projects completed

For the year ended 31 December 2020, the Group and its joint ventures and associates had completed a total of 37 projects or phases of projects, with total GFA of 5,217,850 sq.m. (2,498,753 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 2020, the Group and its associates and joint ventures had a total of 126 projects or phases of projects under construction, with total planned GFA of 24,627,541 sq.m. (11,826,643 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 2020, there were a total of 50 newly acquired land parcels with a total GFA of 8,716,343 sq.m. (4,018,341 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 RMB9,596 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 2020:

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Zhanwang (杭州展望)	19/1/2020	53,163	191,263	86,604	3,338	1,512	25,116
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	8/3/2020	31,707	79,865	18,081	446	101	8,278
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	11/3/2020	43,329	103,710	46,669	397	178	5,383
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	26/3/2020	61,134	358,289	157,683	980	431	3,901
Wenzhou	Wenzhou Rongwang (溫州榮望)	19/2/2020	57,018	203,717	51,989	1,084	277	7,203
Fuyang	Fuyang Yingzhou Project (阜陽穎州項目)	21/4/2020	147,590	329,590	181,274	777	427	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	19/5/2020	72,107	229,178	148,965	672	437	3,999
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	13/5/2020	62,887	184,618	92,309	1,874	937	14,197

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Taiyuan	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	21/5/2020	120,299	478,356	366,373	479	366	1,222
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	7/1/2020	42,346	117,762	29,441	855	214	10,095
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	9/4/2020	105,869	401,643	136,559	4,970	1,690	17,388
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	4/6/2020	50,320	132,255	29,493	782	174	8,634
Hangzhou	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	28/4/2020	29,685	103,706	26,445	1,674	427	22,553
Fuyang	Fuyang Yingquan Project (阜陽潁泉項目)	9/6/2020	96,434	285,449	112,752	855	338	3,854
Jiaxing	Tongxiang Project (桐鄉項目)	8/6/2020	69,120	201,160	51,296	852	217	6,163
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	22/6/2020	27,208	121,751	58,136	1,357	648	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	22/6/2020	30,626	101,845	61,107	1,804	1,082	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	23/6/2020	50,718	143,216	28,357	885	175	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	24/6/2020	123,228	383,010	306,408	4,132	3,306	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	30/6/2020	76,170	298,697	42,923	732	105	3,578
Neijiang	Neijiang Wanwei Project (內江萬為項目)	27/6/2020	65,314	156,376	29,321	228	43	1,942
Hangzhou	Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	17/7/2020	27,555	93,957	18,317	1,563	305	22,695
Nanjing	Nanjing Qinglan (南京青瀾)	15/7/2020	19,447	63,615	63,615	780	780	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	16/7/2020	152,834	391,175	48,975	3,838	481	12,263
Baoding	Baoding Jinyue City (保定金悅城)	23/7/2020	36,806	130,859	90,175	338	233	3,979
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	3/8/2020	56,566	167,260	70,427	2,092	881	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	6/8/2020	37,509	122,140	61,401	4,523	2,274	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	23/7/2020	32,742	81,997	36,378	1,183	525	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	11/8/2020	57,275	175,006	80,555	360	166	2,855

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Shanghai	Shanghai Parallel Impression (上海海納印象)	17/8/2020	52,930	175,969	174,192	4,871	4,822	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	28/8/2020	88,946	314,327	172,880	232	127	897
Fuyang	Linquan Junyue Mansion (臨泉君樾府)	3/9/2020	72,055	205,106	112,809	411	226	2,592
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	7/9/2020	45,253	126,402	25,280	276	55	2,811
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	3/8/2020	51,255	165,609	15,625	1,620	153	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	30/9/2020	52,666	132,204	72,712	175	96	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	25/9/2020	41,088	125,295	111,512	486	433	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	19/8/2020	66,696	165,475	22,031	994	132	8,281
Taizhou	Tiantai Yangfan New Project (天台楊帆新項目)	10/9/2020	59,705	145,126	26,195	906	164	8,926
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	18/11/2020	27,084	124,396	49,758	370	148	3,903
Chengdu	Chengdu Sanhechang Project (成都三河場項目)	16/11/2020	13,508	42,117	37,905	163	147	6,049
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	29/9/2020	34,250	86,540	43,270	225	113	3,650
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	16/10/2020	53,800	160,509	80,255	387	193	3,266
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	3/12/2020	8,477	42,247	27,756	418	274	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	3/12/2020	8,826	68,408	44,944	340	224	12,859

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	4/12/2020	24,378	109,646	37,280	5,213	1,772	72,000
Shaoxing	Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	1/12/2020	52,622	151,549	34,781	608	140	5,780
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	31/12/2020	30,707	95,717	47,859	226	113	3,343
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	6/1/2020	8,660	25,979	22,833	16	14	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	7/2/2020	5,097	12,937	12,937	8	8	751
Taiyuan	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	10/12/2020	93,262	409,319	313,498	463	355	1,294
Total			<u>2,728,271</u>	<u>8,716,343</u>	<u>4,018,341</u>	<u>62,257</u>	<u>28,437</u>	<u>9,596</u>

As at 31 December 2020, the total GFA of the Group's land reserve was approximately 28.7 million sq.m. among which, approximately 2.1 million sq.m. were completed properties held for sale, approximately 24.6 million sq.m. were under construction, and approximately 2.0 million sq.m. were held for future development.

As at 31 December 2020, the average cost per sq.m. of the Group's land reserve increased from RMB6,897 for the year ended 31 December 2019 to RMB7,902 for the year ended 31 December 2020. 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 2020:

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	277	5	4,324
Chongqing	Chongqing Lan Bay (重慶瀾灣)	573	13	6,189
	Chongqing Haiyue Pinghu (重慶海月平湖)	446	7	11,149
	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	337	5	9,600
	Tan Zi Kou (灘子口)	62	1	9,255
	Chongqing Kaizhou Project (重慶開州項目)	431	16	3,901
	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8	2,855

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	163	22	912
	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城－蘇派－1)	184	43	470
	Hailiang Time ONE (海亮時代 ONE)	205	9	3,284
	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	213	38	722
	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	107	29	550
	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	230	58	520
	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	255	15	2,264
	Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	862	27	3,167
	Zhengzhou Olympic Century-2 (鄭州奧體世紀－2)	596	26	3,134
	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城－中喬－2)	16	2	790
	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城－蘇派－3)	15	3	751
	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城－德藍－2)	154	31	717
	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城－蘇派－4)	14	2	716
	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城－德藍－3)	8	1	751
	Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	82	2
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	1,488	18	10,897
	Changtai Luxi County (長泰鷺西郡)	59	7	1,127
Xi'an	Hai Liang • De Wen Jun (海亮•德文郡)	158	6	2,546
	Hailiang • Tangning Mansion (海亮•唐寧府)	51	3	1,960
	Chang'an XiYue (長安熙悅)	7	2	446
Wenzhou	Hai Liang • Yuchen (海亮•御宸)	110	3	4,821
	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	129	2	8,216
	Wenzhou Jinlin House (溫州金麟府)	199	3	8,500
	Wenzhou Hai Yue Qing Feng (溫州海月清風)	524	10	7,491
	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	282	3	13,004
	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4	8,510
	Wenzhou Rongwang (溫州榮望)	277	5	7,203

<b>Region</b>	<b>Project Name</b>	<b>Total Land Value of reserve (RMB million)</b>	<b>Total GFA of reserve (10,000 sq.m.)</b>	<b>Average cost per sq.m. (RMB/sq.m.)</b>
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	16	3	714
Tianjing	Tianjin West Coast (天津西海岸)	977	15	8,238
	Tianjin Jinnan (天津津南府)	1,000	10	12,959
Taiyuan	Tianjin Lanyue 3 (天津瀾悅3號)	331	4	13,001
	Tianjin Lanyue 4 (天津瀾悅4號)	282	3	11,742
	Taiyuan Shi Guang Zhi Cheng-1 (太原時光之城-1)	462	42	1,355
	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	366	37	1,222
	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	355	31	1,294
Taizhou	Tiantai Yangfan New Project (天台楊帆新項目)	164	3	8,926
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	946	9	13,576
	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4	19,235
	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	288	5	6,843
	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	1,517	14	15,299
	Kunshan Bacheng Lot (昆山巴城地塊)	168	3	5,582
	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	881	7	16,811
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	1,080	56	2,577
	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	124	5	3,492
	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	484	9	7,943
	South Shaoxing Dongguang Lot (紹興城南東光地塊)	481	5	12,263
	Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	140	3	5,780
Shanghai	Shanghai Platinum (上海鉑爵)	150	2	15,409
	Shanghai Zhongxing Road (上海中興路)	5,505	6	100,091
	Shanghai Yangpu Lot (上海楊浦平涼地塊)	155	1	25,397
	Shanghai Century One Mile (上海世紀古美)	2,274	6	54,814
	Shanghai Four Seasons (上海海月四季)	525	4	22,578
	Shanghai Parallel Impression (上海海納印象)	4,822	17	38,763
	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	4	72,000
Xiamen	Xiamen Boyue Bay (廈門鉑悅灣)	2,134	15	23,207
	Xiamen Century (廈門世紀)	686	4	31,520



Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	101	2	8,278
	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	5	5,383
	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	174	3	8,634
	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	132	2	8,281
Qingdao	The Ocean Costal (青島海月星灣)	355	17	3,504
	Qingdao Manshan Lanting (青島縵山蘭亭)	75	5	2,386
	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	105	4	3,578
Putian	Putian Ronshine (莆田融信府)	820	11	10,032
	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5	3,903
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	186	5	5,599
Neijiang	Neijiang Wanwei Project (內江萬為項目)	43	3	1,942
Nantong	Nantong Lan Chen (南通瀾宸)	852	15	8,537
	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	937	9	14,197
Nanjing	Nanjing Century East (南京世紀東方)	1,751	10	24,957
	Nanjing Boan Center (南京鉞岸中心)	505	33	2,515
	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	703	7	12,842
	Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	305	4	12,130
	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	148	2	9,464
	Nanjing 2019G87 (南京2019G87)	755	6	16,628
	Nanjing 2019G94 (南京2019G94)	1,208	10	19,019
	Nanjing Qinglan (南京青瀾)	780	6	17,439
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	193	8	3,266
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	27	2	2,102
	Mengcheng Junyue Mansion (蒙城君樾府)	96	7	1,662
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	113	5	3,343
Lianyungang	Lianyungang Mansion (連雲港學院府)	437	15	3,999
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	153	2	13,169

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	57	5	1,293
	Lanzhou Park Academy (蘭州公園學府)	127	17	897
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	248	6	5,167
Jinghua	Tianyang River Mansion (天陽雲棲江境)	259	4	10,562
Jiangmen	Jiangmen Guoyue House (江門國樾府)	69	2	5,847
	Jiangmen Mansion (江門學院府)	312	9	4,800
Jiaxing	Haining Lanting (海寧瀾庭)	283	5	7,200
	Tongxiang Project (桐鄉項目)	217	5	6,163
Huzhou	Anji Yuejiang (安吉悅江府)	52	2	2,986
	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	362	9	6,095
Hangzhou	Huzhou Rongjing Garden (湖州融璟園)	85	3	5,457
	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	250	4	5,101
	Hangzhou Century (杭州世紀)	1,651	8	30,816
	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	3,853	14	40,542
	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	558	3	24,704
	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	855	7	16,005
	Hangzhou Liwang NEO1 (杭州厘望 NEO1)	355	2	31,551
	Hangzhou Xianghu Yuezhong (杭州湘湖悅章)	3,245	27	17,134
	Hangzhou Qinlan (杭州沁瀾)	320	2	21,211
	Hangzhou Tianlang House (杭州天琅府)	624	5	19,433
	Baolong Lin'an Project (寶龍臨安項目)	263	6	6,128
	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5	5,546
	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	3	14,578
	Hangzhou Zhanwang (杭州展望)	1,512	9	25,116
	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13	17,388
	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	427	3	22,553
	Hangzhou Sandun North Project (杭州三墩北項目)	648	6	16,088
Hangzhou Canal New City Project (杭州運河新城項目)	1,082	6	23,558	
Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	305	2	22,695	
Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2	14,075	
Yunhe Commercial 44 Lot (運河商業44號地塊)	224	4	12,859	

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	385	13	3,939
Guangzhou	Guangzhou Tianyue (廣州天樾府)	535	3	14,999
Fuyang	Xingfu Li • East County (幸福里•東郡)	65	4	2,235
	Xingfu Li • North County (幸福里•北郡)	17	1	2,190
	Fuyang Shangjun (阜陽上郡)	47	3	1,721
	Fuyang Linqan Project (阜陽臨泉項目)	80	5	2,115
	Fuyang Yingzhou Project (阜陽潁州項目)	427	18	2,961
	Fuyang Yingquan Project (阜陽潁泉項目)	338	11	3,854
	Linqan Junyue Mansion (臨泉君樾府)	226	11	2,592
Fuzhou	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	1,461	34	6,065
	Fuzhou Hot Spring City (福州融信溫泉城)	698	66	1,610
	Fuzhou Nice Villa (福州有墅)	16	5	486
	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	138	3	7,340
	Fuzhou Lan Sky (福州瀾天)	1,291	8	21,973
	Fuzhou Park Left Bank Project (福州公園左岸)	124	1	21,731
	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0	7,687
	Changle Lanshan (長樂瀾山)	349	9	5,005
	Pingtian Lanchen (平潭瀾宸)	762	18	5,549
	Fuzhou CBD49 Lot (福州 CBD49地塊)	422	4	14,497
	Fuzhou Difeng River Project (福州帝封江項目)	175	3	7,932
	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	3,306	31	13,521
	Fuzhou Yongtai Project (福州永泰項目)	55	3	2,811
	Fuzhou Heshang Project (福州鶴上項目)	433	11	5,121
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	113	4	3,650
Chengdu	Chengdu Ronshine Residence (成都融信公館)	176	1	16,915
	Chengdu Lan Sky (成都瀾天)	69	2	4,200
	Shui Nian River (水碾河)	122	1	13,500
	Chengdu Ruilian (成都瑞聯)	174	2	14,300
	Chengdu Jinniu 16 mu (成都金牛16畝)	175	2	14,200
	Chengdu Sanhechang Project (成都三河場項目)	147	4	6,049
Changzhou	Changzhou Lanyue (常州瀾悅)	371	5	9,313
Baoding	Baoding Jinyue City (保定金悅城)	233	9	3,979
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	214	3	10,095
Total		83,001	1,456	7,902

## Financial review

### Revenue

The Group's revenue decreased by approximately 6.14% from RMB51,462.50 million for the year ended 31 December 2019 to RMB48,302.51 million for the year ended 31 December 2020. 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		Change in percentage
	2020 RMB'000	2019 RMB'000	
<b>Revenue</b>			
Sales of properties	<b>46,577,900</b>	50,253,131	-7.31%
Construction services	<b>1,199,385</b>	725,974	65.21%
Rental income, hotel operation and others	<b>525,220</b>	483,397	8.65%
<b>Total</b>	<b>48,302,505</b>	51,462,502	-6.14%

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

- (i) the decrease in the recognised GFA of properties delivered by the Group by approximately 31.01% from 4,135,483 sq.m. for the year ended 31 December 2019 to 2,853,026 sq.m. for the year ended 31 December 2020;
- (ii) the increase in revenue generated from construction services by approximately 65.21% from RMB725.97 million for the year ended 31 December 2019 to RMB1,199.39 million for the year ended 31 December 2020; and
- (iii) the decrease in rental income generated from investment properties from RMB157.35 million for the year ended 31 December 2019 to RMB133.69 million for the year ended 31 December 2020. The others comprise mainly of hotel operations and consultation service. During the year ended 31 December 2020, revenue from hotel operation of the Group was RMB101.07 million.

Revenue generated from the sales of properties amounted to RMB46,577.90 million for the year ended 31 December 2020. 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 2020:

	<b>For the year ended</b>					
	<b>2020</b>			<b>2019</b>		
	<b>Revenue</b>	<b>GFA</b>	<b>Average</b>	<b>Revenue</b>	<b>GFA</b>	<b>Average</b>
	<b>(RMB</b>	<b>delivered</b>	<b>selling</b>	<b>(RMB</b>	<b>by the</b>	<b>selling</b>
	<b>million)</b>	<b>by the</b>	<b>price</b>	<b>million)</b>	<b>Group</b>	<b>price</b>
	<b>(sq.m.)</b>	<b>Group</b>	<b>(RMB/</b>	<b>(sq.m.)</b>	<b>(RMB/</b>	<b>(RMB/</b>
	<b>million)</b>	<b>(sq.m.)</b>	<b>sq.m.)</b>	<b>million)</b>	<b>(sq.m.)</b>	<b>sq.m.)</b>
Hangzhou	10,905	365,402	29,844	17,765	663,662	26,768
Fuzhou	7,189	338,466	21,240	7,224	648,177	11,145
Shaoxing	4,597	295,562	15,553	476	61,167	7,782
Shanghai	3,672	65,905	55,717	2,472	70,540	35,044
Suzhou	1,866	80,822	23,088	3,801	216,226	17,579
Others	18,349	1,706,869	10,750	18,515	2,475,711	7,479
<b>Total</b>	<b>46,578</b>	<b>2,853,026</b>	<b>16,326</b>	<b>50,253</b>	<b>4,135,483</b>	<b>12,152</b>

#### *Cost of sales*

The Group's cost of sales increased by approximately 10.27% from RMB38,987.33 million for the year ended 31 December 2019 to RMB42,990.48 million for the year ended 31 December 2020. 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 decrease by approximately 57.42% from RMB12,475.17 million for the year ended 31 December 2019 to RMB5,312.03 million for the year ended 31 December 2020.

The Group's gross profit margin decreased from 24.24% for the year ended 31 December 2019 to 11.00% for the year ended 31 December 2020, primarily because the Group delivered different portfolios of properties in 2020 compare with 2019.

#### *Selling and marketing costs*

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

The Group's selling and marketing costs increased by approximately 5.00% from RMB1,199.04 million for the year ended 31 December 2019 to RMB1,259.04 million for the year ended 31 December 2020, primarily due to the increased advertisement expenses and property management service fee.

#### *Administrative expenses*

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

The Group's administrative expenses increased by approximately 8.40% from RMB1,479.24 million for the year ended 31 December 2019 to RMB1,603.55 million for the year ended 31 December 2020, mainly attributable to the increases in the consultation expenses, donations and staff cost of the Group.

#### *Fair value (losses)/gains on investment properties*

The Group recorded a fair value gains of RMB 49.68 million for the year ended 31 December 2019 and a fair value losses of RMB 184.33 million for the year ended 31 December 2020 was due to a slight decrease of market price.

#### *Other income*

The Group's other income primarily includes (i) interest income; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income increased by 21.74% from RMB248.79 million for the year ended 31 December 2019 to RMB302.87 million for the year ended 31 December 2020.

#### *Other gains – net*

The Group's net other gains primarily include (i) gains from financial assets at fair value through profit or loss; and (ii) gains from bond repurchase; and (iii) gains from disposal of subsidiaries and an associate. The Group's other gains increased by 655.89% from RMB49.37 million for the year ended 31 December 2019 to RMB373.16 million for the year ended 31 December 2020.

#### *Operating profit*

The Group's operating profit for the year decreased by approximately 71.01% from RMB10,144.72 million for the year ended 31 December 2019 to RMB2,941.13 million for the year ended 31 December 2020.

### *Finance income/(costs) – net*

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance costs of RMB379.57 million for the year ended 31 December 2019 and a net finance income of RMB1,348.78 million for the year ended 31 December 2020. This variance was primarily due to the increase in net foreign exchange gains of RMB 1,254.66 million and increase of interest income from bank deposits of RMB380.56 million.

### *Profit before income tax*

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax decreased by approximately 54.02% from RMB10,660.81 million for the year ended 31 December 2019 to RMB4,901.37 million for the year ended 31 December 2020.

### *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 decreased by approximately 70.49% from RMB4,767.02 million for the year ended 31 December 2019 to RMB1,406.87 million for the year ended 31 December 2020. Specifically, CIT (including deferred income tax) decreased by approximately 48.37% from RMB2,484.74 million for the year ended 31 December 2019 to RMB1,282.82 million for the year ended 31 December 2020, and LAT decreased by approximately 94.56% from RMB2,282.27 million for the year ended 31 December 2019 to RMB124.05 million for the year ended 31 December 2020.

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

The Group's profit for the year attributable to owners of the Company decreased by approximately 23.02% from RMB3,154.06 million for the year ended 31 December 2019 to RMB2,428.12 million for the year ended 31 December 2020.

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

Profit for the year attributable to non-controlling interests decreased by approximately 60.93% from a profit of RMB2,729.12 million for the year ended 31 December 2019 to a profit of RMB1,066.38 million for the year ended 31 December 2020. The decrease was primarily due to the recognition of revenue from sales of properties during the year ended 31 December 2020 in the respective projects, which were jointly developed with non-controlling parties.

## Financing activities

### *Issuance of US\$250,000,000 7.35% senior notes due 2023*

On 15 June 2020, the Company issued senior notes due in December 2023 with an aggregate principal amount of US\$250,000,000 (the “**Original 7.35% Senior Notes**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), bearing interest at a rate of 7.35% per annum payable semi-annually in arrears. The maturity date of the Original 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 7.35% Senior Notes, at a pre-determined redemption price.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the Original 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020 and 17 June 2020 and the relevant offering memorandum.

### *Issuance of additional US\$160,000,000 7.35% senior notes due 2023*

On 2 July 2020, the Company issued additional senior notes with an aggregate principal amount of US\$160,000,000 (to be consolidated and form a single series with the Original 7.35% Senior Notes) (the “**Consolidated 7.35% Senior Notes**”). The maturity date of the Consolidated 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 7.35% Senior Notes, at a predetermined redemption price.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the Consolidated 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020, 17 June 2020, 24 June 2020 and 8 July 2020 and the relevant offering memorandum.

### *Issuance of Senior Notes due 2024*

On 5 August 2020, the Company issued senior notes in the aggregated principal amount of US\$200,000,000 due in 2024 (the “**2024 Notes**”) on SGX-ST, with an interest rate of 6.75% per annum payable semi-annually in arrears on 5 February and 5 August of each year, beginning on 5 February 2021.

For more details, please refer to the announcements of the Company dated 30 July 2020 and 7 August 2020 and the relevant offering memorandum.

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



### *Issuance of 2020 Domestic Corporate Bonds*

On 21 July 2020, the Company announced that Rongxin (Fujian) Investment Group Co., Ltd.\* (融信(福建)投資集團有限公司) (“**Ronxin Investment**”), an indirect subsidiary of the Company established in the PRC, had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion listed on the Shanghai Stock Exchange (the “**2020 Domestic Corporate Bonds**”). On 21 July 2020, the Shanghai Stock Exchange approved an application by Ronxin Investment for the proposed public issuance of the first tranche of domestic corporate bonds with a face value of not exceeding RMB1.65 billion (the “**First Tranche of the Domestic Corporate Bonds**”). On 22 July 2020, Ronxin Investment conducted a book-building exercise with qualified investors for the First Tranche of the Domestic Corporate Bonds. The First Tranche of the Domestic Corporate Bonds have a term of four years and five years, with an option for Ronxin Investment to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The First Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

On 17 August 2020, Ronxin Investment conducted a book-building exercise with qualified investors for the second tranche of the 2020 Domestic Corporate Bonds with a face value of not exceeding RMB1,300,000,000 (the “**Second Tranche of the Domestic Corporate Bonds**”). The Second Tranche of the Domestic Corporate Bonds have a term of four and five years, with an option for Ronxin Investment to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The Second Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

For more details, please refer to the announcements of the Company dated 21 July 2020 and 14 August 2020.

### *Issuance of US\$150,000,000 5.25% senior notes due 2021*

On 4 December 2020, the Company issued senior notes due in December 2021 with an aggregate principal amount of US\$150,000,000, bearing interest at a rate of 5.25% per annum payable in arrear on 3 June 2021 and 3 December 2021 (the “**2021 Notes**”). The 2021 Notes will mature on 3 December 2021. At any time and from time to time prior to 3 December 2021, the Company may at its option redeem up to 35% of the 2021 Notes, at a redemption price of 105.25% of the principal amount of the 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the 2021 Notes, in whole but not in part, at any time prior to 3 December 2021, at a price equal to 100% of the principal amount of the 2021 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2021 Notes to refinance certain of the Group’s existing indebtedness.

## Liquidity and Financial Resources

As at 31 December 2020, the Group had cash and bank balances of RMB29,901.78 million (2019: RMB34,308.57 million), total borrowings of RMB71,859.73 million (2019: RMB63,177.81 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.55% (including bank borrowings and other borrowings, domestic corporate bonds, additional senior note and asset-backed securities) (2019: approximately 6.85%).

As at 31 December 2020, the aggregated issued amount of the domestic corporate bonds was RMB13,225.85 million, representing approximately 18.41% of the total borrowings of the Group.

### *Pledge of assets*

As at 31 December 2020, the Group's borrowings were secured by the Group's assets of RMB48,731.03 million (2019: RMB43,318.48 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 Tongxiang Jiazhu Real Estate Co., Ltd.*

On 23 October 2020, Ronxin Investment, as guarantor, entered into a guarantee agreement in favour of Industrial and Commercial Bank of China, Tongxiang City Sub-branch\* (中國工商銀行股份有限公司桐鄉支行) (the “**Creditor**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Tongxiang Jiazhu Real Estate Co., Ltd.\* (桐鄉市嘉築置業有限公司) (the “**JV Company**”), a company established in the PRC with limited liability which is indirectly owned as to 50% by the Company as at the date of this announcement, to the Creditor under the real estate loan agreement dated 21 October 2020 entered into between the JV Company and the Creditor in relation to the grant of loan in the principal amount of RMB590 million for a term of three years commencing from the date of the first withdrawal under the agreement. The term of the guarantee shall end on the date of two years after the expiry of the term of the loan agreement.

For further details, please refer to the announcement of the Company dated 23 October 2020.

### *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 RMB35,569.02 million as at 31 December 2020 (31 December 2019: RMB37,486.46 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 2020, the current ratio of the Group was 1.53 times (31 December 2019: 1.51 times). The increase in the Group's current ratio was mainly attributable to the increase of properties under development and completed properties held for sale included in current assets.

### *Gearing ratio*

As at 31 December 2020, the gearing ratio of the Group was 0.83 (2019: 0.70), mainly due to the increase of 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 2020, the Group's financial assets and liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB24,430.43 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**

The Group did not perform any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2020.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2020, the Group employed a total of 3,390 full-time employees (2019: 3,389 full-time employees). For the year ended 31 December 2020, the staff cost recognised of the Group amounted to RMB1,458.7 million (2019: RMB1,347.0 million).

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2020, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Friday, 4 June 2021, 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\$0.50 (equivalent to RMB0.46) per Share for the year ended 31 December 2020 (the “**Final Dividend**”) totaling RMB709.16 million, to the Shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 16 June 2021 (2019: HK\$0.60 per share). If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend will be payable on or before Friday, 27 August 2021.

## **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 Tuesday, 1 June 2021 to Friday, 4 June 2021 (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 Monday, 31 May 2021.

For the purpose of determining the entitlement of the Final Dividend, the register of members of the Company will be closed from Thursday, 10 June 2021 to Wednesday, 16 June 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitling the Final Dividend, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 June 2021.

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

During the year ended 31 December 2020, the Company repurchased a total of 33,152,500 shares at an aggregate consideration of HK\$226,989,530 (before expenses) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) using internal resources.

Particulars of the shares repurchased during the year ended 31 December 2020 are as follows:

Month in which the Shares were repurchased in 2020	Date of cancellation	Aggregate number of Shares repurchased	Highest price paid per Share	Lowest price paid per Share	Total consideration paid
April	29 April 2020	12,440,000	HK\$8.24	HK\$7.82	HK\$99,756,620
May	3 July 2020	3,456,500	HK\$7.51	HK\$7.30	HK\$25,613,720
September	11 November 2020	1,978,000	HK\$5.43	HK\$5.43	HK\$10,740,540
October	11 November 2020	15,278,000	HK\$5.95	HK\$5.68	HK\$90,878,650
<b>Total</b>		<b>33,152,500</b>			<b>HK\$226,989,530</b>

The above share repurchases were made by the Directors with a view to place much emphasis on Shareholders' interest.

Save as disclosed in this announcement, during the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

#### Partial Repurchase of Senior Notes

Reference is made to (i) the announcement of the Company dated 30 March 2020 in relation to the partial repurchase of senior notes; (ii) the announcement of the Company dated 20 December 2018 in relation to the issuance of US\$200 million in aggregate principal amount of 11.5% senior notes due July 2020 (the “**July 2020 Notes**”); (iii) the announcement of the Company dated 18 February 2019 and 19 February 2019 in relation to the issuance of US\$600 million in aggregate principal amount of 11.25% senior notes due August 2021 (the “**August 2021 Notes**”); (iv) the announcement of the Company dated 26 February 2019 and 30 April 2019 in relation to the issuance of US\$500 million in aggregate principal amount of 10.5% senior notes due March 2022 (the “**March 2022 Notes**”); (v) the announcement of the Company dated 17 July 2019 and 18 October 2019 in relation to the issuance of US\$420 million in aggregate principal amount of 8.95% senior notes due January 2023 (the “**January 2023 Notes**”); and (vi) the announcement of the Company dated 4 December 2019 in relation to the issuance of US\$324 million in aggregate principal amount of 8.1% senior notes due June 2023 (the “**June 2023 Notes**”, together with the July 2020 notes, August 2021 Notes, the March 2022 Notes and the January 2023 Notes, collectively the “**Notes**” which are listed on SGX-ST).

During the Year, the Company repurchased part of the Notes in the open market in an aggregated amount of US\$66 million, comprising (i) the July 2020 Notes of US\$1 million in aggregate principal amount; (ii) the August 2021 Notes of US\$40 million in aggregate principal amount; (iii) the March 2022 Notes of US\$12 million in aggregate principal amount; (iv) the January 2023 Notes of US\$5 million in aggregate principal amount; and (v) the June 2023 Notes of US\$8 million in aggregate principal amount.

## **Partial Repurchase of 2024 Notes**

Reference is made to the announcement of the Company dated 12 October 2020.

During the Year, the Company repurchased part of the 2024 Notes in a principal amount of US\$19,000,000, representing 9.5% of the aggregate principal amount of the 2024 Notes outstanding.

Save as disclosed in this announcement, during the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listing securities of the Company.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

### **Issuance of Senior Notes due 2025**

On 25 January 2021, the Company issued senior notes in the aggregated principal amount of US\$300,000,000 due in 2025 (“**2025 Notes**”) on SGX-ST, with an interest rate of 7.1% per annum payable semi-annually in arrears on 25 January and 25 July of each year, commencing 25 July 2021. The maturity date of the 2025 Notes is 25 January 2025. At any time and from time to time prior to 25 January 2021, the Company may at its option redeem the 2025 Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 19 January 2021 and 26 January 2021 and the relevant offering memorandum.

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

### **Issuance of US\$200,000,000 5.50% Senior Notes due 2022**

On 27 January 2021, the Company issued senior notes due in February 2022 with an aggregate principal amount of US\$200,000,000, bearing interest at a rate of 5.50% per annum payable in arrear on 1 August 2021 and 1 February 2022 (the “**2022 Notes**”). The 2022 Notes will mature on 1 February 2022. At any time and from time to time prior to 1 February 2022, the Company may at its option redeem up to 35% of the 2022 Notes, at a redemption price of 105.50% of the principal amount of the 2022 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the 2022 Notes, in whole but not in part, at any time prior to 1 February 2022, at a price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

As at the date of this announcement, the Group had utilised most of the net proceeds from the issuance of the 2022 Notes to refinance certain of the Group’s existing indebtedness.

## **Issuance of 2021 Domestic Corporate Bonds**

On 2 February 2021, the Company announced that Rongxin Investment had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to professional investors with an aggregate principal amount of not more than RMB9.66 billion listed on the Shanghai Stock Exchange (the “**2021 Domestic Corporate Bonds**”). On 2 February 2021, the Shanghai Stock Exchange approved the application by Rongxin Investment for the proposed public issuance of the first tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB1.318 billion (the “**First Tranche of the 2021 Domestic Corporate Bonds**”). On 3 February 2021, Rongxin Investment and the lead underwriter conducted a book-building exercise with professional investors for the First Tranche of the 2021 Domestic Corporate Bonds. The First Tranche of the 2021 Domestic Corporate Bonds have a term of five years, with an option for Rongxin Investment to adjust the coupon rate and a put option for investors at the end of the second and fourth year. The First Tranche of the 2021 Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

For more details, please refer to the announcement of the Company dated 2 February 2021.

## **Provision of Guarantee for a Joint Venture**

On 26 February 2021, Rongxin Investment, as a guarantor, entered into a guarantee agreement in favour of the creditor, China Zheshang Bank Co., Ltd. Chengdu Branch (“**Zheshang Bank**”), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of 成都隆騰錦瑞置業有限公司 (Chengdu Longteng Jinrui Real Estate Co., Ltd.\*) (the “**Chengdu JV Company**”), a subsidiary indirectly owned as to 40% by the Company, to Zheshang Bank under the loan agreement entered into by the Chengdu JV Company and Zheshang Bank on 26 February 2021.

For more details, please refer to the announcements of the Company dated 26 February 2021 and 4 March 2021.

## **Partial Repurchase of 2025 Notes**

Reference is made to the issuance of the 2025 Notes. As at the date of this announcement, the Company has, in the open market, repurchased part of the 2025 Notes in a principal amount of US\$34,500,000, representing 11.5% of the aggregate principal amount of the 2025 Notes outstanding. The Company will cancel the repurchased notes in accordance with the terms of the 2025 Notes and the relevant indenture.

For more details, please refer to the announcement of the Company dated 4 March 2021.



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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2020.

## **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 2020, save and except for the deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed below.

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

## **AUDIT COMMITTEE**

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

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

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2020.

## **AUDITOR**

The financial figures in the preliminary announcement of the annual results of the Group for the year ended 31 December 2020 have been agreed by PricewaterhouseCoopers (“PwC”), the auditor of the Company, to the amounts set out in the Group’s consolidated financial statements. PwC shall retire at the AGM. A resolution will be proposed at the AGM for the reappointment of PwC as the auditor of the Company.

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.rongxingroup.com](http://www.rongxingroup.com)). The annual report of the Company for the year ended 31 December 2020 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, 31 March 2021

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