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DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Pre-sales of properties amounted to approximately RMB46,327 million for the year ended 31 December 2022, representing a year-on-year increase of 4% as compared to the year ended 31 December 2021;
- Total liabilities amounted to approximately RMB89,926 million for the year ended 31 December 2022, representing a year-on-year decrease of 5% as compared to the year ended 31 December 2021;
- Interest-bearing liabilities for the year ended 31 December 2022 amounted to approximately RMB21,191 million, representing a year-on-year decrease of 30% as compared to the year ended 31 December 2021;
- For the year ended 31 December 2022, the liabilities to assets ratio after excluding advance receipts was approximately 68%, which has remained stable;
- For the year ended 31 December 2022, the net gearing ratio was approximately 69%, which has remained healthy.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Dexin China Holdings Company Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	22,145,481	23,109,068
Cost of sales		(19,967,717)	(18,098,281)
Gross profit		2,177,764	5,010,787
Other income	5	126,379	159,714
Other (losses)/gains – net	6	(85,061)	(99,173)
Selling and marketing expenses	4	(689,179)	(650,897)
Administrative expenses	4	(870,468)	(892,915)
Fair value (losses)/gains on investment properties		(25,784)	54,343
Operating profit		633,651	3,581,859
Finance income	7	87,995	134,197
Finance costs	7	(185,855)	(392,962)
Finance costs – net		(97,860)	(258,765)
Share of results of joint ventures and associates		626,118	291,079
Profit before income tax		1,161,909	3,614,173
Income tax expenses	8	(1,000,375)	(1,237,433)
Profit for the year		161,534	2,376,740
Profit attributable to:			
Owners of the Company		373,716	941,456
Non-controlling interests		(212,182)	1,435,284
		161,534	2,376,740
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	10	0.14	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	161,534	2,376,740
Other comprehensive income	–	–
Total comprehensive income for the year	161,534	2,376,740
Attributable to:		
Owners of the Company	373,716	941,456
Non-controlling interests	(212,182)	1,435,284
	161,534	2,376,740

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,729,896	1,102,784
Investment properties		4,138,410	5,003,804
Intangible assets		104	566
Investments accounted for using the equity method		5,637,097	5,787,674
Financial assets at fair value through profit or loss		9,743	110,123
Deferred income tax assets		573,143	793,881
Trade and other receivables and prepayments	12	–	32,909
Amounts due from related parties		–	47,631
		12,088,393	12,879,372
Current assets			
Properties under development		60,921,824	62,419,190
Completed properties held for sale		3,234,456	1,253,282
Trade and other receivables and prepayments	12	4,500,560	3,171,965
Amounts due from non-controlling interests		13,662,529	12,455,464
Amounts due from related parties		5,969,111	4,870,700
Contract acquisition costs		358,949	355,227
Prepaid income taxes		1,937,369	1,564,196
Financial assets at fair value through profit or loss		–	200,918
Restricted cash		67,710	1,453,000
Cash and cash equivalents	11	7,307,483	16,110,197
		97,959,991	103,854,139
Total assets		110,048,384	116,733,511
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	14	10,130	9,200
Reserves		6,551,026	6,065,015
		6,561,156	6,074,215
Non-controlling interests		13,561,053	15,993,290
Total equity		20,122,209	22,067,505

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings from bank and other financial institutions		11,850,522	15,132,764
Amounts due to non-controlling interests		292,990	99,990
Deferred income tax liabilities		175,422	273,336
Lease liabilities		9,898	9,898
		12,328,832	15,515,988
Current liabilities			
Borrowings from bank and other financial institutions		9,340,550	15,216,081
Trade and other payables	<i>13</i>	10,565,546	8,263,881
Amounts due to non-controlling interests		3,351,907	2,730,472
Amounts due to related parties		6,990,372	6,941,681
Contract liabilities		46,326,798	44,577,856
Current income tax liabilities		988,769	1,387,038
Lease liabilities		3,753	3,361
Financial liabilities at fair value through profit of loss		29,648	29,648
		77,597,343	79,150,018
Total liabilities		89,926,175	94,666,006
Total equity and liabilities		110,048,384	116,733,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Dexin China Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1 – 1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the property development and construction services, property investment and hotel operations in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 February 2019.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

These consolidated financial statements have been approved for issued by the Board on 31 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Companies Ordinance (“HKCO”)

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and disclosure requirements of the HKCO. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

(iii) Going concern basis

As at 31 December 2022, the Group recorded a net current assets of RMB20,363 million, and the Group’s current portion of borrowings amounted to RMB9,341 million, while its cash and cash equivalents (excluding restricted cash) amounted to RMB7,307 million.

In view of aforesaid mentioned, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group is actively negotiating with several existing financial institutions and investors on the extension of certain borrowings. The Group is also actively negotiating with various financial institutions to secure new loans at reasonable costs;
- (ii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

- (iii) The Group continues to identify suitable buyers and engage in discussions with certain potential buyers regarding the possible disposal of the equity interests in certain property development projects or shopping malls of the Group in order to raise additional funds; and
- (iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above mentioned plans and measures and its available sources of financing, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

(iv) New standards, amendments to standards and interpretations not yet adopted by the Group

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

3. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers (“CODM”). 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 organised into three business segments: property development and construction, property investment, and other businesses. Other businesses mainly include hotel operations. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group’s assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results, which is a measure of revenue and gross profit of each operating segment.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2022 is as follows:

	Property development and construction	Property investment	Other businesses	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	21,987,115	–	54,431	–	22,041,546
Revenue from other sources – Rental income	–	103,935	–	–	103,935
Segment revenue	21,987,115	103,935	54,431	–	22,145,481
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	21,987,115	103,935	54,431	–	22,145,481
Gross profit	2,085,364	65,014	27,386	–	2,177,764
Other income					126,379
Other losses – net					(85,061)
Selling and marketing expenses					(689,179)
Administrative expenses					(870,468)
Fair value losses on investment properties	–	(25,784)	–	–	(25,784)
Finance costs – net					(97,860)
Share of results of joint ventures and associates	626,118	–	–	–	626,118
Profit before income tax					1,161,909
Income tax expenses					(1,000,375)
Profit for the year					161,534
Depreciation and amortisation	13,662	–	32,337	–	45,999
Segment assets	103,201,203	5,442,582	821,713	582,886	110,048,384
Segment liabilities	63,068,497	4,018,489	483,926	22,355,263	89,926,175
Additions to non-current assets (other than financial instruments and deferred income tax assets)	510,812	702,474	439,741	–	1,653,027

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2021 is as follows:

	Property development and construction <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	22,934,848	–	33,630	–	22,968,478
Revenue from other sources – Rental income	–	140,590	–	–	140,590
Segment revenue	22,934,848	140,590	33,630	–	23,109,068
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	22,934,848	140,590	33,630	–	23,109,068
Gross profit	4,881,713	120,341	8,733	–	5,010,787
Other income					159,714
Other losses – net					(99,173)
Selling and marketing expenses					(650,897)
Administrative expenses					(892,915)
Fair value gain on investment properties	–	54,343	–	–	54,343
Finance costs – net					(258,765)
Share of results of joint ventures and associates	291,079	–	–	–	291,079
Profit before income tax					3,614,173
Income tax expenses					(1,237,433)
Profit for the year					2,376,740
Depreciation and amortisation	26,028	–	10,329	–	36,357
Segment assets	108,396,617	5,860,580	1,371,392	1,104,922	116,763,511
Segment liabilities	57,017,192	4,191,189	1,448,406	32,009,219	94,666,006
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,282,798	793,610	641,922	–	2,718,330

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	109,465,498	115,628,589
Unallocated:		
Financial assets at fair value through profit or loss	9,743	311,041
Deferred income tax assets	573,143	793,881
Total assets per consolidated balance sheet	110,048,384	116,733,511

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment liabilities	67,570,912	62,656,787
Unallocated:		
Deferred income tax liabilities	175,422	273,336
Current income tax liabilities	988,769	1,387,038
Borrowings from bank and other financial institutions	21,191,072	30,348,845
Total liabilities per consolidated balance sheet	89,926,175	94,666,006

4. EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold – including construction cost, land cost, capitalised interest expenses	19,357,480	17,619,773
Cost of construction services and others	549,062	374,200
Other taxes expenses	139,900	141,611
Staff costs (including directors' emoluments)	605,778	679,144
Marketing and advertising costs	228,249	276,894
Consulting and project management fees	316,384	148,309
Property management fees	70,692	82,210
Office lease payments	25,476	21,446
Entertainment expenses	40,001	38,272
Office and travelling expenses	77,787	68,703
Depreciation	45,311	34,186
Net impairment losses on financial assets	25,784	29,611
Amortisation of intangible assets	688	717
Legal and professional fee	68,932	–
Auditors' remuneration	5,437	6,700
– Audit services	5,437	5,950
– Non-audit services	–	750

5. OTHER INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from related parties and third parties	36,543	103,164
Income from providing repayment guarantee		
for the borrowing of joint ventures and associates	8,543	25,828
Others	81,293	30,722
Total	126,379	159,714

6. OTHER LOSSES – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Losses)/gains on disposal of subsidiaries	(17,971)	12,651
Losses on financial assets at fair value through profit or loss	(35,990)	(68,180)
Exchange losses	(110,303)	(37,535)
Others	79,203	(6,109)
	(85,061)	(99,173)

7. FINANCE COSTS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance costs		
– Borrowings from bank and other financial institutions	2,144,601	2,610,082
– Amounts due to non-controlling interests, related parties and third parties	8,514	76,175
– Interest for lease liabilities	1,403	21,490
– Net exchange losses/(gains) on financing activities	41,908	(83,271)
– Less: capitalised interest	(2,010,571)	(2,231,514)
	185,855	392,962
Finance income		
Interest income from		
– Bank deposits	(87,995)	(134,197)
	(87,995)	(134,197)
Finance costs – net	97,860	258,765

8. INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
– PRC corporate income tax	801,398	970,117
– PRC land appreciation tax	76,153	274,946
	877,551	1,245,063
Deferred income tax:		
– PRC corporate income tax	122,824	(7,630)
	122,824	(7,630)
	1,000,375	1,237,433

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, 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 People's Republic of China (the "CIT Law") effective on 1 January 2008.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 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 rate.

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 BVI was incorporated under the BVI Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax. The Group's subsidiaries in Hong Kong are subject to profits tax at the rate of 16.5%.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax 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 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 out of the PRC.

9. DIVIDEND

At the board of directors' meeting held on 31 March 2023, the Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: final dividend of RMB0.0875 cents per share in respect of the year ended 31 December 2021 in an aggregate amount of RMB297,148,000).

10. EARNINGS PER SHARE

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company (RMB'000)	373,716	941,456
Weighted average number of ordinary shares in issue (in thousand)	2,723,674	2,701,341
Basic earnings per share (RMB per share)	0.14	0.35

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

11. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As at 31 December 2022, items in the cash and cash equivalents and restricted cash includes (i) guarantee deposits for construction of pre-sold properties of approximately RMB2,744,643,000, and (ii) guarantee deposits for bank borrowings and bank acceptance notes of approximately RMB52,091,000.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of pre-sale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables, net of provision (<i>Note</i>)	321,332	248,150
Other receivables	3,257,635	932,833
Notes receivables	4,443	–
Prepayments	917,150	2,023,891
Total trade and other receivables and prepayments	4,500,560	3,204,874
Less: non-current portion of trade and other receivables and prepayments	–	(32,909)
Current portion of trade and other receivables and prepayments	4,500,560	3,171,965

Note: Trade receivables mainly arise from sales of properties and construction services. Proceeds from sales of properties and construction services are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

- (a) The ageing analysis of the gross trade receivables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 90 days	255,645	202,336
Over 90 days and within 365 days	25,811	21,849
Over 365 days and within 2 years	40,534	11,081
Over 2 years	1,637	14,512
	323,627	249,778

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>Note (a)</i>)	3,934,347	3,014,607
Note payables	53,767	372,212
Other payables	6,577,432	4,877,062
Total trade and other payables	10,565,546	8,263,881

Note: (a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	1,631,261	1,709,414
Over 90 days and within 365 days	1,594,198	1,168,477
Over 365 days	708,888	136,716
	3,934,347	3,014,607

14. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>USD</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
Authorised:			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,000,000,000	2,500,000	
Issued:			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	2,701,341,000	1,350,671	9,200
Subscription of shares	268,000,000	134,000	930
As at 31 December 2022	2,969,341,000	1,484,671	10,130

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In 2022, global economic activities continued to be impacted by COVID-19, slowing economic growth across global economies. The implementation of lockdown measures worldwide blocked the global supply chain and caused cost increases during the year. In addition, geopolitical conflicts also gave rise to energy supply imbalances, resulting in higher energy prices. Central banks in many parts of the world raised interest rates and tightened monetary policies due to high inflation, and interest rate hikes in Europe and the United States led to significant volatility in financial markets such as stocks, bonds, foreign exchanges, and commodities, which dealt a severe blow to global economic activities.

While the global economy was unstable, the real estate market in China also faced unprecedented challenges. In 2022, the scale of commercial housing sales all over the country shrank, with prices and volumes falling in tandem. Lack of support and confidence in the market, investment, construction starts and sales falling to multi-year lows. For the year ended 31 December 2022, as shown by statistics from the National Bureau of Statistics, total investment in real estate development in the country decreased by 10% year-on-year to RMB13.29 trillion; total floor area of commercial housing sold decreased by 24.3% year-on-year to 1,358 million sq.m.; average selling price of commercial housing decreased by 3.2% to approximately RMB9,814 per sq.m.; and total sales amounted to approximately RMB13.33 trillion. Overall, compared to the year ended 31 December 2021, the real estate market in China experienced an in-depth adjustment with weak investment side, sluggish sales side, and not-yet-recovered finance side and demand side.

In terms of real estate policies, the central government, in the context of insisting on the implementation of the positioning of “housing is used for living, not for speculation”, has adopted a multi-pronged approach to improve the property market control policies across the country to further support the demand of first – and second-time home buyers and promote the stable and healthy development of the real estate market. Specifically, on the demand side, various measures, including relaxing control policies, increasing housing mortgage incentives, lowering interest rates on provident fund loans, optimizing housing credit tax policies, promoting the development of subsidized rental housing, and continuously increasing support for home purchases, have been adopted across the country. On the finance side, three financing channels, namely equity, credit and bonds, have been open to support real estate enterprises in mitigating risks, improving the financing environment for leading enterprises.

In the first half of 2022, as the pandemic ran rampant in China, especially in Eastern China, travel and transportation were impacted by the implementation of closed-off management in many places. 2022 is the fourth year of the Group’s listing (“**Listing**”). With the support of shareholders and the unremitting efforts of our staff, the Group overcame difficulties to ensure delivery and made it a top priority. In 2022, aggregately more than 20,000 units were delivered in 31 batches, 100% as agreed. During the year, the Group adopted a strategy to deepen the development of its “base camp”, with over 80% land reserve located in first – and second-tier cities, and sales in Hangzhou, Wenzhou, Ningbo and other key cities were among tops of the local sales list.

In 2022, the Group recorded total revenue of RMB22,145.5 million and gross profit of RMB2,177.8 million, down 4.2% and 56.5% year-on-year respectively. In 2022, contracted sales recorded RMB36,100 million, down 51.2% year-on-year.

In terms of expansion of land reserves, in the first half of 2022, the Company acquired 3 land parcels with an increased total gross floor area (“GFA”) of approximately 287,250 sq.m.. As of 31 December 2022, the Group operated a total of 146 projects in 25 cities. As at the end of the Reporting Period, the total land reserves of approximately 14,599,873 sq.m. further leverage the strategic advantages of deep cultivation.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, property construction and project management services, lease of commercial properties and hotel operations. For the year ended 31 December 2022, the Group recorded a total revenue of approximately RMB22,145.5 million, representing a year-on-year decrease of approximately 4.2%.

Contracted sales

For the year ended 31 December 2022, including those of joint ventures and associates, the Group recorded contracted sales of approximately RMB36,100 million, representing a year-on-year decrease of approximately 51.2%, and contracted GFA sales of approximately 1,973,000 sq.m., representing a year-on-year decrease of approximately 43.5%. The average selling price (“ASP”) of our contracted sales for the year ended 31 December 2022 was approximately RMB18,297 per sq.m., representing a year-on-year decrease of approximately 13.6%.

Sales of properties

For the year ended 31 December 2022, the revenue from sales of properties decreased by approximately 4.6% year-on-year to approximately RMB21,244.0 million, accounting for approximately 96.0% of the total revenue of the Group. For the year ended 31 December 2022, the Group recognised total GFA of approximately 1,061,843 sq.m., representing a decrease of approximately 18.4% as compared to the year ended 31 December 2021. The ASP of the properties recognised as property sales was approximately RMB20,007 per sq.m., representing an increase of approximately 17.0% year-on-year. The increase of ASP was mainly due to the significant increase in the recognised GFA of areas with higher ASP.

The following table sets out the recognised sales and GFA sold of each city for the year ended 31 December 2022:

City	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i>
Hangzhou	456,237	26,420	12,053,920
Nanjing	202,306	15,492	3,134,108
Wenzhou	83,675	19,418	1,624,824
Ningbo	64,754	16,756	1,085,039
Suzhou	69,213	15,179	1,050,607
Wuxi	57,529	17,871	1,028,070
Chengdu	74,300	11,266	837,044
Taizhou	26,820	10,115	271,296
Foshan	27,009	5,888	159,029
Total	1,061,843	20,007	21,243,937

Note:

Recognised revenue in the above table includes the revenue from residences, commercial spaces, car parks and storage spaces, and recognised GFA does not include the GFA of car parks and storage spaces.

Property construction and project management services

For the year ended 31 December 2022, the revenue from property construction and project management services increased by approximately 32.0% year-on-year to approximately RMB577.8 million, accounting for approximately 2.6% of the total revenue of the Group. The increase was primarily attributable to an increase in the volume of our construction and project management services for our projects in operation.

Management and consulting service income

For the year ended 31 December 2022, the revenue from management and consulting service income decreased by approximately 27.4% year-on-year to approximately RMB165.4 million, accounting for approximately 0.7% of the total revenue of the Group. The decrease was primarily attributable to the decrease in the sales of the joint ventures and associates in service during the Reporting Period.

Lease of commercial properties

For the year ended 31 December 2022, the revenue from rental income decreased by approximately 26.1% year-on-year to approximately RMB103.9 million, accounting for approximately 0.5% of the total revenue of the Group. The decrease was primarily attributable to the reduction in leased GFA resulting from the disposal of some of the commercial property projects during the Reporting Period.

Hotel operations

For the year ended 31 December 2022, the revenue from hotel operations increased by approximately 61.9% year-on-year to approximately RMB54.4 million, accounting for approximately 0.2% of the total revenue of the Group. The increase was primarily attributable to the increase of occupancy rate for the year ended 31 December 2021 as compared to the previous year.

Investment properties

The following table sets out a summary of the Group's investment properties as at 31 December 2022:

City	Project	Total GFA held for investment (sq.m.)	Leased GFA (sq.m.)	Total Rental Income for the year ended December 31,	
				2022 (RMB'000)	2021 (RMB'000)
1	Hangzhou Sky City Complex	67,613	62,678	6,393	–
2	Hangzhou Hangzhou One	17,614	17,614	9,722	9,553
3	Hangzhou Elegant Mansion	33,210	25,820	9,727	–
4	Hangzhou Yinhu Technology Park	15,429	–	–	–
5	Hangzhou Hangzhou Wings	24,865	24,865	14,001	10,150
6	Hangzhou Dexin Konggang City (note 1)	107,345	–	–	–
7	Huzhou Delan Square	13,082	9,292	3,650	3,598
8	Xuzhou Sky Scraper A	21,417	17,717	2,000	2,024
9	Xuzhou Sky Scraper B	51,274	8,441	4,032	3,686
10	Xuzhou Sky Scraper Red and Purple	11,727	9,663	989	1,300
11	Xuzhou Xincheng Community Commercial	3,949	1,445	–	–
12	Taizhou Shenxian Garden	51,663	14,895	3,433	356
13	Shanghai Shanghai Songjiang Industrial Park	58,176	34,389	1,567	2,173
14	Nanjing Nanjing Xianlinzhigu Project	60,509	–	–	–
15	Beijing Beijing Suiyu Youth Community Apartment	5,711	3,590	11,712	–
		543,584	230,409	67,226	32,840
Other rental income				36,709	107,750
Total				103,935	140,590

Note 1: As at 31 December 2022, part of the property was under development.

The Group will further improve the efficiency in development and operation of its investment properties to ensure stable rental income growth, and to strengthen earnings sustainability.

Land reserves

Leveraging on the Group's deep understanding of the property markets in our key development areas and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets. As of 31 December 2022, the Group (together with its joint ventures and associates) had 146 projects with land reserves amounting to approximately 14,599,873 sq.m., of which 122 projects were located in the Yangtze River Delta Region, and the remaining 24 projects were located in the Pearl River Delta, Chengdu-Chongqing economic areas, the economic belt of middle reaches of Yangtze River and other regions.

The following table sets out the GFA of the Group's land reserves (together with its joint ventures and associates) by geographical locations as of 31 December 2022:

City	Total Land reserves GFA (sq.m.)	Percentage of total land bank (%)
Hangzhou	3,626,546	24.8%
Wenzhou	1,577,574	10.8%
Ningbo	1,358,369	9.3%
Taizhou	1,096,658	7.5%
Nanjing	1,078,959	7.4%
Chengdu	1,021,742	7.0%
Xuzhou	954,701	6.5%
Huzhou	699,763	4.8%
Wuhan	632,032	4.3%
Quzhou	358,890	2.5%
Guangzhou	341,281	2.3%
Zhengzhou	312,117	2.1%
Foshan	293,968	2.0%
Jingjiang	242,981	1.7%
Wuhu	212,875	1.5%
Zhangzhou	201,039	1.4%
Kunshan	156,153	1.1%
Shanghai	135,877	0.9%
Xian	124,221	0.9%
Zhoushan	91,340	0.6%
Shangrao	39,507	0.3%
Wuxi	20,820	0.1%
U.S.	12,143	0.1%
Beijing	5,712	0.0%
Changzhou	4,606	0.0%
	14,599,873	100%

For the year ended 31 December 2022, the Group (together with its joint ventures and associates) acquired 3 parcels of quality land primarily in Taizhou, Hangzhou, providing a total saleable GFA of new land reserves of approximately 287,250 sq.m., at an average land cost of approximately RMB8,118.0 per sq.m..

Particulars of the land parcels are set out in the following table:

No.	Name of Project	City	The Group's Equity Interest	GFA (sq.m.)	Attributable Consideration (RMB' 000)	Average Land Cost (RMB/sq.m.)
1	Liuxian Li Project (Phase II)	Taizhou	99.01%	60,102	66,267	1,113.6
2	North of Linping Mountain Project	Hangzhou	34.64%	132,383	369,684	8,061.3
3	Xiaoshan District Project	Hangzhou	43.50%	94,765	521,039	12,639.6
				287,250	956,990	8,118.0

HONORS

During the Reporting Period, the Group won a number of honors and awards, including “China’s Top 100 Real Estate Enterprises 2022 (45th)” (2022中國房地產百強企業第45位), “The 6th Golden H Share Most Valuable Real Estate Company for the Year” (第六屆金港股年度最具價值地產公司) and “Zhejiang AAA Contract-Abiding and Credit-Worthy Enterprise” (浙江省AAA級“守合同重信用”公示企業). The Group has won the title of “China’s Top 100 Real Estate Enterprise” for ten consecutive years, jumping to 45th in 2022. These honors and awards highlight the Group’s market position and indicate that the Group’s business development and performance have been widely recognized by the capital market and customers.

FINANCIAL REVIEW

Overall performance

During the year ended 31 December 2022, total revenue of the Group was approximately RMB22,145.5 million, representing a year-on-year decrease of approximately 4.2%. Gross profit was approximately RMB2,177.8 million, representing a year-on-year decrease of approximately 56.5%. Gross profit margin was approximately 9.8%, representing a year-on-year decrease of approximately 11.9 percentage points. Net profit of the Group recorded approximately RMB161.5 million for the year ended 31 December 2022. Profit attributable to owners of the Company decreased by approximately 60.3% year-on-year to approximately RMB373.7 million for the year ended 31 December 2022.

Revenue

For the year ended 31 December 2022, the Group recorded a total revenue of approximately RMB22,145.5 million, representing a year-on-year decrease of approximately 4.2%. The decrease was primarily attributable to the decrease in recognised sales of properties, driven by an decrease of the total GFA delivered to the buyers during the year. Specifically, revenue from the sales of properties was approximately RMB21,244.0 million, representing a year-on-year decrease of approximately 4.6%, accounting for approximately 96.0% of the total revenue of the Group; Revenue from property construction and project management service was approximately RMB577.8 million, representing a year-on-year increase of approximately 32.0% accounting for approximately

2.6% of the total revenue of the Group; revenue from management and consulting services was approximately RMB165.4 million, representing a year-on-year decrease of approximately 27.4%, accounting for approximately 0.7% of the total revenue of the Group; rental income from the lease of commercial properties was approximately RMB103.9 million, representing a year-on-year decrease of approximately 26.1%, accounting for approximately 0.5% of the total revenue of the Group; and revenue from hotel operations was approximately RMB54.4 million, representing a year-on-year increase of approximately 61.9%, accounting for approximately 0.2% of the total revenue of the Group.

Cost of sales

The cost of sales of the Group primarily consists of the costs incurred directly in relation to the property development and sales activities, property construction and project management services, lease of commercial properties and hotel operations.

For the year ended 31 December 2022, the cost of sales of the Group was approximately RMB19,967.7 million, representing a year-on-year increase of approximately 10.3%.

Gross profit

For the year ended 31 December 2022, the gross profit of the Group was approximately RMB2,177.8 million, representing a year-on-year decrease of approximately 56.5%. The decrease was primarily attributable to the decrease in revenue from sales of properties while overall gross profit margin decreased from approximately 21.7% for the year ended 31 December 2021 to approximately 9.8% for the year ended 31 December 2022. The decrease in overall gross profit margin by approximately 11.9 percentage points was mainly due to projects recognized by the Company during the period, land acquisition cost of which was relatively high. Meanwhile, the Mainland government has properly regulated the sales price of commercial housing in the past two years, resulting in a relatively higher land acquisition cost as compared to the corresponding commercial housing sold during the period. Moreover, due to the downturn in the real estate market, the provision of impairment was made for the properties under development and held for sale, which resulted in lower gross profit margin of the Company during the Reporting Period.

Other income

The Group had other income of approximately RMB126.4 million for the year ended 31 December 2022, as compared to approximately RMB159.7 million for the year ended 31 December 2021. The other income mainly included interest income from related parties and third parties of RMB36.5 million and income of guarantee provided for the borrowings of joint ventures and associates of RMB8.5 million, respectively (for the year ended 31 December 2021: interest income from related parties and third parties of RMB103.2 million and income of guarantee provided for the borrowings of joint ventures and associates of RMB25.8 million, respectively). The decrease was primarily attributable to a year-on-year decrease in the number of the joint ventures and associates in service during Reporting Period.

Other losses – net

The Group recorded net other losses of approximately RMB85.1 million for the year ended 31 December 2022 (for the year ended 31 December 2021: net other losses of approximately RMB99.2 million). The Group's net other losses for the year ended 31 December 2022 mainly included exchange losses of approximately RMB110.3 million, and losses on financial assets at fair value through profit or loss of approximately RMB36.0 million. The Group's net other losses for

the year ended 31 December 2021 mainly included losses on financial assets at fair value through profit or loss of approximately RMB68.2 million, disposal gains of subsidiaries approximately RMB12.7 million and exchange losses of approximately RMB37.5 million.

Fair value (losses)/gains on investment properties

The Group develops and holds certain of its commercial properties such as commercial centres, office buildings, shopping malls, serviced apartments and car parks for rental income or capital appreciation, or both. Any increase or decrease in the Group's investment property value is recognised as fair value gains or losses in the Group's consolidated financial statements.

For the year ended 31 December 2022, the Group recorded fair value losses on investment properties of approximately RMB25.8 million (for the year ended 31 December 2021: fair value gains on investment properties of approximately RMB54.3 million), which was primarily attributable to the fair value losses of some projects.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 5.9% year-on-year from approximately RMB650.9 million for the year ended 31 December 2021 to approximately RMB689.2 million for the year ended 31 December 2022. Taking the selling and marketing expenses that were capitalized in contract acquisition costs into account, total selling and marketing expenses for the year ended 31 December 2022 increased, compared to the previous year. The increase was primarily attributable to affected sales by the downturn in the real estate market, which resulted in higher cost of sales.

Administrative expenses

The Group's administrative expenses decreased by approximately 2.5% year-on-year from approximately RMB892.9 million for the year ended 31 December 2021 to approximately RMB870.5 million for the year ended 31 December 2022. The decrease was primarily attributable to the decrease in staff costs; and the decrease in other tax expenses driven by the decrease in the Group's contracted sales during the year.

Finance costs – net

Finance costs of the Group decreased by approximately 62.2% year-on-year from approximately RMB258.8 million for the year ended 31 December 2021 to approximately RMB97.9 million for the year ended 31 December 2022. The decrease was primarily attributable to the decrease within the financing costs of interest-bearing debts during the year.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates increased by approximately 115.1% year-on-year from approximately RMB291.1 million for the year ended 31 December 2021 to approximately RMB626.1 million for the year ended 31 December 2022. The increase was primarily attributable to the GFA of property delivered from joint venture and associates increased year-on-year during the year.

Income tax expenses

Income tax expenses of the Group decreased by approximately 19.2% year-on-year from approximately RMB1,237.4 million for the year ended 31 December 2021 to approximately RMB1,000.4 million for the year ended 31 December 2022, which was primarily attributable to a year-on-year decrease in the profit before tax during the year and the decrease in the number of projects delivered.

Profit and total comprehensive income for the year

As a result of the foregoing reasons, the Group's profit and total comprehensive income decreased by approximately 93.2% from approximately RMB2,376.7 million for the year ended 31 December 2021 to approximately RMB161.5 million for the year ended 31 December 2022. The profit attributable to owners of the Company decreased by approximately 60.3% from approximately RMB941.5 million for the year ended 31 December 2021 to approximately RMB373.7 million for the year ended 31 December 2022.

The basic and diluted earnings per share of the Company is RMB0.14 per share for the year ended 31 December 2022, representing a decrease of approximately 60.0% from RMB0.35 per share for the year ended 31 December 2021.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for future development.

During the year ended 31 December 2022, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from investment properties, as well as bank loans and borrowings from other financial institutions.

As of 31 December 2022, the Group had a total cash and cash equivalents and restricted cash of approximately RMB7,375.2 million as compared to approximately RMB17,563.2 million as of 31 December 2021. The decrease was primarily due to the decrease in proceeds from sales of properties. Substantially all of the Group's cash and cash equivalents are denominated in RMB, USD and HKD.

During the year ended 31 December 2022, addition of borrowings from banks and other financial institutions obtained by the Group amounted to approximately RMB6,789.2 million and reduction of borrowings from banks and other financial institutions was approximately RMB15,946.0 million. As of 31 December 2022, the Group's total borrowings from banks and other financial institutions amounted to approximately RMB21,191.1 million, representing a decrease of approximately 30.2% compared to approximately RMB30,348.8 million as of 31 December 2021. Amongst the borrowings from banks and other financial institutions, approximately RMB9,340.6 million (as at 31 December 2021: approximately RMB15,216.1 million) will be repayable within one year and approximately RMB11,850.5 million (as at 31 December 2021: approximately RMB15,132.8 million) will be repayable after one year.

As of 31 December 2022, the Group had total facilities from banks and other financial institutions of approximately RMB48,500 million and unused facilities from banks and other financial institutions of approximately RMB33,150 million.

Key financial ratios

As of 31 December 2022, the Group's net gearing ratio (calculated as the total borrowings from banks and other financial institutions net of restricted cash, cash and cash equivalents divided by total equity) was approximately 68.7%, an increase by 8.2 percentage points as compared with approximately 60.5% as of 31 December 2021. The increase was primarily attributable to the decrease in total assets.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had slightly decreased from approximately 1.31 times as of 31 December 2021 to approximately 1.26 times as of 31 December 2022.

Foreign exchange risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, bank borrowings and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2022. Although RMB depreciated against U.S. dollar and Hong Kong dollar in 2022, the Directors expect that such fluctuation of RMB's exchange rate would not have material adverse effects on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Pledge of assets

As of 31 December 2022, certain of the Group's borrowings from banks and other financial institutions were secured by its properties held for sale, properties under development, land use rights and investment properties, with carrying value of approximately RMB34,514.9 million as of 31 December 2022 (31 December 2021: approximately RMB41,554.3 million). The Group's equity interests in certain subsidiaries were pledged as security for borrowing as at 31 December 2022.

Commitments

As of 31 December 2022, the Group had commitments that are contracted but not provided as follows:

	December 31, 2022	December 31, 2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Property development activities	13,419,552	14,322,280
Property, plant and equipment	43,361	22,593
Investments in joint ventures and associates	–	1,970,372
Investment properties	357,125	87,708
Total	13,820,038	16,402,953

Financial guarantees and contingent liabilities

As of 31 December 2022, the Group's total financial guarantees are as follows:

	December 31, 2022	December 31, 2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Guarantee in respect of mortgage facilities for certain purchasers	16,036,093	17,182,006
Guarantee provided for the borrowings of joint ventures and associates	2,937,695	5,100,166
Guarantee provided for the borrowings of entity controlled by Mr. Hu	–	80,000
Guarantee provided for the borrowings of a third party	–	550,000
Total	18,973,788	22,912,172

The Group has arranged bank mortgage financing for certain purchasers of the Group's property units and provided guarantees to the relevant banks to secure repayment obligations of such purchasers. As of 31 December 2022, the maximum amount of guarantees provided by the Group to the relevant banks for the mortgage arrangements of the Group's purchasers amounted to approximately RMB16,036.1 million (31 December 2021: approximately RMB17,182.0 million). These include guarantees which will be terminated upon the earlier of the following two dates: (i) the date when the property ownership rights are transferred to the purchasers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee banks and the purchasers, under the circumstance that the purchasers pay off the purchase price in advance.

Pursuant to the terms of these guarantees, if any of the Group's property purchasers default in their repayment obligations to the banks, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchasers to the banks and thereupon the Group is entitled to take over the legal title and possession of the relevant property units. The Group's guarantee period starts from the dates of grant of the mortgage facilities to its purchasers by the relevant banks.

The Group provided guarantees for borrowings of its joint ventures and associates, which amounted to approximately RMB2,937.7 million as of 31 December 2022 (31 December 2021: approximately RMB5,100.2 million). The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is contained.

As of 31 December 2022, the Group had no other material contingent liabilities.

Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures

On 11 May 2022, Dexin Real Estate Group Co., Ltd. (an indirect wholly-owned subsidiary of the Company) ("**Dexin Real Estate**") and Hangzhou Langhe Technology Co., Ltd. ("**Hangzhou Langhe**") (each as a vendor) and Hangzhou Kuocang Investment Management Co., Ltd. (the purchaser) (the "**Purchaser**") entered into an equity transfer agreement, pursuant to which Dexin Real Estate agreed to sell and the Purchaser agreed to acquire, 54.54% of the equity interests in Hangzhou Haiyan Technology Co., Ltd. (the "**Target Company**") at a consideration of RMB453,730,156, and Hangzhou Langhe agreed to sell and the Purchaser agreed to acquire, 45.46% of the equity interests in the Target Company at a consideration of RMB378,191,656, representing 100% of the equity interests in the Target Company in aggregate. For further details, please refer to the announcements of the Company dated 11 May 2022 and 13 May 2022.

Save as disclosed above, for the year ended 31 December 2022, the Group did not make any material investments during the Reporting Period and there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. As of 31 December 2022, the Group had a total of 1,561 (31 December 2021: 2,476) employees, around 62% of which have a bachelor's degree or above, forming a team of young, highly educated and high-quality personnel. Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2022 amounted to approximately RMB713.2 million (for the year ended 31 December 2021: approximately RMB860.6 million).

Besides, the Group endeavors to establish an incentive system aligned to the corporate development objective to improve employee engagement. Meanwhile, with an aim to establish an open-ended organization, the Group keeps optimizing the organizational structure, empowering the base-level employees and improving efficiency.

The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In addition, the Group has formulated a project co-investment scheme and has adopted a share option scheme on 11 January 2019 to fully enhance the enthusiasm of the Group's employees.

FUTURE PROSPECTS

Looking ahead to 2023, with the step-by-step implementation of a series of policies to stabilize investment and promote consumption after the pandemic, economic activities are returning to normal, and market demand is expected to be further boosted, and the real economy is expected to recover and heat up. On the real estate front, policy will continue to focus on the keynote of "housing is used for living, not for speculation" and underscore "ensuring delivery". During the year, the central government has introduced a series of favorable policies to stimulate and support the real estate market, while stepping up efforts to support real estate companies with multidimensional financing policies. However, at current stage, the effect of such policies are not obvious, the demand-side boost has not yet reached the expectation and no notable change occurs in the market situation, so it is expected that it will still take some time for the policies to show effect in the market.

As the largest economic zone in China, the Yangtze River Delta Region accounts for approximately one-fourth of China's GDP. The Group has been focusing on the Yangtze River Delta Region for years, and will continue to seize the development opportunities in the region by leveraging on its local brand advantages, while expanding into other core and potential cities in China. Upholding a long-termism view, the Group will stay true to its original aspiration of developing high quality products with repeated calculations and upgrading, thus providing good products and services to create value for customers. The Group will rely on years of extensive development and management experience and operation capabilities, continue to expand into cities with diversified development potential, support the future sales growth of the Company with high-efficiency operation as well as sell-through and cash collection rates outperforming the market level, and also respond to changes and control risks with prudent judgment.

The Group will continue to emphasize the business concept of "improving internal skills for resilient development and sticking to customer-oriented approach to create value for customers", and maintain the quality image of "Hangzhou workmanship". Against the backdrop of the central government's general policy of "housing is used for living, not for speculation" and "ensuring delivery", the Group will persist in the steady development, adhere to the strategy of focusing on deep cultivation, stick to prudent financing, optimize the capital structure, continue to improve financing costs, deepen the "selective and strategic" capital cooperation strategy, so as to achieve a balanced development of scale, profit and brand, achieve quality and resilient growth, and bring long-term and stable investment returns to all investors.

EVENTS AFTER REPORTING PERIOD

There are no important events after the Reporting Period and up to the date of this announcement.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Top-Up Placing of Existing Shares and Subscription for New Shares

On 13 December 2022, the Company, Tak Shin International Limited (the “**Vendor**”) and Huatai Financial Holdings (Hong Kong) Limited (the “**Placing Agent**”) entered into the placing agreement (the “**Placing Agreement**”), pursuant to which, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor to place, on a best effort basis, 268,000,000 existing Shares at the placing price of HK\$0.881 per Share; and (ii) the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 268,000,000 new Shares, being equivalent to the number of the placing Shares at the subscription price, which is equivalent to the placing price of HK\$0.881 per Share.

Pursuant to the Placing Agreement and subject to its terms and conditions, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor to procure on a best effort basis not less than six purchasers to purchase 268,000,000 existing Shares at the placing price of HK\$0.881 per Share; (ii) the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 268,000,000 new Shares, being equivalent to the number of the placing shares, at the subscription price, which is equivalent to the placing price of HK\$0.881 per Share. The placing price represented a discount of approximately 19.91% to the closing price as quoted on the Stock Exchange on 12 December 2022. The placing was completed on 21 December, 2022.

Further details of the Placing is set out in the announcements of the Company dated 13 December 2022 and 21 December 2022.

Repurchase or redemption of senior notes

As of 12 April 2022, the Company had made partial repurchases of the 11.875% senior notes due 2022 issued by the Company and listed on the Stock Exchange (stock code: 40136) (the “**2022 Notes**”) in the aggregate principal amount of US\$16.99 million. The 2022 Notes matured on 23 April 2022 and were fully repaid by the Company. Please refer to the announcements of the Company dated 18 March 2022, 30 March 2022, 4 April 2022, 7 April 2022, 12 April 2022 and 25 April 2022 for further details.

Save as aforesaid, neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2022.

DIVIDEND

At the board of directors’ meeting held on 31 March 2023, the Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: final dividend of RMB0.0875 cents per share in respect of the year ended 31 December 2021 in an aggregate amount of RMB297,148,000).

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company had complied with all applicable code provisions set out in the CG Code contained in Part 2 of Appendix 14 to the Listing Rules for the year ended 31 December 2022.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2022. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended 31 December 2022.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters, including a review of the annual results of the Group, for the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.dothinkgroup.com). The annual report of the Company for the year ended 31 December 2022 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
DEXIN CHINA HOLDINGS COMPANY LIMITED
Hu Yiping
Chairman

Hangzhou, the PRC, 31 March 2023

As of the date of this announcement, the Board of the Company comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Shan Bei as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiengang and Mr. Chen Hengliu as independent non-executive Directors.