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JINGRUI HOLDINGS LIMITED

景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

(Debt Stock Code: 40659 and 40866)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS HIGHLIGHTS

- Contracted sales for the year ended 31 December 2022 was approximately RMB7,075.6 million, representing a year-on-year decrease of 73.8%.
- Revenue for the year ended 31 December 2022 was RMB7,907.9 million, representing a decrease of approximately 41.6% as compared to last year. Gross profit achieved RMB115.2 million with a gross profit margin of 1.5%.
- For the year ended 31 December 2022, the Group recorded a net loss for the Year of RMB4,277.9 million.
- Total assets as at 31 December 2022 was RMB47,109.8 million.
- As at 31 December 2022, the net debt-to-capital ratio was approximately 267%. Total cash at bank and on hand (including restricted cash) reached RMB1,352.1 million.
- As at 31 December 2022, the land bank of the Group was approximately 3,683,707 sq.m.
- The Board did not recommend the distribution of a final dividend for the year ended 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Jingrui Holdings Limited (“**Jingrui**” or the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**” or “**our**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

| | | Year ended 31 December | |
|-------------------------------------------------------------------------------------------|-------|------------------------|--------------|
| | Notes | 2022 | 2021 |
| | | RMB'000 | RMB'000 |
| Revenue | 4 | 7,907,906 | 13,551,644 |
| Cost of sales | 7 | (7,792,740) | (11,111,689) |
| Gross profit | | 115,166 | 2,439,955 |
| (Depreciation)/appreciation of investment properties under capital platform | | (175,252) | 37,908 |
| Fair value gains on investment properties under other platforms | | – | 1,000 |
| Selling and marketing costs | 7 | (560,455) | (580,343) |
| Administrative expenses | 7 | (922,511) | (650,866) |
| Other income | 5 | 20,210 | 20,574 |
| Other (losses)/gains – net | 6 | (623,219) | 196,213 |
| Operating (loss)/profit | | (2,146,061) | 1,464,441 |
| Finance income | 8 | 299,290 | 590,338 |
| Finance costs | 8 | (2,129,418) | (859,158) |
| Finance costs – net | | (1,830,128) | (268,820) |
| Share of results of joint ventures | | (82,859) | (189,355) |
| Share of results of associates | | (32,393) | 33,992 |
| | | (115,252) | (155,363) |
| (Loss)/profit before income tax | | (4,091,441) | 1,040,258 |
| Income tax expense | 9 | (186,439) | (646,445) |
| (Loss)/profit for the year | | (4,277,880) | 393,813 |
| Attributable to: | | | |
| Equity holders of the Company | | (4,269,792) | 127,543 |
| Non-controlling interests | | (8,088) | 266,270 |
| | | (4,277,880) | 393,813 |
| (Loss)/earnings per share for profit attributable to equity holders of the Company | | | |
| – Basic (loss)/earnings per share | 10 | RMB(2.78) | RMB0.08 |
| – Diluted (loss)/earnings per share | 10 | RMB(2.78) | RMB0.08 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | Year ended 31 December | |
|----------------------------------------------------------------------------------------------------------|------------------------|----------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| (Loss)/profit for the year | <u>(4,277,880)</u> | <u>393,813</u> |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | <u>26,850</u> | <u>84,750</u> |
| Other comprehensive income for the year, net of tax | <u>26,850</u> | <u>84,750</u> |
| Total comprehensive (losses)/income for the year | <u>(4,251,030)</u> | <u>478,563</u> |
| Attributable to: | | |
| Equity holders of the Company | (4,242,942) | 212,293 |
| Non-controlling interests | <u>(8,088)</u> | <u>266,270</u> |
| | <u>(4,251,030)</u> | <u>478,563</u> |

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

| | <i>Notes</i> | As at 31 December 2022 <i>RMB'000</i> | As at 31 December 2021 <i>RMB'000</i> |
|---------------------------------------------------------------------------|--------------|------------------------------------------------|------------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 79,647 | 94,285 |
| Right-of-use assets | | 124,430 | 127,022 |
| Investment properties | | 5,146,100 | 5,893,100 |
| Intangible assets | | 120,695 | 47,882 |
| Investments in joint ventures | | 1,243,221 | 1,343,964 |
| Investments in associates | | 824,390 | 998,562 |
| Deferred income tax assets | | 603,600 | 429,344 |
| Financial assets at fair value through profit or loss | | 855,504 | 1,051,261 |
| Financial assets at fair value through other comprehensive income | | 492,527 | 456,703 |
| Trade and other receivables and prepayments | 12 | 714,701 | 655,304 |
| | | <u>10,204,815</u> | <u>11,097,427</u> |
| Current assets | | | |
| Prepayments for leasehold land | | 54,304 | 54,304 |
| Properties held or under development for sale | | 25,793,013 | 29,563,157 |
| Trade and other receivables and prepayments | 12 | 8,025,028 | 9,743,610 |
| Prepaid income taxes | | 488,353 | 453,714 |
| Restricted cash | | 681,678 | 8,779,513 |
| Cash and cash equivalents | | 670,410 | 2,211,442 |
| Contract acquisition costs | | 277,868 | 253,107 |
| Financial assets at fair value through profit or loss | | 786,375 | 988,469 |
| | | <u>36,777,029</u> | <u>52,047,316</u> |
| Non-current asset held for sale | | <u>128,000</u> | <u>105,000</u> |
| | | <u>36,905,029</u> | <u>52,152,316</u> |
| Total assets | | <u><u>47,109,844</u></u> | <u><u>63,249,743</u></u> |
| OWNERS' EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | | 87,813 | 87,813 |
| Reserves | | 1,705,859 | 5,950,678 |
| | | <u>1,793,672</u> | <u>6,038,491</u> |
| Non-controlling interests | | <u>4,605,025</u> | <u>5,198,501</u> |
| Total equity | | <u><u>6,398,697</u></u> | <u><u>11,236,992</u></u> |

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December 2022*

| | | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|----------------------------------------------------------|-----------|--------------------------------------------------------------|------------------------------------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Trade and other payables | <i>13</i> | – | 1,034,876 |
| Borrowings | | 5,115,976 | 10,669,698 |
| Deferred income tax liabilities | | 1,062,151 | 1,171,872 |
| Lease liabilities | | 102,339 | 124,781 |
| | | <u>6,280,466</u> | <u>13,001,227</u> |
| Current liabilities | | | |
| Trade and other payables | <i>13</i> | 9,093,677 | 13,263,939 |
| Contract liabilities | | 8,689,847 | 11,172,786 |
| Amounts due to non-controlling interests of subsidiaries | | 1,111,322 | 1,498,982 |
| Current income tax liabilities | | 2,215,863 | 2,127,122 |
| Borrowings | | 13,296,713 | 10,928,339 |
| Lease liabilities | | 23,259 | 20,356 |
| | | <u>34,430,681</u> | <u>39,011,524</u> |
| Total liabilities | | <u>40,711,147</u> | <u>52,012,751</u> |
| Total equity and liabilities | | <u>47,109,844</u> | <u>63,249,743</u> |

1 GENERAL INFORMATION

Jingrui Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the “**Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”).

The ultimate holding company of the Company is Beyond Wisdom Limited and the ultimate controlling shareholder of the Company is Mr. Yan Hao.

The Company’s shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 October 2013.

The consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2022 but are extracted from those financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

During the year ended 31 December 2022, the Group recorded a loss for the year of approximately RMB4,277,880,000, and as at 31 December 2022, the Group’s borrowings amounted to RMB18,412,689,000, among which RMB13,296,713,000 will be due for repayment within the next twelve months while the Group’s cash at bank and on hand (including restricted cash) amounted to RMB1,352,088,000.

On 22 February 2022, the Company commenced an exchange offer to the bond holders of the senior notes due on 11 March 2022 with an annual interest rate of 12.75% (“**Notes Due March 2022**”). On 9 March 2022, USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes) was validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75% (“**Notes Due September 2023**”).

In connection with the exchange offer, on 9 March 2022, the Company also successfully solicited consents (the “**Consent Solicitation**”) from holders of all its other outstanding senior notes such that the events of default provisions under each of them will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Notes Due March 2022.

On 21 April 2022, the Company issued USD19,900,000 Notes Due September 2023, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 notes due March 2022 pursuant to the conditions of the exchange offer dated February 2022, to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022.

The remaining outstanding principal amount of USD12,670,000 (equivalent to RMB87,279,000), representing approximately 6.67% of the aggregate principal amount, became due on 11 March 2022 and has not yet been repaid.

Since 31 December 2021, the Group has failed to pay the interest of 12.5% senior notes due October 2023 (“**Notes Due October 2023**”), 12.0% senior notes due January 2024 (“**Notes Due January 2024**”) and the Notes Due September 2023, as well as the principal and interest of 12.0% senior notes due July 2022 (“**Notes Due July 2022**”), 12.0% senior notes due September 2022 (“**Notes Due September 2022**”) and 14.5% senior notes due February 2023 (“**Notes Due February 2023**”). Pursuant to the Company’s restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company will suspend the payment due for other offshore USD denominated senior notes. The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. As at the date of this announcement, the Company has not received any notice for acceleration of payment by holders of its USD denominated senior notes. The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser to assess the Group’s capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible.

The non-payments described above resulted in certain of the Group’s borrowings amounted to RMB5,658,738,000 (including the over-due senior notes of RMB5,322,615,000) as at 30 March 2023, becoming immediately repayable (if requested by the lenders), among which RMB5,511,210,000 represented loans with scheduled repayment dates within one year, while RMB147,528,000 represented non-current loans with original maturity dates beyond one year, which would be reclassified as current liabilities, and among which RMB180,512,000 were fully pledged by the Group’s bank deposits.

In addition, a wholly-owned subsidiary of the Group did not repay the outstanding borrowing principal of RMB96,000,000 due on 31 December 2021 to its non-wholly owned subsidiary, which also constituted an event of default on 31 December 2021. As of 30 March 2023, the principal of the outstanding borrowings was RMB38,770,000. The event of default resulted in certain of the Group’s borrowings amounted to RMB293,800,000 as at 31 December 2021, becoming immediately repayable (if requested by the lender), among which RMB136,000,000 represented loans with scheduled repayment dates within one year, while RMB157,800,000 represented non-current loans with original maturity dates beyond one year, which were reclassified as current liabilities as at 31 December 2021. As of 30 March 2023, the principal of the outstanding borrowings was RMB155,528,000. All of such cross-default borrowings (the amount outstanding) were also included in the above-mentioned borrowings of RMB5,658,738,000 as at 30 March 2023. As at the date of this announcement, the Company has not received any notice regarding acceleration action by the aforementioned lenders.

For the twelve months ended 31 December 2022, influenced by a slowdown in the property market, coupled with the limited sources of financing from the capital market, the Group’s aggregated contracted sales was RMB7,076 million (for the twelve months ended 31 December 2021: RMB27,011 million). It was not as high as the Group anticipated at the beginning of the year, and the Group may take longer time than expected to realize cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

As of 30 March 2023, the contractual consideration for the sale of non-core properties by the Group was approximately RMB458 million, and the amount received will be used for working capital replenishment.

The above condition indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve its cash flows:

- i. Although no demand for immediate repayment has been made by the relevant lenders, the Group has been proactively communicating with the relevant lenders to explain the Group's business, operations and financial condition, and the Group has sufficient financial resources to support the repayments of the relevant loans under original repayment schedules. As at the date of this annual results announcement, based on the status of the ongoing discussions, the Directors are of the view that the relevant lenders will not exercise their rights to request the Group for immediate repayment of the loans prior to their scheduled contractual repayment dates;
- ii. The Group has appointed Admiralty Harbour Capital Limited as its financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders;
- iii. The Group will continue to take measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of 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;
- iv. When necessary, the Group will identify suitable buyers for further sales of certain self-owned properties to replenish its working capital;
- v. The Group will continuously enhance payment collection progress from customers in respect of the property sales and pre-sales through closely following up with customers and communicating and coordinating with banks for timely grant of individual mortgage loans to the customers;
- vi. The Group will continue to maintain continuous communication and agree with major constructors and suppliers to arrange payments to these vendors and complete the construction progress as scheduled;
- vii. The Group will continue to actively communicate with relevant banks so that the projects can timely secure necessary project development loans for qualified project development;
- viii. The Group will continue to adjust acquisitions of land based on progress of new financing and to ensure continuous development and sales of all existing projects as budgeted without material interruptions;
- ix. The Group will continuously seek re-financing from other financial institutions, including but not limited to exchange of existing senior notes or other borrowings;
- x. The Group will continue to seek suitable opportunities to dispose of its equity interest in certain companies to generate additional cash inflows; and
- xi. 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 forecast prepared by management, which covers a period of at least 18 months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, given the volatility of the real estate sector in the PRC and the uncertainties to obtain support by the banks and the Group's creditors, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3 ACCOUNTING POLICIES

Save as described below, the accounting policies and calculation methods applied in the Group's annual financial statements for the year ended 31 December 2022 are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2021.

In the current year, the Group has adopted, for the first time, the following amendments to HKFRSs for the preparation of the Group's consolidated financial statements.

| | |
|-------------------------------------------|------------------------------------------------------------------------------------------|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to HKFRSs 2018 – 2020 | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The application of the revised standards in the current year has had no material impact on the amounts reported in these Group's annual financial statements and/or disclosures set out in these Group's annual financial statements.

New standards, amendments and interpretation of HKFRSs not yet adopted

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2022 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the “CODM”) for the purposes of allocating resources and assessing performance.

The Group manages its business by three operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group’s CODM for the purpose of resources allocation and performance assessment:

- Property development platform engages in real estate development in the PRC; and
- Capital platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

(a) Revenue

Revenue of the Group consists of the following:

| | Year ended 31 December | |
|---------------------------------------------------------------------------|-------------------------|--------------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Revenue from contract with customers recognised at a point in time | | |
| – Sales of properties | 6,807,914 | 12,150,385 |
| – Others | 84,592 | 56,649 |
| | <u>6,892,506</u> | <u>12,207,034</u> |
| Revenue from contract with customers recognised over time | | |
| – Property management service | 780,091 | 723,098 |
| – Decoration of properties | – | 380,475 |
| | <u>780,091</u> | <u>1,103,573</u> |
| Rental income | <u>235,309</u> | <u>241,037</u> |
| | <u><u>7,907,906</u></u> | <u><u>13,551,644</u></u> |

(b) Segment information

| | Year ended 31 December 2022 | | | | | |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------|------------------------------------------|------------------------------------|-------------------------------|----------------------------------|
| | Property development platform <i>RMB'000</i> | Capital platform <i>RMB'000</i> | All other platforms <i>RMB'000</i> | Total segment <i>RMB'000</i> | Elimination <i>RMB'000</i> | Total Group <i>RMB'000</i> |
| Segment revenue | <u>6,885,540</u> | <u>300,872</u> | <u>798,681</u> | <u>7,985,093</u> | <u>(77,187)</u> | <u>7,907,906</u> |
| Segment loss before income tax expense | <u>(4,052,884)</u> | <u>(86,841)</u> | <u>77,845</u> | <u>(4,061,880)</u> | <u>(29,561)</u> | <u>(4,091,441)</u> |
| Finance income | 292,268 | 95 | 6,927 | 299,290 | – | 299,290 |
| Finance costs | (2,034,712) | (69,912) | (24,794) | (2,129,418) | – | (2,129,418) |
| Share of results of joint ventures | 12,272 | (97,183) | 2,052 | (82,859) | – | (82,859) |
| Share of results of associates | (50,126) | – | 17,733 | (32,393) | – | (32,393) |
| Depreciation and amortisation | <u>(13,620)</u> | <u>(10,452)</u> | <u>(6,313)</u> | <u>(30,385)</u> | <u>–</u> | <u>(30,385)</u> |
| A reconciliation to losses for the year is as follows: | | | | | | |
| Total segment losses before income tax expense | | | | | | (4,091,441) |
| Income tax expense | | | | | | <u>(186,439)</u> |
| Loss for the year | | | | | | <u>(4,277,880)</u> |
| Segment assets | <u>68,202,884</u> | <u>7,303,763</u> | <u>11,112,249</u> | <u>86,618,896</u> | <u>(39,509,052)</u> | <u>47,109,844</u> |
| Segment assets include: | | | | | | |
| Investments in joint ventures | 877,929 | 321,567 | 43,725 | 1,243,221 | – | 1,243,221 |
| Investments in associates | 762,928 | – | 61,462 | 824,390 | – | 824,390 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | <u>10,063</u> | <u>4,242</u> | <u>39</u> | <u>14,344</u> | <u>–</u> | <u>14,344</u> |
| Segment liabilities | <u>63,696,635</u> | <u>5,003,365</u> | <u>10,747,444</u> | <u>79,447,444</u> | <u>(38,736,297)</u> | <u>40,711,147</u> |

Year ended 31 December 2021

| | Property development platform <i>RMB'000</i> | Capital platform <i>RMB'000</i> | All other platforms <i>RMB'000</i> | Total segment <i>RMB'000</i> | Elimination <i>RMB'000</i> | Total Group <i>RMB'000</i> |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------|------------------------------------------|------------------------------------|-------------------------------|----------------------------------|
| Segment revenue | <u>12,695,876</u> | <u>190,244</u> | <u>882,642</u> | <u>13,768,762</u> | <u>(217,118)</u> | <u>13,551,644</u> |
| Segment profit before income tax expense | 913,940 | (21,904) | 187,123 | 1,079,159 | (38,901) | 1,040,258 |
| Finance income | 444,304 | 63,818 | 82,216 | 590,338 | – | 590,338 |
| Finance costs | (794,861) | (52,917) | (46,533) | (894,311) | 35,153 | (859,158) |
| Share of results of joint ventures | (11,505) | (177,850) | – | (189,355) | – | (189,355) |
| Share of results of associates | 31,583 | 3,563 | (1,154) | 33,992 | – | 33,992 |
| Depreciation and amortisation | <u>(16,944)</u> | <u>(3,856)</u> | <u>(781)</u> | <u>(21,581)</u> | <u>–</u> | <u>(21,581)</u> |
| A reconciliation to profit for the year is as follows: | | | | | | |
| Total segment profits before income tax expense | | | | | | 1,040,258 |
| Income tax expense | | | | | | <u>(646,445)</u> |
| Profit for the year | | | | | | <u>393,813</u> |
| Segment assets | <u>110,696,344</u> | <u>8,535,922</u> | <u>19,886,915</u> | <u>139,119,181</u> | <u>(75,869,438)</u> | <u>63,249,743</u> |
| Segment assets include: | | | | | | |
| Investments in joint ventures | 830,837 | 513,127 | – | 1,343,964 | – | 1,343,964 |
| Investments in associates | 901,831 | 3,564 | 93,167 | 998,562 | – | 998,562 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | <u>366,735</u> | <u>4,885</u> | <u>3,844</u> | <u>375,464</u> | <u>–</u> | <u>375,464</u> |
| Segment liabilities | <u>104,990,760</u> | <u>6,197,169</u> | <u>16,700,164</u> | <u>127,888,093</u> | <u>(75,875,342)</u> | <u>52,012,751</u> |

5 OTHER INCOME

| | Year ended 31 December | |
|---------------------|------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Government grants | 15,394 | 17,232 |
| Compensation income | 4,816 | 3,342 |
| | <u>20,210</u> | <u>20,574</u> |

6 OTHER (LOSSES)/GAINS – NET

| | Year ended 31 December | |
|-----------------------------------------------------------------------------------------------------|------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Gains from re-measurement of the existing interests in a joint venture upon obtaining of control | 22,461 | – |
| Net foreign exchange gains/(losses) | 73,493 | (73,023) |
| Fair value (losses)/gains from financial assets at fair value through profit or loss | (380,272) | 122,690 |
| Investment income from financial assets at fair value through profit or loss | 9,255 | 56,412 |
| Investment income from financial assets at fair value through other comprehensive income | – | 14,389 |
| Gains from disposal of property, plant and equipment | 228 | 310 |
| Changes in fair values of derivative financial instruments | – | 25,600 |
| (Losses)/gains from disposal of shares in an associate | (12,331) | 1,061 |
| (Losses)/gains from disposal of shares in subsidiaries | (316,151) | 156,584 |
| Compensation and late payment charges | (29,382) | (110,605) |
| Others | 9,480 | 2,795 |
| | <u>(623,219)</u> | <u>196,213</u> |

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

| | Year ended 31 December | |
|--------------------------------------------------------------------------------------|------------------------|------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Cost of properties sold | 6,945,936 | 10,280,739 |
| Cost of properties management | 502,131 | 515,168 |
| Cost of design and decoration of properties | – | 93,203 |
| Surcharges | 38,065 | 54,569 |
| Accrual of provision for write-down of properties held or under development for sale | 246,566 | 71,931 |
| Depreciation of property, plant and equipment | 25,270 | 20,110 |
| Amortisation of intangible assets | 5,115 | 1,471 |
| Bank charges | 25,300 | 12,731 |
| Staff costs (<i>Note</i>) | 436,500 | 495,076 |
| Entertainment expenses | 17,178 | 28,899 |
| Stamp duty and other taxes | 26,333 | 29,070 |
| Professional fees | 140,940 | 127,499 |
| Auditors' remuneration | | |
| – annual audit and interim review | 5,300 | 4,120 |
| – non-audit services | – | 2,700 |
| Sales commission | 183,263 | 152,962 |
| Advertising and publicity costs | 46,010 | 96,990 |
| Office and meeting expenses | 35,369 | 49,663 |
| Rental expenses | 7,753 | 8,003 |
| Travelling expenses | 3,939 | 16,860 |
| Net impairment losses on financial assets | 400,572 | 62,589 |
| Impairment losses on goodwill | – | 28,258 |
| Other expenses | 184,166 | 190,287 |
| | | |
| Total cost of sales, selling and marketing costs and administrative expenses | 9,275,706 | 12,342,898 |

Notes:

Employees in the Group's subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentage of the average employee salary, subject to a certain ceiling, as agreed by municipal governments to the scheme to fund the retirement benefits of the employees.

The Group's subsidiaries in Hong Kong contribute funds which are calculated on fixed ratio of the employee salary of current month subject to a certain ceiling.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

In 2022 and 2021, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

8 FINANCE (COSTS)/INCOME – NET

| | Year ended 31 December | |
|---------------------------------------------------------|------------------------|------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Finance income | | |
| – Interest income on bank deposits and financial assets | 299,290 | 335,945 |
| – Net foreign exchange gains on financing activities | – | 254,393 |
| | <u>299,290</u> | <u>590,338</u> |
| Finance costs | | |
| – Interest on financing arrangements | (2,124,881) | (2,385,172) |
| – Net foreign exchange losses on financing activities | (883,959) | – |
| – Interest on lease liabilities | (10,300) | (12,439) |
| – Less: amounts capitalised | 889,722 | 1,538,453 |
| | <u>(2,129,418)</u> | <u>(859,158)</u> |
| Finance (costs)/income – net | <u>(1,830,128)</u> | <u>(268,820)</u> |

9 INCOME TAX EXPENSE

| | Year ended 31 December | |
|---------------------------------------|------------------------|------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current income tax | | |
| – PRC land appreciation tax | 225,236 | 256,954 |
| – PRC corporate income tax | 218,435 | 669,075 |
| | <u>443,671</u> | <u>926,029</u> |
| Deferred income tax | <u>(257,232)</u> | <u>(279,584)</u> |
| Total income tax charged for the year | <u>186,439</u> | <u>646,445</u> |

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the “CIT Law”), the CIT rate applicable to the Group’s subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group’s PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2022 (2021: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2022, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB727,319,000 (31 December 2021: RMB658,962,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB7,273,188,000 (31 December 2021: RMB6,589,615,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the years ended 31 December 2022 and 2021 are calculated by dividing the Group’s (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | Year ended 31 December | |
|-----------------------------------------------------------------------------------|------------------------|------------------|
| | 2022 | 2021 |
| Group’s (loss)/profit attributable to equity holders of the Company (RMB’ 000) | <u>(4,269,792)</u> | <u>127,543</u> |
| Weighted average number of shares in issue (in thousand) | <u>1,536,908</u> | <u>1,536,319</u> |
| Basic (loss)/earnings per share (RMB) | <u>(2.78)</u> | <u>0.08</u> |

(b) Diluted (loss)/earnings per share

| | Year ended 31 December | |
|------------------------------------------------------------------------------------------------|-------------------------------|------------------|
| | 2022 | 2021 |
| Group's (loss)/profit attributable to equity holders of the Company (RMB' 000) | <u>(4,269,792)</u> | <u>127,543</u> |
| Weighted average number of shares in issue (in thousand) | 1,536,908 | 1,536,319 |
| Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand) | <u>–</u> | <u>497</u> |
| Weighted average number of ordinary shares for diluted (loss)/earnings per share (in thousand) | <u>1,536,908</u> | <u>1,536,816</u> |
| Diluted (loss)/earnings per share (RMB) | <u>(2.78)</u> | <u>0.08</u> |

As the Group incurred loss for the year ended 31 December 2022, the effect of dilutive potential ordinary shares in respect of share award scheme were not included in the calculation of the diluted loss per share as their inclusion would be anti-dilutive and the diluted loss per share is the same as the basic loss per share.

11 DIVIDENDS

The Board did not recommend any payment of dividend for the year ended 31 December 2022 (2021: HKD0 cents).

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | As at 31 December | |
|-------------------------------------------------------------------------------|-------------------------|-------------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 795,066 | 501,722 |
| Less: provision for impairment of trade receivables | <u>(81,347)</u> | <u>(38,137)</u> |
| Trade receivables – net | 713,719 | 463,585 |
| Amounts due from joint ventures and associates | 1,321,734 | 1,861,356 |
| Prepaid taxes and surcharges and input value-added taxes to be deducted (a) | 661,406 | 665,090 |
| Deposits with public housing fund centres (b) | 9,345 | 9,249 |
| Prepayments of construction costs | 209,522 | 25,998 |
| Temporary funding receivables (c) | 140,064 | 114,303 |
| Deposits paid for construction work | 217,083 | 228,035 |
| Amounts due from non-controlling interests of subsidiaries (d) | 2,857,653 | 3,913,092 |
| Deposits paid to secure borrowings | 180,477 | 81,183 |
| Prepayments for acquisition of completed properties for sale (e) | – | 37,964 |
| Deposits for potential investment | 270,268 | 289,634 |
| Dividend receivables | 20,004 | 34,749 |
| Net leasing investment receivables | 88,714 | 101,132 |
| Receivables from third parties (f) | 1,429,069 | 1,194,675 |
| Receivables in connection with the compensation of demolition costs | – | 43,203 |
| Amounts due from related parties of non-controlling interests of a subsidiary | – | 474,740 |
| Deposits paid for advanced proceeds received from customers (g) | 248,229 | 152,253 |
| Others | 868,933 | 847,802 |
| Less: provision for impairment of other receivables | <u>(496,491)</u> | <u>(139,129)</u> |
| | 8,739,729 | 10,398,914 |
| Less: non-current portion (h) | <u>(714,701)</u> | <u>(655,304)</u> |
| | <u>8,025,028</u> | <u>9,743,610</u> |

Notes:

- (a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid are recorded as prepayments before the relevant revenue is recognised.
- (b) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.
- (c) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing, unsecured and repayable on demand.

- (d) The balance represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.
- (e) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.
- (f) The balance as at 31 December 2022 includes the loan principal and interest receivable, totalling USD159,943,000 and HKD352,782,000 (totalling equivalent to RMB1,429,069,000) (31 December 2021: USD146,065,000 and HKD322,175,000, equivalent to RMB1,194,675,000), due from third parties, which will be matured in 2023 and 2025, respectively.
- (g) The balance represented the deposits paid to local government for the advanced proceeds of properties received from customers in Changzhou.
- (h) The balance as at 31 December 2022 includes the long-term portion of the loan principal and interest receivables of RMB634,123,000 (31 December 2021: RMB568,327,000) due from third parties, the long-term portion of net leasing investment receivables of RMB80,578,000 (31 December 2021: RMB86,977,000).

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|-----------------------|---------------------------------------------------|-----------------------------------------|
| Less than 1 year | 609,794 | 384,807 |
| Between 1 and 2 years | 102,644 | 64,773 |
| Between 2 and 3 years | 68,834 | 43,437 |
| Over 3 years | 13,794 | 8,705 |
| | 795,066 | 501,722 |

Movements on the provision for impairment of trade and other receivables are as follows:

| | Year ended 31 December | |
|-----------------------------------------------------|-------------------------------|-----------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of the year | 177,266 | 114,677 |
| Accrual of provision for impairment during the year | <u>400,572</u> | <u>62,589</u> |
| At end of the year | <u><u>577,838</u></u> | <u><u>177,266</u></u> |

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above.

As at 31 December 2022 and 2021, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB9,434,000 as at 31 December 2022 (31 December 2021: RMB18,611,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2022 and 31 December 2021, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

| | As at | As at |
|-------|-------------------------|--------------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| – RMB | 6,824,250 | 8,912,918 |
| – USD | 1,457,980 | 1,129,974 |
| – HKD | <u>457,499</u> | <u>356,022</u> |
| | <u><u>8,739,729</u></u> | <u><u>10,398,914</u></u> |

13 TRADE AND OTHER PAYABLES

| | As at 31 December | |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | 2,619,847 | 4,569,378 |
| Notes payable | 16,201 | 100,857 |
| Amounts due to related parties | 1,614,983 | 2,231,294 |
| Turnover taxes payable | 1,027,533 | 1,256,657 |
| Electricity fee and cleaning fee collected on behalf | 57,739 | 105,093 |
| Deed tax collected on behalf | 2,470 | 3,445 |
| Accrued payroll | 39,343 | 35,394 |
| Interest payable | 1,367,413 | 380,855 |
| Temporary funding payable | 63,941 | 849,943 |
| Construction deposits received from suppliers | 47,863 | 48,387 |
| Deposits received from customers | 123,382 | 428,310 |
| Consideration payables for acquisition | 69,510 | 304,141 |
| Dividend payable to non-controlling interests of certain subsidiaries | 223,582 | 286,138 |
| Amount received in connection with the transferring the right of collection of future receivables (a) | – | 107,656 |
| Payable to related parties of non-controlling interests of subsidiaries (b) | 305,320 | 884,441 |
| Deposits received in connection with cooperation with third parties for property development and property investment | 54,567 | 389,386 |
| Payables for acquisition of equity investments (c) | 1,131,360 | 1,596,778 |
| Payables to third parties | 126,260 | 76,027 |
| Consideration received in advance for disposal of a property | – | 45,266 |
| Others | 202,363 | 599,369 |
| | <u>9,093,677</u> | <u>14,298,815</u> |
| Less: non-current portion | – | (1,034,876) |
| | <u><u>9,093,677</u></u> | <u><u>13,263,939</u></u> |

Notes:

- (a) The balance as at 31 December 2022 and 2021 represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.
- (b) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.
- (c) The balance represents the interest-bearing payables relating to the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group from independent third parties. The interest rate is approximately ranging from 7.93%-11.06% per annum.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

| | As at 31 December | |
|-----------------------|--------------------------|------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Less than 1 year | 2,209,209 | 4,177,532 |
| Between 1 and 2 years | 219,800 | 229,376 |
| Between 2 and 3 years | 169,159 | 203,854 |
| Over 3 years | 37,880 | 59,473 |
| | <u>2,636,048</u> | <u>4,670,235</u> |

As at 31 December 2022 and 31 December 2021, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2022 and 31 December 2021, the carrying amounts of trade and other payables are denominated in below currencies:

| | As at 31 December | |
|-----|--------------------------|-------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| RMB | 7,979,088 | 13,800,148 |
| USD | 1,103,516 | 467,191 |
| HKD | 11,073 | 31,476 |
| | <u>9,093,677</u> | <u>14,298,815</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

2022 is a year of profound changes in the world's economic and political landscape, with more severe global challenges, indicating the era of "great turmoil and great gaming" has arrived. Although the global novel coronavirus epidemic (the "COVID-19") has stabilized, events such as the economic downturn, the Russia-Ukraine conflict, the epic interest rate hike by the Federal Reserve System of the United States and the energy crisis have had a profound impact on the direction of the world economy. In the face of complex and severe domestic and international environment, the government of the People's Republic of China (the "PRC" or "China") responded calmly to the changes, and as a result, the economy has continued to recover, ranking top among the major economies in the world in terms of economic growth and reaching a new height in terms of economic volume. In 2022, the annual gross domestic product reached RMB121,020.7 billion, representing an increase of 3% over the previous year at constant prices, making it a major force leading the recovery of the world economy.

Looking back at the real estate market in 2022, the real estate policies have entered a period of easing. Under the general keynote of "housing is for accommodation, not for speculation", the goal of "stabilizing land prices, stabilizing housing prices and stabilizing expectations" has been made clear. Against the backdrop of the policy of stabilizing growth, the main tone is warm. The regulatory authorities have issued a number of favorable policies, and polices have been intensified from supporting the demand end to the enterprise end, which also have released room for local "city-oriented policies". In order to better meet the reasonable housing demand of homebuyers, housing finance will continue to recover in general, residential mortgage interest rates will be reduced slightly, and the growth rate of individual mortgage loans is expected to pick up. Policies such as provident funds and down payment ratios may be further loosened to release reasonable housing demand. In particular, in November 2022, a number of heavyweight financial policies have been implemented, with "16 Financial Articles" allowing real estate enterprises to roll over their debts and increasing financing support, followed by commercial banks to follow up the implementation of capital support. On 28 November, a press spokesman from the China Securities Regulatory Commission revealed five measures to adjust and optimize the equity financing of listed real estate enterprises, signifying the "third arrow" officially landed.

However, from the perspective of the real estate market, the real estate market sentiment is still in the habit of declining in 2022, mainly due to the fact that property sales in many regions across the country are still subject to the tighter regulatory policies by local governments in 2021 and bearish short-term housing price expectations. From the perspective of real estate enterprises, the tightening of real estate financial policies in 2021 and the implementation of policies such as "Centralized Land Supply" and "Three Red Lines" have led to the tight liquidity of real estate enterprises extending into 2022. The frequent default on the debt of real estate enterprises, especially overseas debt, has restricted the normal production and operation of real estate enterprises. Under the pressure of "ensuring delivery", most real estate enterprises have no resources for new development and investment.

According to the National Bureau of Statistics, China's investment in real estate development was RMB13.29 trillion in 2022, down by 10% as compared to the previous year. Of which: residential investment fell by 9.5%; the sales area of commodity houses across the country was 1.358 billion square metres (“sq.m.”), decreased by 24.3% as compared to the previous year, of which: the sales area of residential properties fell by 26.8%. The sales of commodity houses nationwide reached RMB13.33 trillion, down by 26.7%, of which, the sales of residential properties decreased by 28.3%. Although the real estate policies tended to relax in 2022, it will take time for the market to recover.

Looking ahead to 2023, China will adhere to the keynote of “housing is for accommodation, not for speculation”, and there is room for continued policy optimization on both the supply and demand sides, with policy strength expected to be further strengthened. The core first- and second-tier cities, especially the core second-tier cities, have a large space for policy optimization. With the “third arrow” of real estate officially landed and the channel of short-term corporate financing opened, supporting the reasonable financing needs of real estate enterprises, the financing chain and funding surface are expected to be gradually improved. The priority task of real estate enterprises should be to seize the financing window and act proactively to supplement liquidity to the maximum extent. On the whole, the real estate market will remain at the “de-stocking” stage in 2023, with the focus still on “ensuring delivery”. With the accelerated implementation of special loans and supporting capital enterprises, it's expected that more substantial progress will be made, which will jointly promote the improvement of home buyers' expectations.

In line with the market trend and the guidance of national policies, and in the face of the current liquidity dilemma, Jingrui will actively safeguard the interests of all stakeholders, including customers, suppliers and investors, revitalize the stock assets, penetrate into value cities, make “ensuring delivery” the core of its current work, focus on building the delivery power of the enterprise, so as to win the trust of the government, homebuyers, financial institutions and investors, making Jingrui return to the path of sound development.

Business Overview

In 2022, the Group achieved contracted sales of approximately RMB7,075.6 million (including those of joint ventures and associates on a 100% basis) and total contracted gross floor area (“GFA”) sold was approximately 427,019.0 sq.m. For the Year, the Group achieved revenue of RMB7,907.9 million (2021: RMB13,551.6 million). The Group achieved a net loss attributable to equity holders of the Company of RMB4,269.8 million (2021: a net profit of RMB127.5 million) throughout the Year.

During the Year, revenue from property sales recognized by the Group amounted to RMB6,807.9 million (2021: RMB12,150.4 million), representing a decrease of 44.0% as compared to last year. It was mainly due to the decrease in the area of properties delivered during the Year. Revenue from property sales of the Group accounted for approximately 86.1% of our total revenue for the Year (2021: 89.7%), and property sales maintained to the core operating business of the Group. The Group’s apartment and office business, which has been deployed since the end of 2017, has achieved stable revenue, and property management business has made significant progress. The above development of businesses has further enhanced the Group’s diversified competitiveness, and the Group has won a good reputation and brand image, while improving customer loyalty and satisfaction.

The Group continues to uphold the development strategy of its cultivation in the Yangtze River Delta region, and actively expands high-quality projects in key cities around the Yangtze River Delta and Chengdu-Chongqing region. As at 31 December 2022, the total GFA for land reserves owned by the Group was approximately 3,683,707 sq.m. We expect the land reserves to be sufficient to meet the Group’s development needs for the next two years.

In February 2022, we commenced an exchange offer for the USD190,000,000 senior notes due March 2022. Existing notes totaling USD177,330,000 were accepted, and USD173,013,500 senior notes due September 2023 with annual interest rate of 12.75% were issued in March and April 2022. Confronted with the domestic and oversea liquidity difficulties of the Group, in July 2022, we engaged a financial adviser and a legal adviser to initiate debt restructuring for our offshore USD denominated senior notes. In order to treat all creditors fairly, Jingrui has suspended the payment of principal and interests of all offshore USD denominated senior notes.

As at 31 December 2022, our cash at bank and on hand (including restricted cash) was RMB1,352.1 million. At the same time, unutilized bank facilities amounted to approximately RMB21,938.4 million. As at 31 December 2022, our net debt-to-equity ratio was approximately 267%. In combination of debt restructuring for its offshore USD denominated senior notes, the Group will continue to improve its liability level and structure, control the liquidity risk, providing guarantee for the Group’s sustained operations and steady future growth.

We started our business as a customer driven residential property developer, focusing on developing properties accommodating the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those who intend to upgrade their existing living conditions. These kinds of customers currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning and the continuous expansion of our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, together with our rapid-asset-turnover model, have contributed and will continue to contribute to our growth and scalability.

At the same time, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, the Group, focusing on the main real estate business, further adjusted and optimized its original five major business platforms in early March 2020 to the five major business platforms, namely, Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本), among which, Yan Capital Management is engaged in real estate fund raising and asset management, realizing the conversion of real estate debt funds to real equity funds; Jingrui Properties focuses on real estate development in the four major urban agglomerations in the PRC and commits to customizing life products and services based on "customer insights"; Jingrui Capital focuses on the urban renewal of first-tier and strong second-tier cities such as Shanghai and Beijing, as well as the developing, holding and lease operation management of apartment and office building; Jingrui Service takes "the promoter of ideal life in Chinese cities" as its development goal, provides high-quality property services to various properties such as commercial plazas and high-end apartments; and Co-Fortune Capital is committed to the investment in the real estate ecosystem, using capital as a link to build product and service capabilities that facilitate the main real estate business.

BUSINESS REVIEW

Jingrui Properties (景瑞地產)

Property Development

In 2022, the Group achieved contracted sales of approximately RMB7,075.6 million (including those of joint ventures and associates on a 100% basis) and total contracted GFA sold was approximately 427,019 sq.m. Our contracted sales were primarily generated from Jiangsu Province and other provinces, which were approximately RMB3,506.9 million and RMB1,559.0 million (excluding car parks) respectively, representing 49.6% and 22.0% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2022

The following table sets out the geographic breakdown of the Group's contracted sales in 2022:

| Project Name | Contracted GFA Sold <i>sq.m.</i> | Contracted Sales <i>RMB'000</i> | Contracted Average Selling Price <i>RMB/sq.m.</i> |
|----------------------------------------------------------------|-------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------|
| Shanghai | | | |
| Shanghai Jingrui Upper Riverside | 450 | 68,300 | 151,778 |
| Shanghai Jingrui The French Lakeside Villa | 2,370 | 15,000 | 6,329 |
| Tianjin | | | |
| Tianjin Yuetiandi | 160 | 2,000 | 12,500 |
| Tianjin Jingrui Yuexitai | 4,095 | 49,850 | 12,173 |
| Tianjin Jingrui Yujing Tiandi | 22,599 | 418,818 | 18,533 |
| Tianjin Sea Blue City | 21,929 | 307,052 | 14,002 |
| Tianjin Jingrui No. 1 Tang Gu Bay | 1,459 | 23,571 | 16,156 |
| Tianjin No. 6 Tang Gu Bay | 1,223 | 9,759 | 7,980 |
| Tianjin Liuhe Mingzhu | 790 | 4,400 | 5,570 |
| Tianjin Jingrui Hanlin | 212 | 397 | 1,873 |
| Chongqing | | | |
| Chongqing Jingrui Jiangshan Yufu | 26,896 | 218,675 | 8,130 |
| Chongqing Tianchen Yujing | 3,799 | 56,040 | 14,751 |
| Sub-total of centrally direct-controlled municipalities | 85,982 | 1,173,862 | 13,652 |
| Hangzhou | | | |
| Hangzhou Jingrui Qinghai | 9,995 | 221,845 | 22,196 |
| Hangzhou Jingrui Haiyi Cuiting | 225 | 2,188 | 9,724 |
| Hangzhou Jingrui Changxing Dignity Mansion | 641 | 4,200 | 6,552 |
| Ningbo | | | |
| Ningbo Jingrui Ninghai Yujing Chaoming | 25,137 | 280,845 | 11,173 |
| Ningbo Xinghai Land | 2,235 | 11,686 | 5,229 |
| Ningbo Jingrui In Times | 88 | 1,170 | 13,295 |
| Ningbo Jingrui Xingning Mansion | 304 | 4,858 | 15,980 |
| Zhoushan | | | |
| Zhoushan Jingrui Peninsula Bay | 901 | 5,147 | 5,713 |
| Zhoushan Jingrui HOPSCA | 60 | 100 | 1,667 |
| Jinhua | | | |
| Jinhua Jingrui Wuyi Wushuang | 3,657 | 129,268 | 35,348 |
| Sub-total of Zhejiang Province | 43,243 | 661,307 | 15,293 |

| Project Name | Contracted GFA Sold <i>sq.m.</i> | Contracted Sales <i>RMB'000</i> | Contracted Average Selling Price <i>RMB/sq.m.</i> |
|------------------------------------------|-------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------|
| Suzhou | | | |
| Suzhou Changshu In Times | 10,188 | 107,078 | 10,510 |
| Suzhou Jingrui Changshu Jiangnan Mansion | 53,511 | 944,360 | 17,648 |
| Suzhou Jingrui Taicang Yueting | 21,587 | 261,900 | 12,132 |
| Suzhou Taicang Luminaries Park | 234 | 3,389 | 14,483 |
| Wuxi | | | |
| Wuxi Jingrui Hubin Tianyu | 10,638 | 285,728 | 26,859 |
| Nanjing | | | |
| Nanjing Jingrui Xitang Mansion | 11,401 | 234,609 | 20,578 |
| Yangzhou | | | |
| Yangzhou Jingrui Yujing Fenghua | 19,922 | 275,665 | 13,837 |
| Yangzhou Tianfu Xingchen | 28,490 | 570,133 | 20,012 |
| Changzhou | | | |
| Changzhou Jingrui Chenyun Tianfu | 34,234 | 824,015 | 24,070 |
| Sub-total of Jiangsu Province | 190,205 | 3,506,877 | 18,437 |

| Project Name | Contracted GFA Sold <i>sq.m.</i> | Contracted Sales <i>RMB'000</i> | Contracted Average Selling Price <i>RMB/sq.m.</i> |
|---------------------------------------|-------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------|
| Wuhan | | | |
| Wuhan Jingrui Tianfu Binjiang | 26,315 | 394,225 | 14,981 |
| Wuhan Jingrui Tianfu Peninsula | 5,413 | 77,490 | 14,316 |
| Wuhan Jingrui Jiangshanyue | 3,898 | 47,332 | 12,143 |
| Wuhan Jingrui Jiangnanyue | 7,367 | 58,594 | 7,954 |
| Chengdu | | | |
| Chengdu Jingrui Yujing Fenghua, North | 8,824 | 140,491 | 15,921 |
| Chengdu Jingrui Yujing Fenghua, South | 36,626 | 638,315 | 17,428 |
| Nanchang | | | |
| Nanchang Jingrui Hongxing Plaza | 4,000 | 51,000 | 12,750 |
| Nanchang Jingrui Ruifu | 11,956 | 119,064 | 9,959 |
| Jiujiang | | | |
| Jiujiang Jingrui Ningzhou Mansion | 3,190 | 32,500 | 10,188 |
| Sub-total of other provinces | 107,589 | 1,559,011 | 14,490 |
| Car park (lots) | 1,675 | 174,558 | |
| Total | 427,019 | 7,075,615 | 16,570 |

Note:

(1) Excluding the area of car parks.

Land Bank

As at 31 December 2022, the total land bank of the Group was 3,683,707 sq.m. or 2,149,210 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2022

| City | Total GFA <i>sq.m.</i> | Percentage of the Group's Total GFA <i>%</i> | GFA Attributable to the Group's Interests <i>sq.m.</i> | Percentage of GFA Attributable to the Group's Interests <i>%</i> |
|-----------------------------------------------------------------|---------------------------|-------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Municipalities directly under the central government | | | | |
| Shanghai | 269,651 | 7.3% | 209,354 | 9.8% |
| Beijing | 29,669 | 0.8% | 29,669 | 1.4% |
| Tianjin | 435,198 | 11.8% | 335,130 | 15.6% |
| Chongqing | 246,706 | 6.7% | 197,759 | 9.2% |
| Sub-total | 981,224 | 26.6% | 771,912 | 36.0% |
| Zhejiang Province | | | | |
| Hangzhou | 85,930 | 2.3% | 85,447 | 4.0% |
| Ningbo | 124,304 | 3.4% | 103,228 | 4.8% |
| Shaoxing | 42,033 | 1.1% | 42,033 | 2.0% |
| Jinhua | 84,099 | 2.3% | 68,951 | 3.2% |
| Sub-total | 336,366 | 9.1% | 299,659 | 14.0% |

| City | Total GFA <i>sq.m.</i> | Percentage of the Group's Total GFA <i>%</i> | GFA Attributable to the Group's Interests <i>sq.m.</i> | Percentage of GFA Attributable to the Group's Interests <i>%</i> |
|-------------------------|---------------------------|-------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Jiangsu Province | | | | |
| Suzhou | 659,338 | 17.9% | 223,749 | 10.4% |
| Nanjing | 35,983 | 1.0% | 6,842 | 0.3% |
| Wuxi | 57,115 | 1.5% | 47,175 | 2.2% |
| Changzhou | 198,583 | 5.4% | 167,983 | 7.8% |
| Yangzhou | 212,237 | 5.8% | 68,076 | 3.1% |
| Sub-total | 1,163,256 | 31.6% | 513,825 | 23.8% |
| Other Provinces | | | | |
| Chengdu | 151,006 | 4.1% | 101,603 | 4.7% |
| Wuhan | 1,051,855 | 28.6% | 462,211 | 21.5% |
| Sub-total | 1,202,861 | 32.7% | 563,814 | 26.2% |
| Total | 3,683,707 | 100.0% | 2,149,210 | 100.0% |

Revenue from Sales of Properties

The revenue from sales of properties for the Year was approximately RMB6,807.9 million, representing a decrease of 44.0% as compared to last year, and its distribution is mainly as follows:

| | Revenue <i>RMB' 000</i> | Percentage of Total Revenue % | GFA <i>sq.m.</i> | Average Selling Price <i>RMB/sq.m.</i> |
|--------------------------------------------------------------------|----------------------------|----------------------------------------|---------------------|-------------------------------------------------|
| Shanghai | | | | |
| Shanghai Jingrui Upper Riverside | 151,612 | 2.2 | 1,108 | 136,834 |
| Shanghai Jingrui Zhongshan Building Project in Huangpu District | 98,402 | 1.4 | 3,013 | 32,659 |
| Shanghai Jingrui The French Lakeside Villa | 15,000 | 0.2 | 2,374 | 6,318 |
| Shanghai Jingrui Rongxin Jiayuan | 958,954 | 14.1 | 22,504 | 42,613 |
| Shanghai Jingrui Xinmei Mansion Project | 15,413 | 0.2 | 1,173 | 13,140 |
| Jiangsu Province | | | | |
| Suzhou Jingrui Sino Park | 141,039 | 2.1 | 8,420 | 16,750 |
| Suzhou Jingrui Huyu Shangyuan | 173,270 | 2.5 | 10,876 | 15,931 |
| Suzhou Jingrui Taicang Yueting | 418,685 | 6.1 | 36,506 | 11,469 |
| Nanjing Jingrui Xitang Mansion | 395,305 | 5.8 | 24,695 | 16,007 |
| Yangzhou Jingrui Yujing Fenghua | 385,592 | 5.7 | 29,056 | 13,271 |
| Zhejiang Province | | | | |
| Hangzhou Jingrui Haiyi Cuiting | 92,329 | 1.4 | 4,047 | 22,814 |
| Hangzhou Jingrui Qinghai | 1,396,806 | 20.5 | 48,908 | 28,560 |
| Hangzhou Jingrui Xingning Mansion | 4,464 | 0.1 | 278 | 16,058 |
| Hangzhou Jingrui Changxing Dignity Mansion | 4,000 | 0.1 | 641 | 6,240 |
| Shaoxing Jingrui Dignity Mansion | 51,526 | 0.8 | 5,451 | 9,453 |
| Jiaxing Jingrui Puyue Lake | 1,531,410 | 22.5 | 88,604 | 17,284 |
| Tianjin | | | | |
| Tianjin Jingrui Hanlin | 19,780 | 0.3 | 1,621 | 12,202 |
| Tianjin Jingrui Yuexitai | 23,327 | 0.3 | 2,328 | 10,020 |
| Tianjin Jingrui Sunny City | 6,237 | 0.1 | 1,318 | 4,732 |
| Wuhan | | | | |
| Wuhan Jingrui Tianfu Peninsula | 59,607 | 0.9 | 5,686 | 10,483 |
| Wuhan Jingrui Tianfu Binjiang | 49,907 | 0.7 | 3,670 | 13,599 |
| Chongqing | | | | |
| Chongqing Jingrui Jiangshan Yufu | 331,496 | 4.9 | 43,926 | 7,547 |
| Others | 10,341 | 0.1 | 1,048 | 9,867 |
| Sub-total | 6,334,502 | 93.0 | 347,251 | 18,242 |
| Car park (lots) | 473,412 | 7.0 | 2,475 | |
| Total | 6,807,914 | 100.0 | | |

Yan Capital Management (優鉞資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

As of 31 December 2022, Yan Capital Management has established and promoted 25 funds, with an aggregate size of the funds of approximately RMB9.22 billion and the total size of the existing funds is RMB3.82 billion.

Jingrui Capital (景瑞不動產)

In March 2020, based on the development strategy of "large-scale asset management", Jingrui Capital platform was established by combining and upgrading Joyride Apartment (悅樺公寓) and Carry Capital (鐮瑞辦公) under Jingrui, which are designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term rental apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

In 2022, Jingrui Capital overcame the ongoing impact of the COVID-19, and all existing projects are in normal operation. As at 31 December 2022, the time-point occupancy rate of apartment projects was 92.4% and the time-point occupancy rate of office projects was 84.6%. In the third quarter of 2022, Jingrui Capital disposed of its entire interests in Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Xingfulai Project, Shanghai Jingrui North Zhongshan Road Project in Jing'An District and Shanghai Hongqiao Lianghua Project. The proceeds from such disposals were utilized as the general working capital of the Group, which helped alleviate the Group's liquidity issue.

Jingrui Service (景瑞服務)

With economic development and consumption upgrading, value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui Properties as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to pursue continuous improvement of management services and provides high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

As of 31 December 2022, the business footprint of Jingrui Service covers more than 50 cities, such as Shanghai, Zhejiang, Jiangsu, Anhui, Hunan, Tianjin, Chongqing, etc. Its contracted GFA has exceeded 50 million sq.m., and its service target covers residential, commercial complex, office buildings, parks, schools, banks, hospitals, government construction projects and other types of properties. Jingrui Service focuses on the actual need of properties' owners and strives to be practical and innovative. It continues to iterate and upgrade its service pattern, integrating the vision of "Proactive Service Provider Adhering to Quality" into full-type and full-lifecycle services through services and execution.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as a light-asset investment platform of the Group, aims to equip the other four major segments with asset operation capability. Through “Jingrui”, the brand name of the Company, being a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of “Real Estate Industrial Chain + Post-Life Service”.

As of 31 December 2022, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,164 million being made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in four projects, with an investment return of 18.1%. On 16 September 2022, the AgiiPlus Group (堂堂加集團) (the former “Distrii (辦伴)”), which was co-invested by Co-Fortune Capital, submitted its prospectus to the Securities and Exchange Commission of the U.S. for the proposed listing on the Nasdaq in the U.S. At present, it passed the review of the Securities and Exchange Commission of the U.S.

Employees and Remuneration Policies

As at 31 December 2022, we had a total of 3,082 fulltime employees (31 December 2021: 3,160). 465 of our employees worked in property development operations, 2,487 of our employees were engaged in property management and 130 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee’s qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive compared with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 and a share award scheme on 29 November 2017 (cancelled and terminated on 29 November 2017 and 29 November 2022, respectively), respectively, pursuant to which share awards were granted to selected employees of the Group. In addition, we have also adopted the share option scheme at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company.

The Group’s staff costs for the year ended 31 December 2022 amounted to RMB436.5 million (for the year ended 31 December 2021: RMB495.1 million). Staff costs include the remuneration expenses in relation to the share-based payments of RMB0.7 million recognized for the Year (for the year ended 31 December 2021: RMB0.6 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also customized trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing educations for our employees from time to time.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the revenue of the Group reached RMB7,907.9 million, representing a decrease of 41.6% as compared to RMB13,551.6 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the respective periods indicated:

Revenue by business segments

| | 2022 | | 2021 | | Year-on- |
|---------------------------------------------------------------------|------------------|--------------|------------|----------|-------------|
| | Percentage | of total | Percentage | of total | year change |
| | RMB'000 | revenue | RMB'000 | revenue | year change |
| | | % | | % | % |
| Revenue from contracts with customers recognized at a point in time | | | | | |
| – Sales of properties | 6,807,914 | 86.1 | 12,150,385 | 89.7 | (44.0) |
| – Others | 84,592 | 1.1 | 56,649 | 0.4 | 49.3 |
| | 6,892,506 | 87.2 | 12,207,034 | 90.1 | (43.5) |
| Revenue from contracts with customers recognized over time | | | | | |
| – Property management service | 780,091 | 9.8 | 723,098 | 5.3 | 7.9 |
| – Decoration of properties | – | – | 380,475 | 2.8 | (100.0) |
| | 780,091 | 9.8 | 1,103,573 | 8.1 | (29.3) |
| Rental income | 235,309 | 3.0 | 241,037 | 1.8 | (2.4) |
| Total | 7,907,906 | 100.0 | 13,551,644 | 100.0 | (41.6) |

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 86.1% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for presales in accordance with the PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group mainly included Hangzhou Jingrui Qinghai, Jiaxing Jingrui Puyue Lake and Shanghai Jingrui Rongxin Jiayuan. Revenue from sales of properties decreased by 44.0% to approximately RMB6,807.9 million in 2022 from approximately RMB12,150.4 million in 2021, mainly due to the decrease in the area of properties delivered during the Year.

Our property management service revenue represents revenue generated from property management services we provide through our subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2022, property management revenue of the Group was approximately RMB780.1 million, representing an increase of approximately 7.9% as compared to RMB723.1 million in last year. Our property management revenue increased, primarily due to the significant increase in the contracted GFA of third parties and the increase in the property management fee.

Revenue from decoration of properties represents realized revenue generated from decoration works we provided. In 2022, the Group had no such revenue.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straightline basis over the relevant lease terms. In 2022, rental income of the Group was approximately RMB235.3 million, keeping basically flat as compared to last year.

Cost of Sales

Our cost of sales primarily represents the cost we incur directly in property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction cost, land use right cost and capitalized interest cost on related borrowings for the purpose of property development during the period of construction.

Our cost of sales decreased by 29.9% from RMB11,111.7 million in 2021 to RMB7,792.7 million in 2022, which was in line with the decrease of revenue.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

| | 2022 | | 2021 | |
|--------------------------------------------------------------------------------|------------------|--------------|-------------------|--------------|
| | RMB'000 | % | RMB'000 | % |
| Construction costs | 2,340,518 | 30.0 | 3,517,783 | 31.7 |
| Land use right costs | 3,769,589 | 48.4 | 5,782,001 | 52.0 |
| Capitalized interest | 835,829 | 10.7 | 980,955 | 8.8 |
| Sub-total: Total cost of properties | 6,945,936 | 89.1 | 10,280,739 | 92.5 |
| Surcharges | 38,065 | 0.5 | 54,569 | 0.5 |
| Provision for impairment of properties held or under development for sale, net | 246,566 | 3.2 | 71,931 | 0.7 |
| Other costs ⁽¹⁾ | 562,173 | 7.2 | 704,450 | 6.3 |
| Total | 7,792,740 | 100.0 | 11,111,689 | 100.0 |

Note:

(1) Includes costs associated with property management, leasing and other operations.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 94.9% from RMB2,440.0 million in 2021 to RMB115.2 million in 2022. The Group recorded a gross profit margin of approximately 1.5% for the year ended 31 December 2022, compared to approximately 18.0% for the year ended 31 December 2021. The gross profit margin decreased compared with last year, primarily due to the increase in land costs of property projects carried forward during the Year and the increase in provision of impairment for property projects owing to the principle of prudence.

(Depreciation)/Appreciation of Investment Properties under Capital Platform

For the year ended 31 December 2022, the depreciation of investment properties under capital platform was RMB175.3 million (2021: appreciation of RMB37.9 million). The depreciation in 2022 was mainly due to depreciation of Shanghai Jingrui Elite Residences, Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Yinqiao Apartment Project and Shanghai Jingrui Life Square.

Fair Value Gains on Investment Properties under Other Platforms

For the year ended 31 December 2022, the fair value gains on investment properties under other platforms were RMB0 million (2021: gains of RMB1.0 million).

Selling and Marketing Costs

Our selling and marketing costs decreased by 3.4% from RMB580.3 million in 2021 to RMB560.5 million in 2022, keeping basically flat as compared to last year.

Administrative Expenses

Our administrative expenses increased by 41.7% from RMB650.9 million in 2021 to RMB922.5 million in 2022, primarily due to the increase in provision for bad debts of receivables owing to the principle of prudence by the Group.

Other Income and Other (Losses)/Gains, Net

We recorded other income of RMB20.2 million in 2022, compared to other income of RMB20.6 million in 2021. Other income recorded in 2022 was mainly the income on the government grants.

We recorded other losses of RMB623.2 million in 2022, compared to other gains of RMB196.2 million in 2021. Other losses recorded in 2022 were primarily due to losses on the disposal of equity interests in projects and fair value losses on financial assets at fair value through profit or loss.

Finance Costs, Net

Our finance income decreased by 49.3% from RMB590.3 million in 2021 to RMB299.3 million in 2022, primarily as a result of the US dollar exchange rate raise in the Year, which led to foreign exchange losses on the Group's debts denominated in RMB being recorded (foreign exchange gains in 2021). Our finance costs increased by 147.8% from RMB859.2 million in 2021 to RMB2,129.4 million in 2022, mainly due to the increase in the interest rate on borrowings and the increase in foreign exchange losses on overseas financing as a result of depreciation of RMB.

Share of Results of Joint Ventures/Associates

For the year ended 31 December 2022, our share of results of joint ventures/associates was a loss of RMB115.3 million (2021: a loss of RMB155.4 million), and the loss was primarily due to the decline in the demand for lease of commercial properties as a result of external macro market environment, which led to an increase in the operating loss of joint ventures in their ramp-up period and non-delivery of projects by some joint ventures/associates during the Year while expenses thereon incurred.

Income Tax Expense

Our income tax expense decreased by 71.2% from RMB646.4 million in 2021 to RMB186.4 million in 2022, primarily due to the decrease in land value-added tax and corporate income tax as a result of the carry-over of projects with lower gross profit during the Year.

Loss for the Year

Loss for the Year reached RMB4,277.9 million, of which loss attributable to equity holders of the Company was RMB4,269.8 million in 2022.

Liquidity and Capital Resources

The industry in which the Group operates is a capital-intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loans, and the Group's sources of long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 31 December 2022, our cash at bank and on hand (including restricted cash) was RMB1,352.1 million. Our cash at bank and on hand is mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings decreased from RMB21,598.0 million as at 31 December 2021 to RMB18,412.7 million as at 31 December 2022. As at 31 December 2022, the Group had unutilized banking facilities of approximately RMB21,938.4 million (31 December 2021: RMB25,896.4 million). All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2022, the assets used as collaterals for the borrowings amounted to RMB12,740.2 million (31 December 2021: RMB17,310.4 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

| | As at 31 December 2022 <i>RMB'000</i> | As at 31 December 2021 <i>RMB'000</i> | Change % |
|-------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------|
| Current Borrowings: | | | |
| Bank loans, secured | 488,101 | 2,502,906 | (80.5) |
| Other loans, secured | – | 25,219 | (100.0) |
| Trust financing arrangements, secured | – | 110,000 | (100.0) |
| Add: current portion of long-term borrowings | <u>12,808,612</u> | <u>8,290,214</u> | 54.5 |
| Total Current Borrowings | <u>13,296,713</u> | <u>10,928,339</u> | 21.7 |
| Non-Current Borrowings: | | | |
| Bank loans, secured | 4,347,950 | 5,529,006 | (21.4) |
| Other loans, secured | 963,500 | 1,129,034 | (14.7) |
| Trust financing arrangements, secured | 1,410,412 | 2,003,400 | (29.6) |
| Senior notes due 2022, issued in July 2019, secured | 1,810,796 | 1,652,591 | 9.6 |
| Senior notes due 2022, issued in March 2020, secured | 88,241 | 1,210,478 | (92.7) |
| Senior notes due 2022, issued in June 2020, secured | 1,044,946 | 953,456 | 9.6 |
| Senior notes due 2023, issued in November 2020, secured | 1,670,681 | 1,522,409 | 9.7 |
| Senior notes due 2023, issued in March 2021, secured | 766,403 | 704,011 | 8.9 |
| Senior notes due 2023, issued in April 2021, secured | 1,089,484 | 992,617 | 9.8 |
| Senior notes due 2023, issued in May 2021, secured | 229,758 | 210,249 | 9.3 |
| Senior notes due 2023, issued in August 2021, secured | 348,189 | 318,632 | 9.3 |
| Senior notes due 2024, issued in September 2021, secured | 1,148,781 | 1,050,994 | 9.3 |
| Senior notes due 2023, issued in March 2022, secured | 1,171,168 | – | – |
| Senior notes due 2023, issued in April 2022, secured | 138,358 | – | – |
| Corporate bonds due 2024 | 351,214 | 341,749 | 2.8 |
| Corporate bonds due 2024 | 1,344,707 | 1,341,286 | 0.3 |
| Less: current portion of long-term borrowings | <u>(12,808,612)</u> | <u>(8,290,214)</u> | 54.5 |
| Total Non-Current Borrowings | <u>5,115,976</u> | <u>10,669,698</u> | 52.1 |
| Total | <u><u>18,412,689</u></u> | <u><u>21,598,037</u></u> | <u>(14.7)</u> |

Breakdown of our borrowings by maturity profiles

| | As at 31 December | | | |
|-----------------------|-------------------|--------------|-------------------|--------------|
| | 2022 | | 2021 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Within 1 year | 13,296,713 | 72.2 | 10,928,339 | 50.6 |
| Between 1 and 2 years | 4,273,976 | 23.2 | 7,642,118 | 35.4 |
| Between 2 and 5 years | 45,000 | 0.3 | 2,861,580 | 13.2 |
| Over 5 years | 797,000 | 4.3 | 166,000 | 0.8 |
| Total | 18,412,689 | 100.0 | 21,598,037 | 100.0 |

The proportion of the Group's long-term borrowings in the total borrowings was 27.8% for the year ended 31 December 2022.

Interest and net foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

| | Year ended 31 December | | Year-on-year change <i>%</i> |
|----------------------------------------------------------|------------------------|------------------------|------------------------------------|
| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> | |
| Finance costs | | | |
| – Interest expensed | 1,235,159 | 846,719 | 45.9 |
| – Net foreign exchange losses on financing activities | 883,959 | – | – |
| – Interest on lease liabilities | 10,300 | 12,439 | (17.2) |
| – Amounts capitalised | 889,722 | 1,538,453 | (42.2) |
| Total | 3,019,140 | 2,397,611 | 25.9 |

Net Debt-to-Capital Ratio

As at 31 December 2022, our net debt-to-capital ratio was 267% (31 December 2021: 94%). Net debt-to-capital ratio is calculated as net debt at the end of the period divided by total equity and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer; or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2022, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB2,906.7 million (31 December 2021: RMB4,971.9 million). In addition, we provided guarantee for certain bank loans amounting to RMB424.5 million (31 December 2021: RMB634.4 million) for our joint ventures and associates. We provided guarantee for certain bank loans amounting to RMB119.5 million (31 December 2021: RMB113.0 million) which were granted to related parties of joint ventures. The Group provided guarantees as the proceeds from the loans were applied towards property projects of the joint ventures and associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of 31 December 2022, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank, trust financing providers and senior notes. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Foreign Exchange Risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes issued between 2019 and 2022, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have foreign currency hedging policies, but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

Financial Assets at Fair Value through Profit or Loss/Other Comprehensive Income

As at 31 December 2022, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investment in unlisted equity securities.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals in 2022.

Future Plans for Material Investment

The Directors confirmed that as at the date of this results announcement, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Tuesday, 27 June 2023. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in due course.

DIVIDEND

The Board has resolved not to recommend the distribution of final dividend for the year ended 31 December 2022 (2021: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 17 June 2023 to Tuesday, 27 June 2023, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend and vote at the forthcoming AGM to be held on Tuesday, 27 June 2023. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 16 June 2023.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 31 DECEMBER 2022

Disposal of Subsidiary

On 12 March 2023, the Company sold all shares of its indirect wholly-owned subsidiary, Shanghai Shenxin Real Estate Co., Ltd.* (上海申信房地產有限公司) at a consideration of RMB132,386,667. It is expected that the Company will record a profit of approximately RMB1,363,170 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 12 March 2023.

The disposal above would help ease the liquidity issue of the Group, while the proceeds will be applied as general working capital of the Group.

Save as disclosed above, no other important event affecting the Group has occurred since 31 December 2022 and up to the date of this annual results announcement.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. During the Year, the Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code for the Year, save for a deviation from the code provision C.2.1 of the CG Code with respect to the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the listing of the Company, Mr. Yan Hao (“**Mr. Yan**”) has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge (“**Mr. Chen**”) as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision C.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company’s growth and business expansion since 1999. The Board considers that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group’s business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high caliber individuals.

On 30 March 2023, Mr. Chen resigned as the co-chairman of the Company and was re-designated as a non-executive Director. Upon the abovementioned re-designation, the Board currently comprises three executive Directors (including Mr. Yan), one non-executive Director and three independent non-executive Directors and therefore has a strong independence element in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the annual results of the Company and the accounting principles and practices adopted by the Company, and discussed with them the audit, risk management, internal control and financial reporting matters of the Group, including review of the financial statements for the Year.

The figures in respect of the Group’s consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2022 as set out in this results announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited (“**Elite Partners**”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Elite Partners in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of independent auditor’s report issued by the Group’s independent auditor:

Opinion

We have audited the consolidated financial statements of Jingrui Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that during the year ended 31 December 2022, the Group recorded a loss for the year of approximately RMB4,277,880,000, and as at 31 December 2022, the Group’s borrowings amounted to RMB18,412,689,000, among which RMB13,296,713,000 will be due for repayment within the next twelve months while the Group’s cash at bank and on hand (including restricted cash) amounted to RMB1,352,088,000. This condition, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the Year.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 22 February 2022, the Company commenced an exchange offer for USD190,000,000 12.75% senior notes due 11 March 2022 (“**Notes Due March 2022**”). As of the extended exchange expiration deadline, existing notes amounted to USD175,330,000 (representing approximately 92.28% of aggregate principal amount of outstanding existing notes) have been validly tendered for exchange and accepted pursuant to the exchange offer. Pursuant to the exchange offer, on 9 March 2022, the Company issued USD171,113,500 new notes due 9 September 2023 (“**Notes Due September 2023**”) with an annual interest rate of 12.75%. Further details of senior notes exchange are disclosed in the announcements of the Company dated 22 February, 2 March, 7 March and 10 March 2022.

On 21 April 2022, the Company issued USD19,900,000 (including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022) Notes Due September 2023 (to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022). Further details regarding the issuance of the senior notes are disclosed in the announcement of the Company dated 25 April 2022.

Save as disclosed above, the Company or any of its subsidiaries (other than the trust of the share award scheme) did not purchase, sell or redeem any of the Company’s listed securities during the year ended 31 December 2022.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jingruis.com) and the 2022 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course for inspection.

By order of the Board
Jingrui Holdings Limited
Yan Hao
Chairman

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Yan Hao, Xu Hai Feng and Chen Chao, as executive Directors; Chen Xin Ge, as a non-executive Director; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.

* *For identification purpose only*