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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022
AND
PROPOSED ADOPTION OF THE AMENDED AND
RESTATED MEMORANDUM AND
ARTICLES OF ASSOCIATION**

2022 FINANCIAL HIGHLIGHTS

- Contracted sales amounted to approximately RMB57,872.96 million, representing a decrease of approximately 62.79% as compared with the previous year.
- Revenue amounted to approximately RMB30,059.30 million, representing a decrease of approximately 9.69% as compared with the previous year.
- Gross loss amounted to approximately RMB6,119.57 million, representing a turnaround as compared with the gross profit of approximately RMB3,628.24 million in the previous year.
- Loss for the year amounted to approximately RMB12,439.95 million, representing a turnaround as compared with the profit for the year of approximately RMB1,726.73 million in the previous year.
- Loss attributable to owners of the Company amounted to approximately RMB11,234.84 million, representing a turnaround as compared with the profit attributable to owners of the Company of approximately RMB1,295.05 million in the previous year.
- Gearing ratio increased from 0.66 as at 31 December 2021 to 1.07 as at 31 December 2022.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 with comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	3	30,059,292	33,284,014
Cost of sales		<u>(36,178,859)</u>	<u>(29,655,775)</u>
Gross (loss)/profit		(6,119,567)	3,628,239
Selling and marketing costs		(971,652)	(1,289,729)
Administrative expenses		(1,009,598)	(1,198,308)
Net impairment (losses)/gains on financial assets		(788,322)	4,600
Fair value losses on investment properties		(739,009)	(32,252)
Other income		164,249	450,284
Other gains or losses		<u>(1,151,352)</u>	<u>707,308</u>
Operating (loss)/profit		(10,615,251)	2,270,142
Finance income	4	278,389	736,492
Finance costs	4	<u>(2,089,479)</u>	<u>(636,274)</u>
Finance (costs)/income – net	4	<u>(1,811,090)</u>	100,218
Share of net profit of investments accounted for using the equity method		<u>514,223</u>	<u>102,240</u>
(Loss)/profit before income tax		(11,912,118)	2,472,600
Income tax expenses	5	<u>(527,832)</u>	<u>(745,868)</u>
(Loss)/profit for the year		<u>(12,439,950)</u>	<u>1,726,732</u>
(Loss)/profit for the year attributable to:			
– Owners of the Company		(11,234,836)	1,295,049
– Non-controlling interests		<u>(1,205,114)</u>	<u>431,683</u>
		<u>(12,439,950)</u>	<u>1,726,732</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
– Basic (loss)/earnings per share	6	(6.67)	0.77
– Diluted (loss)/earnings per share	6	<u>(6.67)</u>	<u>0.77</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year	(12,439,950)	1,726,732
Other comprehensive income	<u> –</u>	<u> –</u>
Total comprehensive (loss)/income for the year	<u>(12,439,950)</u>	<u>1,726,732</u>
Total comprehensive (loss)/income for the year attributable to:		
– Owners of the Company	(11,234,836)	1,295,049
– Non-controlling interests	<u>(1,205,114)</u>	<u>431,683</u>
	<u>(12,439,950)</u>	<u>1,726,732</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,106,781	1,189,219
Investment properties		12,320,100	12,718,617
Right-of-use assets		406,304	436,949
Intangible assets		1,774	3,154
Investments accounted for using the equity method		5,453,874	11,855,096
Financial assets at fair value through profit or loss		488,005	689,668
Deferred tax assets		698,415	679,527
Total non-current assets		20,475,253	27,572,230
Current assets			
Properties under development		94,305,792	127,448,610
Completed properties held for sale		22,654,417	18,887,113
Contract assets		1,321,926	1,227,244
Trade and other receivables and prepayments	8	27,465,765	32,650,953
Amounts due from related parties		8,340,903	11,285,065
Prepaid taxation		4,698,486	3,864,324
Financial assets at fair value through profit or loss		425,874	448,854
Term deposits		781,000	3,852,874
Restricted cash		3,974,507	6,482,827
Cash and cash equivalents		4,788,429	11,719,745
Total current assets		168,757,099	217,867,609
Total assets		189,232,352	245,439,839
EQUITY			
Share capital		15	15
Share premium		3,082,681	3,082,681
Other reserves		3,104,266	15,221,902
Equity attributable to owners of the Company		6,186,962	18,304,598
Non-controlling interests		24,447,557	33,976,352
Total equity		30,634,519	52,280,950

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		22,618,556	34,044,222
Lease liabilities		5,777	20,643
Deferred tax liabilities		1,286,684	1,813,146
		<hr/>	<hr/>
Total non-current liabilities		23,911,017	35,878,011
Current liabilities			
Borrowings		19,785,112	22,733,699
Lease liabilities		14,189	13,175
Contract liabilities		80,638,097	90,094,226
Trade and other payables	9	21,713,796	29,594,152
Amounts due to related parties		7,075,544	9,087,530
Current tax liabilities		5,460,078	5,758,096
		<hr/>	<hr/>
Total current liabilities		134,686,816	157,280,878
		<hr/>	<hr/>
Total liabilities		158,597,833	193,158,889
		<hr/>	<hr/>
Total equity and liabilities		189,232,352	245,439,839
		<hr/>	<hr/>

1 BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (“HKCO”)

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the HKCO.

(b) Historical cost convention

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

(c) Going concern basis

For the year ended 31 December 2022, the Group incurred a loss for the year of approximately RMB12,439,950,000. As of 31 December 2022, the Group recorded net current assets of RMB34,070,283,000, and the Group’s current portion of borrowings amounted to RMB19,785,112,000, while its cash and cash equivalents (excluding restricted cash) amounted to RMB5,569,429,000.

Since the second half of 2021, the business environment of China’s real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry’s business environment. At the same time, the outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the Group’s operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from its properties and/or to obtain cash from external financing to meet its loan repayment obligations. Although the Company has endeavoured to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group’s operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty.

As stipulated in the announcement of the Company dated 10 July 2022, interest in the amount of US\$12,798,000 under the 8.1% senior notes due June 2023 (the “**June 2023 Notes**”) and interest in the amount of US\$15,067,500 under the 7.35% senior notes due December 2023 (the “**December 2023 Notes**”) were due on 9 June 2022 and 15 June 2022, respectively. The Company had a 30-day grace period to pay such interests. As of the date of approval of these consolidated financial statements, the Company has not made such payments.

If such non-payment continues, holders of at least 25% of the aggregate principal amount of the relevant outstanding senior notes at that time may, by written notice to the Company or the trustee, require the Company to pay the principal and accrued interest of the relevant outstanding senior notes immediately. As of the date of approval of these consolidated financial statements, the Company has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

As stipulated in the announcements of the Company dated 25 October 2022 and 26 January 2023, respectively, the 8.75% senior notes due 2022 (the “**October 2022 Notes**”) in the aggregate principal amount of US\$688,000,000 and the 8.95% senior notes due 2023 (the “**January 2023 Notes**”) in the aggregate principal amount of US\$413,000,000, issued by the Company and listed on the Singapore Exchange Securities Trading Limited matured on 25 October 2022 and 22 January 2023, respectively. The principal amount and the accrued and unpaid interest totalling US\$718,100,000 and US\$431,481,750, respectively, became due and payable. As of the date of approval of these consolidated financial statements, the Company has not made such payments.

If the Company fails to perform the obligations of repaying the debts due and cannot agree on a consensual solution to the corresponding indebtedness with creditors in a timely manner, it may cause the relevant creditors to demand accelerated repayment of the obligations of the relevant debts or take enforcement actions.

In addition, as at 31 December 2022, the Group did not repay certain borrowings of RMB6,248,911,000 according to their scheduled repayment dates. As a result, as at 31 December 2022, borrowings with the aggregate principal amount of RMB10,655,067,000 had become default. Subsequent to 31 December 2022, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

The above events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

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

- (i) the Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings, and has been negotiating with various banks and financial institutions to secure new sources of financing;
- (ii) the Group will actively engage with its creditors and seek external financial advisers for various feasible solutions to the relevant debts;
- (iii) the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have spurred buyers' interests and stimulated demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to the changing market environment to achieve the latest budgeted sales and pre-sales volumes and amounts; and
- (iv) the Group will continue to take active measures to control administrative costs and unnecessary capital expenditures to preserve liquidity.

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

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that 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.

(d) **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

Save as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* retrospectively for the first time in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 *Leases* (“**HKFRS 16**”) by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

(e) New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

The directors of the Company are in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

2 SEGMENT INFORMATION

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

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

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2022 (2021: same).

- (a) As at 31 December 2022, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2021: same).
- (b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: same).

3 REVENUE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers:		
Revenue from sales of properties		
– Recognised at point in time	28,640,290	31,703,628
Revenue from construction services, hotel operations and others:		
– Recognised at a point in time	596,845	481,507
– Recognised over time	646,434	934,577
Revenue from other sources – rental income	175,723	164,302
	<u>30,059,292</u>	<u>33,284,014</u>

4 FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income		
– Interest income from bank deposits	278,389	315,251
– Net foreign exchange gain	–	421,241
	<u>278,389</u>	<u>736,492</u>
Finance costs		
– Interest expenses of borrowings	(1,897,560)	(5,869,815)
– Less: capitalised interest	1,030,724	5,233,541
– Net foreign exchange loss	(1,222,643)	–
	<u>(2,089,479)</u>	<u>(636,274)</u>
Finance (cost)/income – net	<u>(1,811,090)</u>	<u>100,218</u>

5 INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax (“CIT”)	571,934	738,717
PRC land appreciation tax (“LAT”)	102,175	120,859
	<u>674,109</u>	<u>859,576</u>
Deferred income tax:		
CIT	(146,277)	(113,708)
Income tax expenses	<u>527,832</u>	<u>745,868</u>

CIT

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof.

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

LAT

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

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

PRC dividend withholding income tax

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

Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2022 (2021: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2022 (2021: nil).

Overseas income tax

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

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	<u>(11,234,836)</u>	<u>1,295,049</u>
Weighted average number of ordinary shares in issue	<u>1,683,431,417</u>	<u>1,683,782,376</u>
Basic (loss)/earnings per share (RMB per share)	<u>(6.67)</u>	<u>0.77</u>

(b) Diluted (loss)/earnings per share

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

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	<u>(11,234,836)</u>	<u>1,295,049</u>
Weighted average number of ordinary shares in issue	<u>1,683,431,417</u>	<u>1,683,782,376</u>
Adjustments – share options and awarded shares	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share	<u>1,683,431,417</u>	<u>1,683,782,376</u>
Diluted (loss)/earnings per share (RMB per share)	<u>(6.67)</u>	<u>0.77</u>

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share option because the exercise price of those options were higher than the average market price for share for the year 2022 and 2021.

The Company repurchased and cancelled 1,830,000 of its own ordinary shares of the Company during the year ended 31 December 2021 (2022: nil).

7 DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)	<u>45,395</u>	<u>798,941</u>
Other receivables:		
– Amounts due from minority interests	11,198,314	8,594,504
– Deposits for acquisition of land use rights and property development projects	8,359,431	8,832,887
– Other amounts due from third parties	1,752,904	2,496,070
– Deposits for construction contracts	291,801	436,842
– Others	186,294	44,692
Less: loss allowance	<u>(813,601)</u>	<u>(25,279)</u>
	<u>20,975,143</u>	<u>20,379,716</u>
Prepayments:		
– Prepayments for acquisition of land use rights	1,230,590	6,897,082
– Prepaid value added tax, business taxes and other taxes	5,051,471	4,440,430
– Others	<u>163,166</u>	<u>134,784</u>
	<u>6,445,227</u>	<u>11,472,296</u>
	<u>27,465,765</u>	<u>32,650,953</u>

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

Ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within one year	9,333	798,941
Over one year	<u>36,062</u>	<u>–</u>
	<u>45,395</u>	<u>798,941</u>

9 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)	<u>6,902,760</u>	<u>12,983,551</u>
Notes payable	<u>485,721</u>	<u>491,684</u>
Other payables:		
– Amounts due to minority interests	3,410,852	5,425,108
– Deposits received for sales of properties	572,118	204,726
– Other taxes payable	7,877,079	8,519,442
– Interests payable	1,244,437	632,857
– Deposits from contractors and suppliers	960,423	916,770
– Accrued payroll	125,152	175,986
– Dividend payable	42,288	4,724
– Others	92,966	239,304
	<u>21,713,796</u>	<u>29,594,152</u>

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within one year	5,412,046	9,873,830
Over one year	1,490,714	3,109,721
	<u>6,902,760</u>	<u>12,983,551</u>

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2022 (the “**Year**”).

Market Review

In 2022, China suffered a relapse of COVID-19 pandemic (the “**Pandemic**”). After steady growth in the first quarter, the economic activities slowed down in the second quarter due to impact of the Pandemic. Thanks to the favorable signals released on the policy side as well as the optimization of the Pandemic prevention and control measures since the third quarter, China accelerated its pace in gross economic output recovery, demonstrating a strong resilience of the Chinese economy. China’s gross domestic product (“**GDP**”) grew by 3.0% year-on-year, indicating positive results in its efficient and coordinated Pandemic prevention and control efforts as well as economic and social development, which helped to stabilize the macro economy, with gross economic output growing continuously and the quality of development steadily improving.

During the Year, in order to boost market confidence, local governments vigorously implemented city-specific policies to stimulate the demand in real estate market, such as lowering down payment ratio and mortgage interest rate, and canceling purchase restriction. In addition, they introduced various measures to facilitate the resumption of work, guarantee delivery of real estate development projects, and ensure people’s livelihood. Meanwhile, various measures have been taken to mitigate the risk exposure of those high-quality real estate enterprises in financing, including bank financing, bond issuance and equity financing, collectively known as the “**Three Arrows**”. According to the National Bureau of Statistics, China achieved annual sales of commercial properties amounting to RMB13,330.8 billion in 2022, representing a year-on-year decrease of 26.7%, with a total GFA of 1,358.37 million sq.m., representing a year-on-year decrease of 24.3%.

Business Review

Under the circumstances that cities were affected by the Pandemic and the real estate market was going down in 2022, the Group maintained its focus on Yangtze River Delta and the West Coast of the Taiwan Straits so as to consolidate its advantages of strategic regional layout, while striving to strengthen its operations and management to ensure successful project development and delivery in all aspects. During the Year, the Group recorded annual contracted sales of approximately RMB57.9 billion, with a total contracted GFA of approximately 2.51 million sq.m. and an average selling price of approximately RMB23,061 per sq.m. During the Year, the Group launched a number of projects and earned itself a good reputation in the market for its outstanding products and services.

In respect of land reserves, the Group adhered to the principle of steady development, mainly focusing on first- and second-tier cities. As at 31 December 2022, the Group had a total of 242 projects nationwide with a total land reserve of approximately 24.92 million sq.m.. Among them, the first- and second-tier cities accounted for 83%. The Company believes that the excellent land reserve structure would provide a solid foundation for the development of the Company. Meanwhile, the Group will continue to deepen the cultivation of high-quality projects in the existing core cities, commit to improving operational efficiency and create synergies, so as to enhance its brand influence.

During the Year, the risks in real estate-related debts were particularly prominent, which imposed great difficulties on the operation of real estate enterprises. In such a challenging situation, the Group adhered to its prudent development strategy, reduced its financial leverage in an orderly manner, and properly managed its cash flow. As at 31 December 2022, the Group's interest-bearing liabilities amounted to approximately RMB42.4 billion. The Group took proactive steps in debt management and actively repaid its debts, e.g. repurchasing a number of senior notes in the secondary market in addition to repaying a number of maturing domestic and offshore public bonds on time. Meanwhile, the Group focused on transparency management and actively maintained communication with the market through voluntary announcements, investor relations activities, etc. In addition, the Group adopted a number of measures to ensure stable operation and enhance liquidity, including but not limited to enhancing its sales and cash collection efforts, diversifying financing channels, reasonably reducing operating costs, negotiating for the extensions of some existing debts, and disposing of certain assets, etc.

In spite of all the challenges in the industry, the Group strove to maintain the quality of its products and services and received wide-spread acknowledgement in the industry. During the Year, the Group won a number of prestigious awards, including “Top 21 China Real Estate Development Enterprises of 2022 in Comprehensive Capability (2022中國房地產開發企業綜合實力21強)”, “No.3 China Real Estate Development Enterprises of 2022 in Comprehensive Development (2022房地產開發企業綜合發展第三名)”, and “34th Among Top 100 China Real Estate Developers of 2022 in Product Strength (2022年中國房地產企業產品力TOP100第34名)”, highlighting the recognition of its brilliant performance by the industry and the market. In addition, the Group's premium projects won several design awards during the Year. For instance, Hangzhou Rivers Mansion (杭州江河盛會) won the “Platinum Award of the 2022 TITAN Property Award”; Fuzhou Residence (福州國公館) won the “2022 Award for the Most Treasured Urban Cultural Mansion”; and Chengdu Century Manyun (成都世紀縵雲) won the “2022 IDA Design Award”, attracting considerable attention from the industry both at home and abroad.

The Group is committed to all-around development in environment, society and governance (ESG) in addition to deep cultivation in key cities, and actively fulfills its social responsibility. During the Year, given the repeated outbreaks of the Pandemic, the Ronshine Public Welfare Foundation actively provided daily necessities and anti-pandemic materials to the affected areas in addition to organizing public welfare activities such as free haircuts and welfare farming actions. Besides, the Group upheld its commitment by simplifying the delivery process through the one-stop window and arranging for inspectors to accompany the customers throughout the inspection and acceptance process so as to enhance customers' experience. During the Year, the Group was awarded the "Best ESG Award" by Zhitong Caijing in recognition of its persistent efforts in fulfilling its social responsibilities.

Prospects

In 2023, China officially entered the post-Pandemic era, and benefiting from the monetary easing and stimulative policies promulgated, its economy is expected to recover moderately. However, as the international situation remains complex and volatile, many countries around the world are facing increasing risk of economic recession amidst widespread global interest rate hikes. In addition, geopolitical conflicts will pose certain risks to the development of the global economy. In respect of the real estate market, it is expected that, with the policy keynote of keeping land costs, housing prices and market expectations stable and the principle of "housing is for living, not for speculation", local governments will continue to introduce various policies and measures to support real estate development, with the aim of achieving virtuous circle and healthy development of the industry.

Looking forward, the Group will continue to deepen its layout in Yangtze River Delta, the West Coast of the Taiwan Straits and other regions, strengthen its advantages in in-depth layout, actively respond to market opportunities and challenges with its persistence in enhancing the quality of products and services, and make unremitting efforts to improve customers' living environment and create happy lives.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to the shareholders of the Company (the "**Shareholders**"), as well as our customers and partners for their long-term support to and trust in Ronshine. I would also like to express my heartfelt gratitude to the Directors, management team and all employees for their hard work and dedication over the past year. In 2023, the Group will continue to adhere to its vision of "becoming a leading, high-quality property developer and service provider offering an ideal lifestyle", and meanwhile, with dedication and innovation, construct the framework for the future city and create greater value for our Shareholders and investors.

Ou Zonghong
Chairman

Hong Kong, 31 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the year ended		Change in percentage
	31 December 2022	2021	
Contracted sales			
Contracted sales amount (<i>RMB'000</i>) ⁽¹⁾	57,872,962	155,520,220	-62.79%
Contracted gross floor area (<i>sq.m.</i>)	2,509,511	7,336,614	-65.79%
Average unit price of contracted sales (<i>RMB/sq.m.</i>)	23,061	21,198	8.79%
Property delivered			
Revenue from delivery of properties (<i>RMB'000</i>)	28,640,290	31,703,628	-9.66%
Delivered gross floor area (<i>sq.m.</i>)	1,312,231	2,284,714	-42.56%
Recognised average selling price of properties delivered (<i>RMB/sq.m.</i>)	23,236	13,876	67.45%
Revenue (<i>RMB'000</i>)	30,059,292	33,284,014	-9.69%
Cost of Sales (<i>RMB'000</i>)	36,178,859	29,655,776	22.00%
Gross (loss)/profit (<i>RMB'000</i>)	(6,119,567)	3,628,238	-268.66%
Other income and other (loss)/gain – net (<i>RMB'000</i>)	(987,103)	1,157,592	-185.27%
(Loss)/profit before income tax (<i>RMB'000</i>)	(11,912,118)	2,472,599	-581.77%
(Loss)/profit for the year (<i>RMB'000</i>)	(12,439,950)	1,726,731	-820.43%
– attributable to owners of the Company (<i>RMB'000</i>)	(11,234,836)	1,295,048	-967.52%
– attributable to non-controlling interests (<i>RMB'000</i>)	(1,205,114)	431,683	-379.17%
– attributable to holders of Perpetual Capital Instruments (<i>RMB'000</i>)	–	–	–
Gross (loss)/profit margin ⁽²⁾	(20.36)%	10.90%	-286.79%
Net (loss)/profit margin ⁽³⁾	(41.38)%	5.19%	-897.72%
Total assets (<i>RMB'000</i>)	189,232,352	245,439,839	-13.45%
Total liabilities (<i>RMB'000</i>)	158,597,833	193,158,889	-10.37%
Total equity (<i>RMB'000</i>)	30,634,519	52,280,950	-41.40%
Capital and reserve attributable to owners of the Company (<i>RMB'000</i>)	6,186,962	18,304,598	-66.20%
Current ratio ⁽⁴⁾	1.25 times	1.39 times	-9.55%
Gearing ratio ⁽⁵⁾	1.07	0.66	61.50%

Notes:

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

Property Development

Contracted Sales

For the year ended 31 December 2022, the Group achieved contracted sales of approximately RMB57,872.96 million, representing a decrease of approximately 62.79% compared with approximately RMB155,520.22 million for the year ended 31 December 2021. This decrease was mainly attributable to the decrease in the total gross floor area (“GFA”) of the Group’s contracted sales by approximately 65.79% from approximately 7,336,614 sq.m. for the year ended 31 December 2021 to approximately 2,509,511 sq.m. for the year ended 31 December 2022.

The amount of the Group’s contracted sales in Shanghai, Hangzhou, Fuzhou, Nanjing, Suzhou, Qingdao, Chongqing, Chengdu and Fuyang accounted for (i) approximately 81.94% of the Group’s total contracted sales for the year ended 31 December 2022, and (ii) approximately 65.77% of the Group’s total GFA of contracted sales for the year ended 31 December 2022. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2022:

	Amount <i>(RMB million)</i>	Percentage <i>(%)</i>	GFA <i>(sq.m.)</i>	Percentage <i>(%)</i>	Average selling price <i>(RMB/sq.m.)</i>
Shanghai	20,951.31	36.20	236,724.73	9.43	8.85
Hangzhou	8,298.88	14.34	279,488.83	11.14	2.97
Fuzhou	6,010.19	10.39	346,396.84	13.80	1.75
Nanjing	2,999.14	5.18	158,979.49	6.34	1.89
Suzhou	2,414.82	4.17	117,444.21	4.68	2.06
Qingdao	1,795.66	3.10	118,211.90	4.71	1.52
Chongqing	1,816.80	3.14	144,613.33	5.76	1.26
Chengdu	1,540.60	2.66	87,601.18	3.49	1.76
Fuyang	1,590.97	2.75	161,150.03	6.42	0.99
Others	10,454.61	18.06	858,900.47	34.23	1.22
Total	57,872.96	100	2,509,511	100	2.31

Projects completed

For the year ended 31 December 2022, the Group and its joint ventures and associates had completed a total of 65 projects or phases of projects, with a total GFA of 7,957,107.60 sq.m. (4,133,640.86 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Projects under construction

As at 31 December 2022, the Group and its associates and joint ventures had a total of 74 projects or phases of projects under construction, with a total planned GFA of 17,030,961.67 sq.m. (9,590,654.05 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2022, the Group did not acquire any land parcels.

As at 31 December 2022, the total GFA of the Group's land reserve was approximately 24.9 million sq.m. among which, approximately 9.3 million sq.m. were completed properties held for sale, approximately 14.7 million sq.m. were under construction, and approximately 0.9 million sq.m. were held for future development.

As at 31 December 2022, the average cost per sq.m. of the Group's land reserve decreased from RMB8,202 for the year ended 31 December 2021 to RMB8,022 for the year ended 31 December 2022. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its sales and cash flows.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2022:

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuzhou	Fuzhou Ronghui Hot Spring City (福州融匯溫泉城)	681	64.44	1,610
Fuzhou	Fuzhou Nice Villa (福州有墅)	15	4.47	486
Xiamen	Xiamen Boyue Bay (廈門鉅悅灣)	395	2.78	23,207
Shanghai	Shanghai Platinum (上海鉅爵)	140	1.47	15,409
Shanghai	Shanghai Zhongxing Road (上海中興路)	3,413	4.98	100,091
Nanjing	Nanjing Boan Center (南京鉅岸中心)	435	28.42	2,515

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	378	3.80	13,576
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	336	3.97	10,897
Nanjing	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	566	5.92	12,842
Tianjin	Tianjin West Coast (天津西海岸)	1,049	15.85	8,238
Tianjin	Tianjin Jinnan (天津津南府)	1,073	12.49	12,959
Putian	Putian Ronshine (莆田融信府)	290	3.85	10,032
Guangzhou	Guangzhou Tianyue (廣州天樾府)	835	8.07	14,999
Xiamen	Xiamen Century (廈門世紀)	284	1.54	31,520
Chongqing	Chongqing Lan Bay (重慶瀾灣)	422	9.59	6,189
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	307	8.00	5,101
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	589	30.58	2,577
Hangzhou	Hangzhou Century (杭州世紀)	1,859	8.95	30,816
Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	153	20.63	912
Nanjing	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	351	4.11	12,130
Nanjing	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	170	2.67	9,464
Jinhua	Jinhua Yuejiang (金華悅江府)	68	1.10	8,467
Hangzhou	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	2,113	7.46	40,542
Hangzhou	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	642	3.76	24,704
Fuzhou	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	198	3.61	7,340
Zhengzhou	Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城-蘇派-1)	190	34.42	470
Fuzhou	Fuzhou Lan Sky (福州瀾天)	353	2.13	21,973
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	306	5.92	4,324
Hangzhou	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	308	2.94	16,005
Fuzhou	Changle Yujingwan (長樂禦景灣)	18	1.04	2,137
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	11	2.04	714
Lu'an	Lu'an Jiangwancheng (六安江灣城)	41	2.61	1,984
Fuyang	Xingfu Li • East County (幸福里 • 東郡)	108	9.44	2,235
Xi'an	Chang'an XiYue (長安熙悅)	8	2.11	446
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	94	2.58	4,837
Hangzhou	Hangzhou Liwang NEO1 (杭州厘望NEO1)	408	1.90	31,551
Jiaxing	Haining Lanting (海寧瀾庭)	154	2.98	7,200
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	186	4.56	5,599
Hangzhou	Hangzhou Xianghu Yuezhang (杭州湘湖悅章)	3,245	27.06	17,134
Huzhou	Anji Yuejiang (安吉悅江府)	236	11.09	2,986

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城－中喬－1)	240	45.52	722
Chengdu	Chengdu Lan Sky (成都瀾天)	57	1.97	4,200
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	17	1.03	2,102
Zhengzhou	Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城－蘇派－2)	122	32.98	550
Qingdao	The Ocean Costal (青島海月星灣)	337	16.02	3,504
Fuzhou	Fuzhou Park Left Bank Project (福州公園左岸)	143	0.87	21,731
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	102	3.44	3,939
Shanghai	Shanghai Yangpu Lot (上海楊浦平涼地塊)	413	2.67	25,397
Fuzhou	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0.40	7,687
Xi'an	Hailiang • Yuchen (海亮 • 御宸)	23	0.57	4,821
Zhengzhou	Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城－德藍－1)	230	57.66	520
Zhengzhou	Zhengzhou Olympic Century-1 (鄭州奧體世紀－1)	185	13.55	2,264
Suzhou	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4.35	19,235
Hangzhou	Hangzhou Qinlan (杭州沁瀾)	340	2.49	21,211
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	172	2.81	8,216
Fuzhou	Changle Lanshan (長樂瀾山)	290	7.66	5,005
Chongqing	Chongqing Haiyue Pinghu (重慶海月平湖)	632	9.50	11,149
Jiangmen	Jiangmen Guoyue House (江門國樾府)	146	3.37	5,847
Hangzhou	Hangzhou Tianlang House (杭州天瑯府)	664	5.14	19,433
Huzhou	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	386	9.40	6,095
Wenzhou	Wenzhou Jinlin House (溫州金麟府)	39	0.60	8,500
Huzhou	Huzhou Rongjing Garden (湖州融璟園)	225	7.17	5,457
Jinhua	Tianyang River Mansion (天陽雲棲江境)	275	3.81	10,562
Tianjin	Tianjin Lanyue 3 (天津瀾悅3號)	92	1.03	13,001
Tianjin	Tianjin Lanyue 4 (天津瀾悅4號)	300	3.58	11,742
Changzhou	Changzhou Lanyue (常州瀾悅)	395	5.58	9,313
Zhangzhou	Changtai Luxi County (長泰鷺西郡)	45	4.97	1,127
Hangzhou	Baolong Lin'an Project (寶龍臨安項目)	280	6.75	6,128
Fuzhou	Pingtlan Lanchen (平潭瀾宸)	527	12.02	5,549
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	331	8.65	5,167
Fuyang	Fuyang Linqun Project (阜陽臨泉項目)	18	1.10	2,115
Hangzhou	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5.05	5,546
Shaoxing	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	24	0.93	3,492

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhengzhou	Zhengzhou City of Times (鄭州時光之城)	928	39.86	3,167
Jiangmen	Jiangmen Mansion (江門學院府)	332	9.28	4,800
Wenzhou	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	300	3.44	13,004
Suzhou	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	285	5.40	6,843
Chengdu	Shui Nian River (水碾河)	35	0.36	13,500
Chengdu	Chengdu Ruilian (成都瑞聯)	185	2.05	14,300
Chongqing	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	374	5.78	9,600
Chongqing	Tan Zi Kou (灘子口)	38	0.59	9,255
Nantong	Nantong Lan Chen (南通瀾宸)	258	4.63	8,537
Fuzhou	Fuzhou CBD49 Lot (福州 CBD49地塊)	482	4.59	14,497
Shaoxing	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	174	3.08	7,943
Wenzhou	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4.37	8,510
Qingdao	Qingdao Manshan Lanting (青島縵山蘭亭)	75	4.64	2,386
Chengdu	Chengdu Jinniu 16 mu (成都金牛16畝)	183	1.80	14,200
Nanjing	Nanjing 2019G87 (南京2019G87)	766	6.46	16,628
Nanjing	Nanjing 2019G94 (南京2019G94)	415	3.37	19,019
Suzhou	Kunshan Bacheng Lot (昆山巴城地塊)	168	4.11	5,582
Hangzhou	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	4.34	14,578
Zhengzhou	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	596	25.60	3,134
Taiyuan	Taiyuan City of Times-1 (太原時光之城-1)	483	44.36	1,355
Zhengzhou	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	18	2.85	790
Zhengzhou	Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	18	3.13	751
Zhengzhou	Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	154	30.65	717
Hangzhou	Hangzhou Zhanwang (杭州展望)	1,702	9.75	25,116
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	4.67	5,383
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	490	17.91	3,901
Wenzhou	Wenzhou Rongwang (溫州榮望)	282	5.30	7,203
Fuyang	Fuyang Yingzhou Project (阜陽潁州項目)	427	18.13	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	437	14.90	3,999
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	937	9.23	14,197
Taiyuan	Taiyuan City of Times-2 (太原時光之城-2)	383	38.31	1,222
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13.39	17,388
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	133	2.25	8,634
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	665	5.82	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	1,804	10.05	23,558

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	368	5.95	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	4,132	38.19	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	110	4.48	3,578
Nanjing	Nanjing Qinglan (南京青瀾)	780	6.36	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	467	4.76	12,263
Baoding	Baoding Jinyue City (保定金悅城)	131	5.09	3,979
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	941	7.53	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	2,307	6.23	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	532	3.71	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8.06	2,855
Shanghai	Shanghai Parallel Impression (上海海納印象)	4,871	17.60	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	76	10.29	897
Fuyang	Linqan Junyue Mansion (臨泉君樾府)	134	6.71	2,592
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	55	2.53	2,811
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	202	2.07	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	57	4.33	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	486	12.53	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	149	2.48	8,281
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5.00	3,903
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	107	4.07	3,650
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2.23	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	2.00	12,859
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	3.73	72,000
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	103	4.36	3,343
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城－蘇派－4)	16	16.08	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城－德藍－3)	8	1.29	751
Taiyuan	Taiyuan City of Times-3 (太原時光之城－3)	371	32.78	1,294
Suzhou	Changshu Project (常熟項目)	275	5.74	6,662
Hangzhou	Hangzhou Xingyao Beixi Project (杭州興耀市北西項目)	148	0.80	25,962
Chengdu	95 mu next to Longteng Chongzhou Wanda Plaza (隆騰崇州萬達廣場旁95畝)	348	8.07	5,718
Chengdu	Chengdu Qingbaijiang Project (成都青白江項目)	116	8.01	2,048
Mianyang	Wanwei Mianyang Economic Development Zone 105 mu (萬為綿陽經開區105畝)	256	11.55	2,932
Putian	Xianyou Construction and Development Cooperation Project (仙遊建發合作項目)	42	1.65	2,784
Hangzhou	Yue Zhen Mansion (樾臻府)	62	1.86	4,375
Zhengzhou	Zhengzhou City of Times - 2 (鄭州時光之城－2)	469	15.31	2,501

Region	Project Name	Total land value (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhengzhou	Zhengzhou Olympic Century – 3 (鄭州奧體世紀–3)	402	15.83	3,485
Suzhou	Suzhou Huangqiao Project (蘇州黃橋項目)	784	7.12	14,784
Huzhou	Huzhou Xifengyang Project (湖州西鳳漾項目)	690	16.46	5,794
Huzhou	Huzhou Xifengyang 2# Lot (湖州市西鳳漾2#地塊)	612	13.65	6,475
Lianyungang	Lianyungang Urban Park East District (連雲港海納春江東區)	623	9.80	8,856
Lianyungang	Lianyungang Urban Park West District (連雲港海納春江西區)	597	0.69	6,518
Hangzhou	Hangzhou Science City 11 Lot (杭州科技城11號地塊)	2,481	17.20	19,474
Hangzhou	Hangzhou Aoshi Mansion (杭州傲世邸)	1,482	6.55	27,253
Hangzhou	Hangzhou Sibao Qibao 16 Lot (杭州四堡七堡16地塊)	242	0.79	44,364
Hangzhou	Hangzhou Linglong Mountain 18 Lot (杭州玲瓏山18號地塊)	306	3.28	13,890
Hangzhou	Hangzhou Pengbu Commercial Lot (杭州彭埠商業地塊)	160	2.34	12,278
Fuzhou	Fuzhou Lan Bay (福州瀾灣)	377	5.67	8,955
Fuzhou	Fuzhou China Trend Chaoyue (福州海納新潮潮悅)	136	2.61	7,087
Fuzhou	Fuzhou Residence (福州國公館)	1,420	21.11	9,921
Xi'an	Xi'an Sandi 115 mu Project (西安三迪115畝項目)	378	7.05	7,397
Xi'an	Xi'an Sandi 86 mu Project (西安三迪86畝項目)	301	5.54	7,653
Wenzhou	East Wenzhou Pingyang New District B-09, 11 Lot (溫州平陽城東新區B-09、11地塊)	714	12.66	7,607
Putian	Putian Ronshine Yuezhu (莆田融信悅著)	97	2.82	4,796
Chengdu	Chengdu Qingyang 23 mu (成都青羊23畝)	385	5.42	10,498
Chengdu	Chengdu Traffic Lane 9.5 mu (成都交通巷9.5畝)	357	2.91	18,699
Xuzhou	Xuzhou Xinyi Project (徐州新沂項目)	372	13.64	3,360
Suzhou	Suzhou Science City Project (蘇州科技城項目)	416	3.76	15,647
Shanghai	Shanghai Baoshan Luodian Project (上海寶山羅店項目)	551	3.50	22,340
Nantong	Nantong Chongchuan Park Road Lot (南通崇川園林路地塊)	667	6.92	13,340
Weinan	Lanzhou Yuelan Time's Trace (蘭州樂瀾·時光印)	62	8.07	709
Lanzhou	Weinan Wenquetai (渭南文關台)	78	5.81	2,393
Mengcheng	Mengcheng Chengnan New District Lot (蒙城城南新區地塊)	81	5.63	1,752
		81,948	1,503	8,022

Financial review

Revenue

The Group's revenue decreased by approximately 9.69% from approximately RMB33,284.01 million for the year ended 31 December 2021 to approximately RMB30,059.29 million for the year ended 31 December 2022. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing; and (iii) the rental income generated from the leasing of investment properties, hotel operations and others.

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

	For the year ended		Change in percentage
	31 December 2022	2021	
	RMB'000	RMB'000	
Revenue			
Sales of properties	28,640,290	31,703,628	-9.66%
Construction services	646,434	934,577	-30.83%
Rental income, hotel operations and others	772,568	645,809	19.63%
Total	<u>30,059,292</u>	<u>33,284,014</u>	-9.69%

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

- (i) the decrease in the recognised GFA of properties delivered by the Group by approximately 42.56% from 2,284,714 sq.m. for the year ended 31 December 2021 to 1,312,231 sq.m. for the year ended 31 December 2022;
- (ii) the decrease in revenue generated from construction services by approximately 30.83% from approximately RMB934.58 million for the year ended 31 December 2021 to approximately RMB646.43 million for the year ended 31 December 2022; and
- (iii) the increase in rental income generated from investment properties from approximately RMB164.30 million for the year ended 31 December 2021 to approximately RMB175.72 million for the year ended 31 December 2022. The others comprise mainly of revenue from hotel operations and provision of consultation services. During the year ended 31 December 2022, revenue from hotel operations of the Group was approximately RMB116.55 million.

Revenue generated from the sales of properties amounted to approximately RMB28,640.29 million for the year ended 31 December 2022. The following table sets forth details of revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2022:

	For the year ended 31 December					
	2022	2022	Average	2021	2021	Average
Revenue	GFA	delivered	selling	Revenue	GFA	selling
(RMB	by the	by the	price	(RMB	by the	price
million)	Group	Group	(RMB/	million)	Group	(RMB/
million)	(sq.m.)	(sq.m.)	sq.m.)	million)	(sq.m.)	sq.m.)
Shanghai	7,614	95,592	79,656	25	365	68,163
Hangzhou	5,740	117,693	48,772	5,548	288,349	19,242
Fuzhou	3,122	195,327	15,986	2,441	131,786	18,519
Nanjing	2,186	91,584	23,869	961	52,889	18,172
Zhangzhou	1,835	180,874	10,145	178	40,800	4,373
Others	8,142	631,162	12,901	22,551	1,770,525	12,737
Total	28,640	1,312,231	21,826	31,704	2,284,714	13,876

Cost of sales

The Group's cost of sales mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge. The Group's cost of sales increased by approximately 22% from approximately RMB29,655.78 million for the year ended 31 December 2021 to approximately RMB36,178.86 million for the year ended 31 December 2022.

Gross loss/profit and gross loss/profit margin

Gross loss/profit represents revenue less cost of sales. As a result of the foregoing, there was a turnaround from gross profit of approximately RMB3,628.24 million for the year ended 31 December 2021 to gross loss of approximately RMB6,119.57 million for the year ended 31 December 2022.

The Group recorded a gross profit margin of approximately 10.90% for the year ended 31 December 2021 and a gross loss margin of approximately 20.36% for the year ended 31 December 2022, primarily because the Group delivered different portfolios of properties and the provision for impairment of inventories increased significantly in 2022 as compared with 2021.

Selling and marketing costs

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

The Group's selling and marketing costs decreased by approximately 24.66% from approximately RMB1,289.73 million for the year ended 31 December 2021 to approximately RMB971.65 million for the year ended 31 December 2022, primarily due to the decreased advertisement expenses and property management service fee.

Administrative expenses

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

The Group's administrative expenses decreased by approximately 15.75% from approximately RMB1,198.31 million for the year ended 31 December 2021 to approximately RMB1,009.60 million for the year ended 31 December 2022, mainly attributable to the increase in impairment losses on current accounts of the Group.

Fair value losses on investment properties

The Group recorded fair value losses of approximately RMB32.25 million for the year ended 31 December 2021 and fair value losses of approximately RMB739.01 million for the year ended 31 December 2022 due to a decrease in the market price of its investment properties.

Other income

The Group's other income primarily includes (i) interest income; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income decreased by approximately 63.52% from approximately RMB450.28 million for the year ended 31 December 2021 to approximately RMB164.25 million for the year ended 31 December 2022.

Other gains or losses

The Group's gains or losses primarily include (i) losses/gains from financial assets at fair value through profit or loss; (ii) losses/gains from bond repurchase; and (iii) losses/gains from disposal of subsidiaries and an associate. The Group recorded other net gains of approximately RMB707.31 million for the year ended 31 December 2021 and other net losses of approximately RMB1,151.35 million for the year ended 31 December 2022. The turnaround was primarily due to the losses from disposal of several projects by the Group.

Operating loss/profit

The Group recorded operating profit of approximately RMB2,270.14 million for the year ended 31 December 2021 as compared to operating loss of approximately RMB10,615.25 million for the year ended 31 December 2022. The turnaround was primarily due to the projects with lower gross profit recognised during the Year and the increase in provision for impairment of available-for-sale property projects and self-held property projects.

Finance income/costs – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded net finance income of approximately RMB100.22 million for the year ended 31 December 2021 and net finance costs of approximately RMB1,811.09 million for the year ended 31 December 2022. This variance was primarily due to the decrease in net foreign exchange gains of approximately RMB1,222.64 million and decrease of interest income from bank deposits of approximately RMB36.86 million.

Loss/profit before income tax

As a result of the aforementioned changes of the Group's financials, there was a turnaround from profit before income tax of approximately RMB2,472.60 million for the year ended 31 December 2021 to loss before income tax of approximately RMB11,912.12 million for the year ended 31 December 2022.

Income tax expense

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

The Group recorded income tax expenses of approximately RMB745.87 million for the year ended 31 December 2021 and approximately RMB527.83 million for the year ended 31 December 2022. Specifically, the Group recorded CIT (including deferred income tax) expenses of approximately RMB425.66 million for the year ended 31 December 2022 as compared with CIT (including deferred income tax) expenses of approximately RMB625.01 million for the year ended 31 December 2021, while the Group's LAT expenses decreased by approximately 15.46% from approximately RMB120.86 million for the year ended 31 December 2021 to approximately RMB102.18 million for the year ended 31 December 2022.

Loss/profit for the year attributable to owners of the Company

As a result of the foregoing factors, there was a turnaround from the Group's profit for the year attributable to owners of the Company of approximately RMB1,295.05 million for the year ended 31 December 2021 to loss for the year attributable to owners of the Company of approximately RMB11,234.84 million for the year ended 31 December 2022.

Loss/profit for the year attributable to non-controlling interests

There was a turnaround from profit for the year attributable to non-controlling interests of approximately RMB431.68 million for the year ended 31 December 2021 to loss for the year attributable to non-controlling interests of approximately RMB1,205.11 million for the year ended 31 December 2022. The decrease was primarily due to the recognition of revenue from sales of properties during the year ended 31 December 2022 in the respective projects, which were jointly developed with non-controlling parties.

Financing Activities

Repayment of Notes and ABS

As at 24 February 2022, cancellation of the outstanding 10.5% senior notes due 2022 (the “Notes”) repurchased by the Company in an aggregate principal amount of US\$193,900,000 was completed, representing approximately 38.78% of the aggregate principal amount of the Notes issued. The Notes matured on 1 March 2022 and was fully repaid by the Company.

On 25 February 2022, the Company announced that it has arranged all necessary funds to be remitted from its onshore bank accounts in the PRC to its offshore repayment account, to repay the outstanding Notes due to mature on 1 March 2022 (ISIN: XS1957481440) in the principal amount of US\$262,590,000 with accrued and unpaid interest of US\$23,965,725, amounting to US\$286,555,725.

On 27 April 2022, the Company announced that it has arranged funds of RMB726,878,000 to be remitted into a designated depository account to repay relevant asset-backed security (“ABS”) of the Company known as “Zhongshan Securities - Ronshine Group Tranche 3 Asset-backed Special Programme” (中山證券－融信集團3期資產支持專項計劃) due to mature on 29 April 2022 in the senior principal amount of RMB716,835,000, senior interest amount of RMB9,385,520.66 and the relevant taxes and fees.

For more details, please refer to the announcements of the Company dated 20 February 2022, 22 February 2022, 24 February 2022, 25 February 2022 and 27 April 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group’s net current assets amounted to approximately RMB34,070.28 million (31 December 2021: approximately RMB60,586.73 million). Specifically, the Group’s total current assets decreased by approximately 22.54% from approximately RMB217,867.61 million as at 31 December 2021 to approximately RMB168,757.10 million as at 31 December 2022. The Group’s total current liabilities decreased by approximately 14.37% from approximately RMB157,280.88 million as at 31 December 2021 to approximately RMB134,686.82 million as at 31 December 2022. The decrease in the Group’s total current assets was primarily attributable to the decrease in properties under development by approximately 26.00% from approximately RMB127,448.61 million as at 31 December 2021 to approximately RMB94,305.79 million as at 31 December 2022.

As at 31 December 2022, the Group had cash and bank balances of approximately RMB9,543.94 million (31 December 2021: approximately RMB22,055.45 million), total borrowings of approximately RMB42,403.69 million (31 December 2021: approximately RMB56,777.92 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.86% (including bank borrowings, trust and other borrowings, domestic corporate bonds, senior notes and asset-backed securities) (31 December 2021: approximately 6.36%).

As at 31 December 2022, the aggregated issued amount of the domestic corporate bonds was approximately RMB24,162.61 million, representing approximately 56.98% of the total borrowings of the Group.

Since the second half of 2021, the business environment of China's real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry's business environment. At the same time, the outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the Group's operations. As a result of the impact brought by the above factors, the Group takes longer time than expected to realise cash from its properties and/or have the cash from external financing to meet its loan repayment obligations.

As set out in the announcement dated 10 July 2022, interest in the amount of US\$12,798,000 under the 8.1% senior notes due June 2023 (the "**June 2023 Notes**") and interest in the amount of US\$15,067,500 under the 7.35% senior notes due December 2023 (the "**December 2023 Notes**") were due on 9 June 2022 and 15 June 2022, respectively. The Company had a 30-day grace period to pay such interests. As of the date of this announcement, the Company has not made the above interest payments and has not received any notice regarding accelerated repayment from the holders of the June 2023 Notes or the December 2023 Notes.

As set out in the announcements dated 25 October 2022 and 26 January 2023, the 8.75% senior notes due 2022 (the "**October 2022 Notes**") and the 8.95% senior notes due 2023 (the "**January 2023 Notes**") in the aggregate principal amount of US\$688,000,000 and US\$413,000,000, respectively, issued by the Company matured on 25 October 2022 and 22 January 2023, respectively. The principal amount and the accrued and unpaid interest totalling US\$718,100,000 and US\$431,481,750, respectively, became due and payable. As of the date of this announcement, the Company has not made such payment.

Although the Company has endeavoured to mitigate the impact of various unfavourable factors on its operations, due to the prolonged duration of this situation, the Group's operation and cash position have been significantly affected, and its ability to perform future obligations is subject to uncertainty.

In light of the current liquidity position, the Group has undertaken a number of plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 1(c) to the consolidated financial statements extracted in this announcement. The Group will closely monitor its liquidity position and issue further announcement regarding the progress of any capital structure solutions or significant business updates.

PLEDGE OF ASSETS

As at 31 December 2022, the Group's borrowings were secured by the Group's assets of approximately RMB50,386.29 million (31 December 2021: approximately RMB28,956.42 million), which included (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash; and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to approximately RMB24,879.64 million as at 31 December 2022 (31 December 2021: approximately RMB28,956.42 million).

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

Current ratio

As at 31 December 2022, the current ratio of the Group was 1.25 times (31 December 2021: 1.39 times). The decrease in the Group's current ratio was mainly attributable to the decrease of properties under development and completed properties held for sale included in current assets.

Gearing ratio

As at 31 December 2022, the gearing ratio of the Group was 1.07 (31 December 2021: 0.66), mainly due to the decrease in total assets. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 31 December 2022, the Group's financial assets and liabilities denominated in currencies other than Renminbi were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB1,884.44 million. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to the Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENT HELD

For the year ended 31 December 2022, save as disclosed in this announcement, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of Subsidiaries

On 18 February 2022, Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司) (“**Shanghai Kaiyin**”), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Zhejiang Beize Group Company Limited* (浙江貝澤集團有限公司) (“**Zhejiang Beize**”), pursuant to which Shanghai Kaiyin agreed to dispose of, and Zhejiang Beize agreed to purchase, 55% of the equity interest of Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司) (the “**Target Company**”, together with its subsidiaries and its invested entity, the “**Target Group**”) for a consideration of RMB421,239,530.34 (the “**Disposal**”).

The Disposal was completed on 18 February 2022. Upon completion of the Disposal, the Group no longer holds any interest in the Target Company and the Target Company and other members of the Target Group have ceased to be accounted as subsidiaries of the Group. Please refer to the Company's announcement dated 18 February 2022 for further information.

Save as disclosed above, the Group did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2022.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 1,215 full-time employees (31 December 2021: 2,449 full-time employees). For the year ended 31 December 2022, the staff cost recognised by the Group amounted to approximately RMB293.17 million (31 December 2021: approximately RMB883.49 million).

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2022, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "AGM") will be convened and held on Tuesday, 13 June 2023, a notice of which will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 8 June 2023 to Tuesday, 13 June 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 7 June 2023.

PURCHASE, SALE AND REDEMPTION OF SECURITIES OF THE COMPANY

During the year ended 31 December 2022, the Company did not repurchase its shares, but had made partial repurchases of its senior notes in the open market as follows:

unit: USD

Senior notes	ISIN	Principal amount of senior notes being repurchased during the year	Cumulative principal amount of senior notes being repurchased	Aggregate principal amount of senior notes originally issued	Cumulative repurchased notes as a percentage of the senior notes originally issued
10.5% senior notes due 2022	XS1957481440	200,273,000	243,783,000	500,000,000	48.76%
8.95% senior notes due 2023	XS2031469732	2,000,000	7,000,000	420,000,000	1.67%
7.1% senior notes due 2025	XS2290308845	5,600,000	55,100,000	300,000,000	18.37%
Total		207,873,000	305,883,000	1,220,000,000	

The Group had also repaid the outstanding portion of the Notes and the ABS upon their maturity. Please refer to the section headed "Management Discussion and Analysis – Financing Activities" in this announcement for further details.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As set out in the announcement dated 26 January 2023, the January 2023 Notes in the aggregate principal amount of US\$413,000,000 issued by the Company matured on 22 January 2023. The principal amount and the accrued and unpaid interest totalling US\$431,481,750 became due and payable. As of the date of this announcement, the Company has not made such payment.

Save as disclosed above, as at the date of this announcement, the Group did not have any significant event subsequent to 31 December 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the guidelines for Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2022.

CORPORATE GOVERNANCE

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

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2022, save and except for the deviation from code provision C.2.1 of the Corporate Governance Code as disclosed below.

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

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

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

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2022.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

Opinion

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 that the Group incurred a loss of RMB12,439,950,000 for the year ended 31 December 2022 and as of that date, the Group had net current assets of RMB34,070,283,000 and the Group’s current portion of borrowings amounted to RMB19,785,112,000, while its current portion of cash and cash equivalents (excluding restricted cash) amounted to RMB5,569,429,000. Further, as at 31 December 2022, the Group had not repaid certain borrowings in aggregate principal amount according to their scheduled repayment dates as described in the note to consolidated financial statements. These conditions, along with the current situation as set forth in note 2.1, which indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RETIREMENT AND REAPPOINTMENT OF AUDITOR

Elite Partners shall retire and, being eligible, have offered themselves for reappointment at the AGM. A resolution will be proposed by the Company at the AGM for the re-appointment of Elite Partners as the auditor of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.rongxinggroup.com). The annual report of the Company for the year ended 31 December 2022 will be dispatched to the Shareholders and made available on the websites of the Stock Exchange and the Company in due course.

PROPOSED ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing memorandum of association and articles of association of the Company (the “**Existing Memorandum and Articles**”) to (i) bring the Existing Memorandum and Articles in line with the latest requirements under the Listing Rules, including the amendments to Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) provide flexibility to the Company in relation to the conduct and proceedings of general meetings of the Company; (iii) reflect the prevailing requirements under applicable laws of the Cayman Islands; and (iv) incorporate certain corresponding and housekeeping amendments (the “**Proposed Amendments**”).

The Board proposes to effect the Proposed Amendments by way of adoption of the amended and restated memorandum of association and articles of association (the “**Amended and Restated Memorandum and Articles**”) in substitution for, and to the exclusion of, the Existing Memorandum and Articles.

The proposed adoption of the Amended and Restated Memorandum and Articles are subject to the approval of the Shareholders by way of a special resolution to be proposed at the forthcoming AGM, and will become effective upon the approval by the Shareholders at the AGM. Prior to the passing of such special resolution at the AGM, the Existing Memorandum and Articles shall remain valid.

A circular containing, among other matters, details of the proposed adoption of the Amended and Restated Memorandum and Articles, together with a notice convening the AGM will be despatched to the Shareholders in due course.

By order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Zhang Lixin and Mr. Wu Jianxing are the executive Directors; Mr. Li Shupeí is the non-executive Director; and Mr. Ren Yunan, Mr. Ruan Weifeng and Mr. He Jiarong are the independent non-executive Directors.

* *The English translation of the Chinese names in this announcement where indicated is included for information only.*