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## **Redsun Properties Group Limited**

### **弘陽地產集團有限公司**

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

**(Stock Code: 1996)**

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

### **FINANCIAL HIGHLIGHTS OF THE 2020 ANNUAL RESULTS ANNOUNCEMENT**

- Contracted sales reached RMB86.50 billion, representing a year-on-year increase of 32.8%. Contracted average selling price increased from RMB13,283 per sq.m. in 2019 to RMB14,622 per sq.m. in 2020, representing a year-on-year increase of 10.0%;
- Revenue amounted to RMB20,158.7 million, representing an increase of 32.9% as compared with 2019. Revenue from commercial operations and hotel operations increased by 20.3% to RMB542.9 million (2019: RMB451.1 million);
- Gross profit and gross profit margin were RMB4,507.7 million and 22.4%, respectively;
- Net profit amounted to RMB1,854.9 million, representing an increase of 13.4% as compared with 2019. Net profit margin reached 9.2%;
- Net profit attributable to owners of the parent increased by 13.2% to RMB1,661.0 million as compared with 2019 (2019: RMB1,467.6 million);
- Core net profit reached RMB1,500.0 million (2019: RMB1,340.8 million);
- Core net profit attributable to owners of the parent reached RMB1,313.1 million (2019: RMB1,185.8 million);
- As at 31 December 2020, the “Three Red Lines” indications of the Group were in green lights, with gearing ratio (excluding contract liabilities) of 69.4%, net gearing ratio of 50.3%, cash to short-term debt ratio of 1.62 times. The Group had sufficient cash and bank balances on hand of approximately RMB18.53 billion;
- The Board recommended the payment of a final dividend of HK14.5 cents (equivalent to RMB12.2 cents) per share.

*Note 1:* Core net profit excluded non-recurring profits or loss items and their related tax effects, comprising fair value gain on investment properties, fair value gain on financial assets, foreign exchange differences, net and impairment losses, etc.

## STATEMENTS AND NOTES

The board (the “**Board**”) of directors (the “**Directors**”) of Redsun Properties Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of the previous year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2020*

	Notes	2020 RMB'000	2019 RMB'000
<b>REVENUE</b>	5	20,158,701	15,169,506
Cost of sales		<u>(15,650,959)</u>	<u>(11,356,243)</u>
<b>Gross profit</b>		4,507,742	3,813,263
Other income and gains	5	632,630	331,217
Selling and distribution expenses		(927,623)	(651,982)
Administrative expenses		(990,669)	(1,089,711)
Fair value gains on investment properties		258,949	310,456
Other expenses		(39,356)	(36,560)
Finance costs	7	(725,412)	(634,309)
Share of (losses)/gains of:			
Joint ventures		(85,034)	97,724
Associates		<u>528,110</u>	<u>595,285</u>
<b>PROFIT BEFORE TAX</b>	6	3,159,337	2,735,383
Income tax expense	8	<u>(1,304,397)</u>	<u>(1,099,523)</u>
<b>PROFIT FOR THE YEAR</b>		<u>1,854,940</u>	<u>1,635,860</u>
Attributable to:			
Owners of the parent		1,660,967	1,467,555
Non-controlling interests		<u>193,973</u>	<u>168,305</u>
		<u>1,854,940</u>	<u>1,635,860</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)**

*For the year ended 31 December 2020*

	Notes	2020	2019
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic			
— For profit for the year		<u>RMB0.50</u>	<u>RMB0.44</u>
Diluted			
— For profit for the year		<u>RMB0.50</u>	<u>RMB0.44</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
<b>PROFIT FOR THE YEAR</b>	<u>1,854,940</u>	<u>1,635,860</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Gains on property revaluation:		
Change in use from an owner-occupied property to an investment property carried at fair value	—	27,896
Income tax effect	—	<u>(6,974)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u>—</u>	<u>20,922</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,854,940</u>	<u>1,656,782</u>
Attributable to:		
Owners of the parent	1,660,967	1,488,477
Non-controlling interests	<u>193,973</u>	<u>168,305</u>
	<u>1,854,940</u>	<u>1,656,782</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		820,826	807,938
Investment properties		12,973,827	11,572,037
Right-of-use assets		99,437	157,721
Other intangible assets		11,180	12,426
Investments in joint ventures		1,977,217	2,236,978
Investments in associates		9,572,816	5,584,394
Loan receivables		211,721	—
Deferred tax assets		1,045,864	727,598
Total non-current assets		<u>26,712,888</u>	<u>21,099,092</u>
<b>CURRENT ASSETS</b>			
Inventories		42,046	12,613
Properties under development		48,499,979	36,280,854
Completed properties held for sale		3,795,722	3,327,897
Trade receivables	11	7,067	6,767
Prepayments, other receivables and other assets		11,601,756	7,705,396
Due from related companies		8,801,141	8,454,905
Financial assets at fair value through profit or loss		428,521	1,148,390
Tax recoverable		630,969	516,753
Cash and bank balances		18,525,081	16,844,417
Total current assets		<u>92,332,282</u>	<u>74,297,992</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2020*

	Notes	2020 RMB'000	2019 RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	6,244,841	4,845,588
Other payables and accruals		8,376,013	7,040,888
Contract liabilities		29,383,224	24,974,641
Interest-bearing bank and other borrowings		8,766,941	10,516,391
Senior notes		2,671,726	1,894,998
Lease liabilities		35,509	46,809
Due to related companies		8,068,242	5,387,256
Tax payable		2,904,848	2,169,259
		<u>66,451,344</u>	<u>56,875,830</u>
<b>Total current liabilities</b>		<u>66,451,344</u>	<u>56,875,830</u>
<b>NET CURRENT ASSETS</b>		<u>25,880,938</u>	<u>17,422,162</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>52,593,826</u>	<u>38,521,254</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		13,285,233	9,755,355
Other payables and accruals		200,345	—
Senior notes		7,581,168	7,379,644
Lease liabilities		1,745,635	911,477
Deferred tax liabilities		2,377,861	2,428,329
		<u>25,190,242</u>	<u>20,474,805</u>
<b>Total non-current liabilities</b>		<u>25,190,242</u>	<u>20,474,805</u>
<b>Net assets</b>		<u><u>27,403,584</u></u>	<u><u>18,046,449</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

	2020	2019
	RMB'000	RMB'000
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	28,275	28,254
Share premium	2,257,437	2,628,301
Other reserves	<u>12,894,625</u>	<u>11,231,190</u>
	15,180,337	13,887,745
<b>Non-controlling interests</b>	<u>12,223,247</u>	<u>4,158,704</u>
<b>Total equity</b>	<u><u>27,403,584</u></u>	<u><u>18,046,449</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 1. CORPORATE AND GROUP INFORMATION

Redsun Properties Group Limited was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office of the Company is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

In the opinion of the directors, the holding company of the Company is Redsun Properties Group (Holdings) Limited, which is incorporated in the British Virgin Islands.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.



The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group’s office buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Property development;
- (b) Commercial property investment and operations;
- (c) Hotel operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, fair value gains on financial assets at fair value through profit or loss, equity-settled share-based payments, investment income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

<b>Year ended 31 December 2020</b>	<b>Property development RMB'000</b>	<b>Commercial property investment and operations RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Total RMB'000</b>
Segment revenue:				
Sales to external customers	<u>19,615,845</u>	<u>505,224</u>	<u>37,632</u>	<u>20,158,701</u>
Revenue				<u><u>20,158,701</u></u>
<b>Segment results</b>	3,250,552	466,000	(3,255)	3,713,297
<i>Reconciliation:</i>				
Bank interest income				149,315
Fair value gain on financial assets at fair value through profit or loss				28,434
Equity-settled share-based payments				(71,031)
Investment income				90,882
Finance costs (other than interest on lease liabilities)				(644,835)
Corporate and other unallocated expenses				<u>(106,725)</u>
Profit before tax				<u><u>3,159,337</u></u>
<b>Segment assets</b>	104,646,023	13,454,368	322,914	118,423,305
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>621,865</u>
Total assets				<u><u>119,045,170</u></u>

Year ended 31 December 2020	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
<b>Segment liabilities</b>	89,558,825	2,025,905	23,441	91,608,171
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>33,415</u>
Total liabilities				<u><u>91,641,586</u></u>
<b>Other segment information</b>				
Share of (losses)/gains of:				
Joint ventures	(85,034)	—	—	(85,034)
Associates	528,110	—	—	528,110
Impairment losses recognised	19,265	—	—	19,265
Impairment losses written off	(32,010)	—	—	(32,010)
Fair value gains on investment properties	—	258,949	—	258,949
Depreciation and amortisation	82,073	15,152	13,201	110,426
Investments in associates	9,572,816	—	—	9,572,816
Investments in joint ventures	1,977,217	—	—	1,977,217
Capital expenditure*	79,796	346,908	10,026	436,730

\* Capital expenditure consists of additions to property, plant and equipments, intangible assets and investment properties including assets from the acquisition of subsidiaries.

Year ended 31 December 2019	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	14,718,381	411,368	39,757	15,169,506
Revenue				<u>15,169,506</u>
<b>Segment results</b>	2,714,797	461,614	(3,582)	3,172,829
<i>Reconciliation:</i>				
Bank interest income				60,197
Fair value gain on financial assets at fair value through profit or loss				13,648
Equity-settled share-based payments				(31,329)
Foreign exchange differences, net				1,431
Investment income				120,939
Finance costs (other than interest on lease liabilities)				(584,704)
Corporate and other unallocated expenses				<u>(17,628)</u>
Profit before tax				<u>2,735,383</u>
<b>Segment assets</b>	82,162,018	12,099,989	338,383	94,600,390
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>796,694</u>
Total assets				<u>95,397,084</u>
<b>Segment liabilities</b>	75,355,728	1,942,628	28,602	77,326,958
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>23,677</u>
Total liabilities				<u>77,350,635</u>

Year ended 31 December 2019	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
<b>Other segment information</b>				
Share of profits of:				
Joint ventures	97,724	—	—	97,724
Associates	595,285	—	—	595,285
Impairment losses recognised	27,589	—	—	27,589
Impairment losses written off	(205,807)	—	—	(205,807)
Fair value gains on investment properties	—	310,456	—	310,456
Depreciation and amortisation	74,115	27,535	26,785	128,435
Investments in associates	5,584,394	—	—	5,584,394
Investments in joint ventures	2,236,978	—	—	2,236,978
Capital expenditure	63,893	893,562	11,819	969,274

#### Information about a major customer

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
<i>Revenue from contracts with customers</i>	19,710,126	14,781,828
<i>Revenue from other sources</i>		
Rental income from investment property operating leases	448,575	387,678
	<u>20,158,701</u>	<u>15,169,506</u>

**Revenue from contracts with customers**

**(a) Disaggregated revenue information**

**For the year ended 31 December 2020**

<b>Segments</b>	<b>Property development RMB'000</b>	<b>Commercial property investment and operations RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods or services</b>				
Sale of properties	19,057,718	—	—	19,057,718
Hotel operations	—	—	37,632	37,632
Project management services	530,733	30,285	—	561,018
Others	27,394	26,364	—	53,758
	<u>19,615,845</u>	<u>56,649</u>	<u>37,632</u>	<u>19,710,126</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	19,057,718	—	—	19,057,718
Services transferred over time	558,127	56,649	37,632	652,408
	<u>19,615,845</u>	<u>56,649</u>	<u>37,632</u>	<u>19,710,126</u>
Total revenue from contracts with customers	<u>19,615,845</u>	<u>56,649</u>	<u>37,632</u>	<u>19,710,126</u>



**For the year ended 31 December 2019**

<b>Segments</b>	<b>Property development RMB'000</b>	<b>Commercial property investment and operations RMB'000</b>	<b>Hotel operations RMB'000</b>	<b>Total RMB'000</b>
<b>Type of goods or services</b>				
Sale of properties	14,305,799	—	—	14,305,799
Hotel operations	—	—	39,757	39,757
Project management services	412,582	—	—	412,582
Others	—	23,690	—	23,690
	<u>14,718,381</u>	<u>23,690</u>	<u>39,757</u>	<u>14,781,828</u>
Total revenue from contracts with customers	<u>14,718,381</u>	<u>23,690</u>	<u>39,757</u>	<u>14,781,828</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	14,305,799	—	—	14,305,799
Services transferred over time	412,582	23,690	39,757	476,029
	<u>14,718,381</u>	<u>23,690</u>	<u>39,757</u>	<u>14,781,828</u>
Total revenue from contracts with customers	<u>14,718,381</u>	<u>23,690</u>	<u>39,757</u>	<u>14,781,828</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	<b>2020 RMB'000</b>	<b>2019 RMB'000</b>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>16,707,793</u>	<u>8,335,079</u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of properties*

The performance obligation is satisfied upon delivery of the completed properties.

*Hotel operations*

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

*Project management services*

For project management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the project management service contracts do not have a fixed term. The term of the contracts for pre-delivery and project management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other income and gains</b>		
Bank interest income	149,315	60,197
Interest income from associates and joint ventures	5,357	94,698
Investment income	90,882	120,939
Forfeiture of deposits	12,509	2,716
Government grants	4,490	3,714
Fair value gain on financial assets at fair value through profit or loss	28,434	13,648
Foreign exchange differences, net	—	1,431
Gain on remeasurement of pre-existing interests in joint ventures	31,221	—
Gain on disposal of subsidiaries	251,984	14,874
Gain on disposal of associates and joint ventures	22,845	—
Others	35,593	19,000
	<u>632,630</u>	<u>331,217</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of inventories sold	15,435,983	11,344,897
Cost of services provided	191,767	127,144
Impairment losses written off for properties completed held for sale	(32,010)	(205,807)
Impairment losses recognised for properties under development and completed properties held for sale	19,265	27,589
Depreciation of items of property, plant and equipment	67,798	78,861
Depreciation of right-of-use assets	37,503	42,399
Amortisation of other intangible assets	5,125	7,175
Fair value gains on investment properties	(258,949)	(310,456)
Losses on disposal of items of property, plant and equipment	5,319	8,716
Gains on disposal of subsidiaries	(251,984)	(14,874)
Gain on remeasurement of pre-existing interests in joint ventures	(31,221)	—
Gains on disposal of associates and joint ventures	(22,845)	—
Foreign exchange differences, net	—	(1,431)
Share of losses/(gains) of:		
Joint ventures	85,034	(97,724)
Associates	(528,110)	(595,285)
Auditor's remuneration	5,580	4,900
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	943,153	951,563
Equity-settled share-based payments	71,031	31,329
Pension scheme contributions and social welfare	46,890	75,843
Less: Amount capitalised	(303,024)	(156,003)
	<u>758,050</u>	<u>902,732</u>

## 7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on bank loans, senior notes and other loans	3,101,521	2,447,882
Interest on pre-sales deposits	988,930	885,836
Interest on lease liabilities	80,577	49,605
	<u>4,171,028</u>	<u>3,383,323</u>
Less: Net foreign exchange gains on financing activities	(280,495)	—
Interest capitalised	(3,165,121)	(2,749,014)
	<u>725,412</u>	<u>634,309</u>

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China are subject to PRC corporate income tax at a rate of 25% for the year.

Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current tax:		
Corporate income tax	1,001,774	736,140
LAT	651,629	564,843
Deferred tax	<u>(349,006)</u>	<u>(201,460)</u>
Total tax charge for the year	<u><u>1,304,397</u></u>	<u><u>1,099,523</u></u>

## 9. DIVIDENDS

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Proposed final — HK14.5 cents (2019: HK12.4 cents) per ordinary share	<u><u>405,428</u></u>	<u><u>369,488</u></u>

The actual amount of the 2019 final dividend paid during the year ended 31 December 2020 was RMB376,671,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,319,132,811 (2019: 3,320,000,000) shares in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>1,660,967</u>	<u>1,467,555</u>
	<b>Number of shares</b>	
	<b>2020</b>	<b>2019</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,319,132,811	3,320,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>31,973,846</u>	<u>32,230,641</u>
	<u>3,351,106,657</u>	<u>3,352,230,641</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee under the Company's share award scheme.

## 11. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	7,067	6,767
Impairment	—	—
	<u>7,067</u>	<u>6,767</u>

The Group's trade receivables arise from the leasing of investment properties and provision of project management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of project management services.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 RMB'000	2019 RMB'000
Within 1 month	2,397	1,989
1 to 3 months	1,857	2,653
3 to 6 months	1,800	1,668
6 to 12 months	1,000	447
Over 12 months	13	10
	<u>7,067</u>	<u>6,767</u>

## 12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	5,663,672	4,224,180
Over 1 year	581,169	621,408
	<u>6,244,841</u>	<u>4,845,588</u>

The trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

## CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present to all shareholders the annual results of the Group for the year ended 31 December 2020.

The year 2020 was truly eventful for China. The worldwide outbreak of novel coronavirus and the normalization of epidemic prevention since the second half of the year had a profound impact on the Chinese economy and real estate industry. The “**Three Red Lines**” policies were launched against the industrial backdrop and keynote of “houses are for living, not for speculation”, which urged real estate enterprises to attach importance to steady operation and sustainable development. In proactive response to the regulatory requirements, the Group complied with the regulatory policies and embraced the industry changes. As a result of concerted efforts, the performance and development of the Company reached a new stage ever again.

During the Reporting Period, the Group further strengthened its foothold in the regions with rapid economic growth such as the Yangtze River Delta, the Greater Bay Area, the Chengdu-Chongqing region, making use of the dual-driven synergic development model to foster a steady growth in sales. The Group achieved contracted sales of RMB86.50 billion, representing an increase of 32.8% as compared to the same period last year. The total contracted sales area amounted to 5,915,552 sq.m., representing a growth of 20.6% as compared to the same period last year. Recognized sales revenue was RMB20.16 billion, representing a substantial year-on-year increase of 32.9%.

During the Reporting Period, with a solid financial position and enhanced credibility, the Group achieved record high in revenue and gained steady growth in earnings. The net profit for the year of the Group was RMB1.85 billion, representing a year-on-year increase of 13.4%. The core net profit attributable to owners of the parent was RMB1.31 billion. The Board recommended the payment of a final dividend of HK14.5 cents (equivalent to RMB12.2 cents) per share. With a stable growth in asset scale and continuous optimization in debt structures, the Group achieved the green tier in the “**Three Red Lines**” assessment. As at 31 December 2020, the Group's net gearing ratio was 50.3%, and the balance of available cash and bank balances on hand increased by 10.0% to RMB18.53 billion. There was sufficient working capital and the financial position was sound.

As a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion, the Group has maintained the dual-driven synergic development in residential property development and commercial real estate. In 2020, the Group continued to put into practice the investment strategy of “**penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities**”, under which we strengthened our efforts in land acquisition and fully utilized our business advantages, while at the same time coordinating the development between residential property development and commercial real estate, with proven efficacy in commercial/residential linkage. In respect of investment landscape, the Group has constantly consolidated the nationwide layout with “penetrating the Greater Jiangsu Region” as the core. Our resources were tilted towards the regions with higher realization rate and safety margin. Keeping abreast of the pace of urban development, we seized the investment opportunities with diversified investment channels and actively enlarged our land bank. The additions to the Group’s land bank were of a good mix, with continuous improvement in proportion of projects and product mix, which laid a solid foundation for 2021 and subsequent development.

During the Reporting Period, while consolidating Nanjing Hong Yang Plaza as our benchmark property, we succeeded in opening Yanjiao Hong Yang Plaza, Yangzhou Hong Yang Plaza and Hengyang Hong Yang Plaza and at the same time prepared for the opening of nine Hong Yang Plazas, signifying the ongoing promotion of the “**Hong Yang Plaza**” brand and constant extension of our influence in the industry. In respect of expansion, surviving the adverse impact during the epidemic, we constantly explored the leasing projects and business projects under entrusted management and managed to develop the Jinan Hong Yang Plaza Project.

During the Reporting Period, the credit rating of the Company remained stable. The Company was assigned “**B+**” rating from Fitch Ratings, with stable outlook; “**B2**” rating from Moody’s Investors Service, with positive outlook; “**BB-**” rating from Lianhe Global, with stable outlook; and “**AA+**” rating from China Chengxin and United Credit, domestic agencies, with stable outlook.

During the year under review, the Company has been increasingly recognized by the capital market. In January 2020, the Group successfully issued senior notes at a coupon rate of 9.7% for a term of 3.25 years with an aggregate principal amount of US\$300 million. The issue was highly oversubscribed, and the interest rate for US\$-denominated senior notes was further reduced. The issuance was subscribed for by renowned international long-term funds, securing adequate funding for the future development of the Group. In July 2020, the Group successfully issued an additional US\$155 million to that batch of US\$-denominated senior notes on the same basis, which was equally popular in the market, demonstrating the investors’ recognition of the Group once again. In addition, the Group made a breakthrough in January 2021 by successfully issuing



senior notes at a coupon rate of 7.3% for a term of 4 years with an aggregate principal amount of US\$350 million, which realized the US\$-denominated senior notes of the largest amount, lowest coupon rate and longest term issued by the Group on a single basis in its history, laying a sound foundation in the capital market.

During the Reporting Period, constantly upholding the core values of “**professionalism and building credibility for the long term**”, we fully implemented the corporate spirit of “**Health, Hard work and Benevolence**”, the “**talent-, fighter- and contributor-oriented**” talent concept as well as the team culture of “**practicality, vitality and affinity**”.

In order to integrate the resources, concentrate on development and enhance our efficiency, the Company further carried out regional integration in 2020. Meanwhile, our organizational structure was also integrated so as to constantly promote the upgrade of our organizational capabilities. We specified the organizational positioning at each level and focused on the direction of strategic operation for the purpose of further integration, concentration and preparation. In respect of talent supply, the Company has undergone a transformation from “**vacancy filling**” to “**talent selection**” in 2020, during which we increased the proportion of internal talent cultivation to achieve constant improvement in our talents’ quality. With the enhancement of a talents review system, we fostered the formation of a key talent team. Ongoing efforts were made to optimize our organization appraisal mechanism and refine our all-round talent incentive system.

In the face of novel coronavirus, the Company takes part in targeted public welfare, such as setting up a public welfare fund to counter the epidemic, donating to sponsor the building of laboratories, relieving the rental for micro, small and medium sized tenants and actively assuming our social responsibilities. We achieve targeted poverty alleviation in the poverty-stricken areas by means of education; we bring hope to children through the power of knowledge; we give back to society with gratitude.

The year 2021 marks the introduction of the 14th Five-Year Plan. Looking ahead, the industry is gradually returning to be rational and returning to the very essence of operation. Adopting “**Quality and Efficacy Enhancement**” as our annual theme, we adhere to strengthen our foothold in core areas and enhance quality and efficacy. We are profit-oriented to realize stable and quality growth in business scale.

With regard to real estate development, with “**penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities**” as our strategy, we will constantly foster the strategic layout. In particular, comprehensive layout will be implemented in Jiangsu Province to realize the economies of scale. Foothold will be strengthened in the regions which are currently more mature with greater potential. Regarding operation, the Group persists in being operation- and customer-oriented to make ends meet and keep an eye on the safety of cash flow. We set up ecological and duplicable project production lines and create core competitive edges for products through the lean control of the entire value chain. For commercial real estate, the Group will stress the importance of both expansion of scale and enhancement of operational efficiency. Constantly optimizing and upgrading its business portfolio, the Group will make full use of informational means to enhance operational capabilities and create better return on assets.

Finally, on behalf of the Board again, I would like to extend my wholehearted gratitude to all shareholders, bondholders, customers and partners for their unfailing support and to all employees for their contribution and hard work in year 2020.

**Redsun Properties Group Limited**  
**Zeng Huansha**  
*Chairman*

Hong Kong

29 March 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW FOR 2020

In 2020, new coronavirus epidemic widely spread around the world. Not only did China gain timely control over the domestic epidemic, but it also resisted impacts of the overseas epidemic. In light of the continuous effect brought by the new coronavirus epidemic, monetary policies maintained marginal looseness and fiscal policies were supportive in 2020. With a year-on-year increase of 2.3% in GDP, China became the world's only major economy with positive growth. Being the “cornerstone” in China as it has always been, real estate shifted from a frozen state in the first quarter to a state of revival in the second quarter, followed by its further development in the third and fourth quarter, enabling the economy to further recover effectively. However, marginal monetary loosening did not loosen the real estate financing. Following the introduction of “**Three Red Lines**” policy, capital in the real estate industry were facing intensifying pressure. Nevertheless, both the sales area and sales amount of commodity housing hit a record high in 2020. According to the National Bureau of Statistics, in 2020, the sales area of commodity housing was 1,760.86 million square meters, representing a year-on-year increase of 2.6%, and the sales amount of commodity housing was RMB17,361.3 billion, representing a year-on-year increase of 8.7%.

Adhering to its core values of “**professionalism and building credibility for the long term**”, the Group has maintained the dual-driven synergic development in property development and commercial real estate. Our principal businesses consist of three segments, including property development and sales, commercial property investment and operations and hotel operations, of which property development and sales is our core business. Our revenue is mainly generated from the sales of our developed residential properties and supporting retail stores, rental income from commercial properties investment and operations, and service fee income from our hotel operations.

During the Reporting Period, the Group further strengthened its foothold in the regions with rapid economic growth such as the Yangtze River Delta, the Greater Bay Area and the Chengdu-Chongqing region, making use of the dual-driven synergic development model to foster a steady growth in sales. The Group achieved contracted sales of RMB86.50 billion, representing an increase of 32.8% as compared to the same period last year. The total contracted sales area amounted to 5,915,552 sq.m., with an average contracted selling price of RMB14,622 per sq.m. During the Reporting Period, with a solid financial position and enhanced credibility, the Group achieved the green tier in the “**Three Red Lines**” assessment. With a stable growth in asset scale and continuous optimization in debt structures, the Group achieved record high in revenue and gained steady growth in earnings. Revenue of the Group reached RMB20,158.7 million, representing an increase of approximately 32.9% as compared to the same period last

year. Core net profit attributable to owners of the parent was approximately RMB1,313.1 million, representing an increase of approximately 10.7% as compared to the same period last year.

## **1. Property Development**

During the Reporting Period, notwithstanding the impact of the new coronavirus epidemic, the Group firmly implemented the investment strategy of “**penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities**”. On one hand, we promoted implementation of comprehensive layout in Jiangsu Province to expand into the Jiangsu headquarters; on the other hand, we strengthened regional foothold, focused on major metropolitan areas such as the Yangtze River Delta, the Greater Bay Area, the Chengdu-Chongqing region, Central Plains, Midstream of Yangtze River, and Shandong Peninsula, and put specific emphasis on enhancing the layout in the central node cities of the aforesaid metropolitan areas, so as to continuously expand into provincial capitals or cities with a great economy and key hub cities. Under the guidance of the above-mentioned strategies, the Group has been keeping up with the city development pace, seizing investment opportunities, diversifying its investment channels and expanding land bank proactively, so as to lay a firm foundation for 2021 and subsequent development.

During the reporting period, the Group’s income from its property business was RMB19,615.8 million. As at 31 December 2020, the Group’s aggregate gross floor area of land bank was approximately 20,057,380 sq.m. (gross floor area of land bank attributable to the Group was approximately 9,669,197 sq.m.), representing an increase of 18.5% as compared to that of 16,931,996 sq.m. as of 31 December 2019, which provides sufficient support for our future development.

## **2. Commercial Property Investment and Operations**

During the Reporting Period, the Group has operated six Hong Yang Plazas, which are located in Nanjing in Jiangsu (Nanjing Hong Yang Plaza), Changzhou in Jiangsu (Changzhou Zhongwu Hong Yang Plaza), Yantai in Shandong (Yantai Hong Yang Plaza), Hengyang in Hunan (Hengyang Hong Yang Plaza), Yangzhou in Jiangsu (Yangzhou Hong Yang Plaza) and Yanjiao in Hebei (Yanjiao Hong Yang Plaza) respectively. At the same time, we are preparing the opening of nine Hong Yang Plazas in Hefei, Xuzhou, Jining, Fushan in Yantai, Lekai in Yantai, Dacheng in Changzhou, Fenghuangdong in Changzhou, Anqing and Jinan, thereby continuously promoting the “**Hong Yang Plaza**” brand and enhancing influence in the industry.

During the Reporting Period, the Group achieved sales revenue of approximately RMB505.2 million from commercial operations.

### 3. Hotel Operations

During the Reporting Period, the Group had two hotels in operation, which are located in Nanjing (Nanjing Hong Yang Hotel) and Wuxi (Wuxi Hong Yang Lakefort Hotel), respectively, and operated the Ibis Hotel (Nanjing) under entrusted management model. We are also preparing the opening of Changzhou Hong Yang Hotel.

During the Reporting Period, the Group achieved sales revenue of approximately RMB37.6 million from its hotel operations.

## BUSINESS REVIEW

### 1. Sales of Properties

As of 31 December 2020, the Group achieved contracted sales of approximately RMB86.50 billion, representing an increase of 32.8% as compared to RMB65.15 billion in the corresponding period last year. The contracted sales in gross floor area of the Group was approximately 5.916 million sq.m., representing an increase of 20.6% as compared to 4.905 million sq.m. in the corresponding period last year. The record high and significant year-on-year increase in the Group's contracted sales were mainly due to the nationwide layout strategy and realization of economies of scale by strategy of “**penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities**”.

Details of the contracted sales of the Group as at 31 December 2020 are set out as below:

Region	Contracted		Average Contracted Selling Price (RMB/sq.m.)
	Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	
Nanjing	547,509	11,560,684	21,115
Xuzhou	430,666	5,753,940	13,361
Changzhou	415,509	6,730,946	16,199
Nantong	327,604	5,499,379	16,787
Wuxi	319,534	4,123,280	12,904
Yancheng	286,842	3,241,834	11,302
Suzhou	284,189	5,409,580	19,035
Chengdu	229,044	3,391,612	14,808
Chongqing	210,937	2,299,641	10,902
Hefei	175,424	1,935,936	11,036

Region	Contracted		Average
	Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Contracted Selling Price (RMB/sq.m.)
Foshan	172,647	3,016,288	17,471
Jiaxing	166,147	2,100,772	12,644
Hangzhou	160,522	3,632,170	22,627
Huai'an	155,996	1,317,089	8,443
Bozhou	150,855	1,220,709	8,092
Huzhou	119,263	2,151,854	18,043
Yangzhou	115,975	970,376	8,367
Jinan	103,595	1,521,447	14,686
Xiangyang	99,966	973,572	9,739
Changsha	96,551	1,075,146	11,136
Shaoxing	96,454	2,054,498	21,300
Anqing	94,874	810,377	8,542
Chuzhou	87,225	827,424	9,486
Xianyang	86,408	730,074	8,449
Suqian	85,029	601,114	7,070
Zhenjiang	79,725	693,846	8,703
Hengyang	76,129	515,731	6,774
Nanchang	67,600	898,477	13,291
Wenzhou	64,278	1,812,994	28,206
Ningbo	59,242	1,760,391	29,715
Wuhu	54,026	515,075	9,534
Kaifeng	35,371	286,964	8,113
Taizhou (台州)	34,989	708,602	20,252
Wuhan	34,691	716,511	20,654
Fuyang	24,756	224,951	9,087
Zhengzhou	21,652	161,400	7,454
Qingdao	20,710	335,935	16,221
Xi'an	16,730	115,528	6,905
Jiangmen	15,886	159,271	10,026
Bengbu	4,989	37,590	7,535
Others	286,013	4,607,127	16,108
Total	<u>5,915,552</u>	<u>86,500,135</u>	<u>14,622</u>

## 2. Land Bank

As at 31 December 2020, the Group had a land bank with an aggregate gross floor area of approximately 20,057,380 sq.m. (gross floor area attributable to the Group was approximately 9,669,197 sq.m.), representing an increase of 18.5% from 16,931,996 sq.m. as at 31 December 2019, including completed properties totaled 1,040,816 sq.m., rentable area held for investment totaled 817,523 sq.m., and properties under development totaled 18,199,041 sq.m.

Details of the land bank of the Group (including acquired in process) as at 31 December 2020 are set out as below:

Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Nanjing	Hong Yang Solaris Loving City Section 6 (弘陽旭日愛上城六區)	75,237	—	—	2,766	2,766	100%
Nanjing	Loving Garden (愛上花園)	77,367	86	—	3,029	3,115	99%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	5,986	—	—	5,986	100%
Nanjing	Garden of Joy and Elegance (昕悅雅苑)	32,246	449	—	3,699	4,148	49%
Nanjing	Golden Space and Watery Court (金城瀾庭)	66,267	—	—	12,879	12,879	8%
Nanjing	Residence of Bamboo and Water (竹水居)	52,763	—	—	6,562	6,562	51%
Nanjing	Garden in the East (領東苑)	67,810	—	—	126,505	126,505	33%
Nanjing	Sea Joy Garden (海悅花園)	57,503	4,396	—	4,174	8,570	49%
Nanjing	Wave of Swallow New Garden (燕瀾新苑)	61,145	119	—	12,420	12,539	49%
Nanjing	Nanjing Land Lot No. 2017G27 (南京·2017G27地塊)	68,644	—	—	62,348	62,348	20%
Nanjing	Mountain and Lake View Garden in Times (時光山湖花園)	14,338	826	—	2,745	3,571	25%
Nanjing	Nanjing Land Lot No. 2017G36 (南京·2017G36地塊)	54,173	16,604	—	124,838	141,442	15%
Nanjing	Land Lot No. 2017G57 (2017G57地塊)	58,024	30,770	—	51,766	82,536	100%
Nanjing	Nanjing No. 2018G01 (南京2018G01)	7,025	—	—	20,656	20,656	30%
Nanjing	Gaochun Land Lot No. 02-03 (高淳02-03地塊)	102,787	—	—	111,220	111,220	12%
Nanjing	Solaris Jingcheng Store (旭日景城商舖)	1,371	—	4,450	—	4,450	100%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商舖)	989	—	7,301	—	7,301	100%

Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	—	452,721	—	452,721	100%
Nanjing	Shiqiu Project (石湫項目)	131,964	—	—	273,027	273,027	48%
Nanjing	Lukou Project (祿口項目)	73,686	—	—	111,849	111,849	49%
Nanjing	Puzhu North Road Project (浦珠北路項目)	7,232	—	—	16,516	16,516	69%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	—	—	98,681	98,681	50%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	—	—	37,065	37,065	50%
Nanjing	Times Avenue Project (時代大道項目)	60,138	—	—	138,705	138,705	15%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	—	—	42,727	42,727	82%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	—	—	145,258	145,258	20%
Suzhou	Runyuan Masterpiece Garden (潤元名著花園)	80,669	—	—	36,391	36,391	49%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	29,426	—	16,647	46,073	99%
Suzhou	Luyuan Architecture (甬源名築)	60,961	911	—	8,978	9,889	99%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	—	—	3,092	3,092	99%
Suzhou	Fuyuan Road Project (富元路項目)	154,101	—	—	424,786	424,786	44%
Taicang	Wutang River Project (吳塘河項目)	33,325	—	—	55,183	55,183	32%
Zhangjiagang	Star Great Tang Masterpiece Residence (星盛唐名邸)	36,829	5,188	—	—	5,188	50%
Zhangjiagang	Sunrise Joy Masterpiece Residence (昕悅名邸)	47,706	1,669	—	4,258	5,927	69%
Zhangjiagang	Beautiful in Ten (十里錦繡)	98,783	24,227	—	—	24,227	16%
Zhangjiagang	Tang Qiao Fumin Road Project (塘橋富民路項目)	40,317	—	—	70,271	70,271	47%
Zhangjiagang	Zhangjiagang Jiangcheng Road (張家港蔣乘路)	44,590	—	—	102,095	102,095	100%
Changshu	Shang Jun Hua Court (尚雋華庭)	39,410	12,798	—	—	12,798	47%
Changshu	Changshu No. 005 (常熟005)	17,361	5,876	—	—	5,876	31%
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	—	—	103,314	103,314	40%
Lishui	Lishui Zhuangyuanfang Project (溧水狀元坊項目)	67,192	—	—	162,507	162,507	33%
Hangzhou	Yu Zheng Chu Chu [2018] No.9 (余政儲出[2018]9號)	50,888	7,877	—	—	7,877	33%



Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	—	—	44,575	44,575	30%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	—	—	111,939	111,939	35%
Hangzhou	Binjiang Pule Project (濱江浦樂項目)	44,633	—	—	101,545	101,545	27%
Wenzhou	Huichang River B03 Project (會昌河B03項目)	25,721	—	—	65,203	65,203	50%
Wenzhou	Huichang River B07 Project (會昌河B07項目)	19,967	—	—	52,565	52,565	50%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	—	—	41,022	41,022	49%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	11,560	—	101,290	112,850	83%
Foshan	Benevolence Lake Project (博愛湖項目)	44,156	17,938	6,046	39,240	63,224	48%
Foshan	Lv Dao Hu (綠島湖)	51,240	—	—	165,077	165,077	18%
Foshan	Nanyou Park No. 1 (南油公園一號)	67,582	—	—	176,419	176,419	33%
Foshan	Foshan Jihua North Joy River No. 1(佛山季華北悅江一號)	33,220	—	—	89,035	89,035	49%
Foshan	Foshan Zhangcha Sunrise Joy Residence Project (佛山張槎昕悅府項目)	17,059	—	—	46,901	46,901	48%
Guangzhou	Nansha Wan Qing Sha (南沙萬頃沙)	32,387	—	—	122,471	122,471	25%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	4,849	—	—	4,849	95%
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	9,414	—	—	9,414	95%
Chengdu	Central Road Project (中環路項目)	72,114	—	41,650	186,155	227,805	26%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	—	—	35,187	35,187	33%
Chengdu	Qionglai Chang'an Avenue Project (邛崃長安大道項目)	39,809	5,737	—	69,695	75,432	94%
Chengdu	Tianfu Xinqu 42 mou (天府新區42畝)	28,432	—	—	79,751	79,751	32%
Hefei	In Times (時光里)	42,621	8,561	—	—	8,561	100%
Hefei	Mountain View Yard (昕悅花園)	37,254	391	—	3,243	3,634	80%
Hefei	Sunrise Joy Garden (望麓別院)	139,536	28,558	—	—	28,558	25%
Hefei	Purple Breeze (紫氣東來)	28,081	6,674	—	—	6,674	51%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	—	—	58,378	58,378	40%
Hefei	Yaohai Prosper and Joy (瑤海豐樂)	59,233	—	—	127,799	127,799	34%

Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	—	—	138,007	138,007	30%
Hefei	Luijiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	—	—	343,680	343,680	50%
Pengzhou	Pengzhou 50+55 mou Project (彭州50+55畝項目)	70,603	—	—	155,287	155,287	69%
Qingdao	Jinshatan Project (金沙灘項目)	14,077	—	—	106,592	106,592	30%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	—	—	190,754	190,754	35%
Wuhan	Yin Yue Residence (印月府)	106,207	12,562	—	304,485	317,047	95%
Wuhan	Xiao Jun Shan (小軍山)	128,129	—	—	370,338	370,338	50%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	—	—	70,299	70,299	48%
Changsha	Deyi In Times (德一時光里)	12,956	—	—	63,654	63,654	67%
Changsha	Black Stone Project (黑石項目)	32,684	—	—	119,978	119,978	48%
Changsha	Wanhou Road (萬侯路)	21,967	—	—	38,185	38,185	95%
Changsha	Wayao Road (瓦窯路)	34,269	—	—	44,336	44,336	100%
Changsha	Xinglian Road (興聯路)	16,111	—	—	52,124	52,124	50%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	—	—	318,326	318,326	90%
Chongqing	Cypress View • Seattle (柏景•西雅圖)	89,273	5,629	—	121,792	127,421	100%
Chongqing	Shapingba District Dayangshi Group Subregion C No. C11-1/03 (沙坪壩區大楊石組團 C分區C11-1/03號)	8,749	—	—	22,809	22,809	46%
Chongqing	Bishan 295 (璧山295)	106,259	—	—	186,355	186,355	95%
Chongqing	Guan Yin Tang (觀音塘)	14,785	6,249	—	—	6,249	49%
Chongqing	Beibei Project (北碚項目)	109,540	—	—	188,186	188,186	49%
Chongqing	Central Park (中央公園)	39,636	—	—	67,991	67,991	95%
Chongqing	Babin Road Project (巴濱路項目)	66,926	—	—	148,658	148,658	48%
Changzhou	Shang Mao Yun Feng (商貿雲峯)	50,921	—	—	154,465	154,465	60%
Changzhou	Phoenix East Project (鳳凰東項目)	115,615	—	32,018	227,218	259,236	49%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	20,603	—	—	20,603	40%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	—	11,690	—	11,690	70%
Changzhou	The Bund No.1 Garden (外灘一號花園)	126,695	34,329	—	—	34,329	85%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	89,866	—	89,866	100%
Changzhou	Sang Ma Land Lot CD (桑麻CD地塊)	156,115	22,208	88,778	68,735	179,721	70%
Changzhou	Sanmao Land Lot (三毛地塊)	108,486	—	—	238,588	238,588	31%

Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Changzhou	Hong Yang Upper City Phase I — III (弘陽上城—三期)	111,700	8,654	—	—	8,654	100%
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	—	—	78,631	78,631	35%
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	—	—	111,451	111,451	57%
Haimen	Jianghai Road Zuo An Gong Yuan (江海路左岸公元)	75,028	—	—	122,193	122,193	34%
Jiangyin	Sunrise Joy Residence (昕悅府)	138,902	72,707	—	50,933	123,640	100%
Jiangyin	Jing Garden of Superior Class (上品璟苑)	203,609	—	—	346,858	346,858	20%
Jiangyin	Yunting Primary School Project (雲亭小學項目)	92,953	—	—	200,204	200,204	48%
Jintan	Golden Seal and Heaven Shire (金璽天郡)	88,719	21,489	—	10,932	32,421	50%
Nantong	Esteeming Virtues Garden (尚德苑)	37,348	16,161	—	—	16,161	33%
Nantong	Oriental Cloud Garden (東方雲苑)	86,652	9,816	—	—	9,816	17%
Nantong	Upper Joy Garden (上悅花園)	82,741	42,953	—	22,679	65,632	25%
Nantong	New Metropolis Garden (新都花園)	109,890	22,093	—	—	22,093	12%
Nantong	Center Creation Metropolis Garden (中創都市花苑)	47,963	5,465	—	—	5,465	23%
Nantong	Yong Jin Lan Wan (雍錦瀾灣)	47,405	9,435	—	—	9,435	36%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	—	—	85,698	85,698	44%
Nantong	Xitong Times Billow (錫通時光樾瀾庭)	38,920	—	—	71,199	71,199	48%
Nantong	Pingchao Gaotie Xincheng (平潮高鐵新城)	84,022	—	—	184,218	184,218	29%
Nantong	Nantong Fuxing Road Project (南通富興路項目)	69,966	—	—	115,140	115,140	20%
Nantong	Nantong Antai Road Project (南通安泰路項目)	53,761	—	—	116,056	116,056	30%
Rugao	Wan Shou Road Project (萬壽路項目)	89,669	—	—	235,371	235,371	28%
Wuxi	Wuxi Sanwan Qing (無錫三萬頃)	800,000	—	—	9,122	9,122	100%
Wuxi	Sunrise Joy Court (昕悅棠)	85,122	53,884	—	32,981	86,865	100%
Wuxi	Liyuan Project (利源項目)	39,021	—	—	84,872	84,872	30%
Wuxi	Yangjian Project (羊尖項目)	63,050	—	—	109,523	109,523	38%
Wuxi	Huishan Chengtie Zhan (惠山城鐵站)	15,017	—	—	41,717	41,717	26%
Wuxi	Wuxi Qingyuan Avenue (無錫慶源大道)	57,962	—	—	112,537	112,537	48%

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Wuxi	Wuxi Yangshan (無錫陽山)	28,166	—	—	44,427	44,427	30%
Xuzhou	Xuzhou Landscape of the Peach Garden (徐州山水桃花源)	104,284	29,692	—	—	29,692	75%
Xuzhou	Nine Pleasures Splendid Residence (九悅華府)	181,244	8,931	—	170,742	179,673	33%
Xuzhou	Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	26,646	—	—	5,206	5,206	33%
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	—	—	182,063	182,063	19%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	—	—	229,089	229,089	47%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	—	—	75,733	75,733	81%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	—	—	613,070	613,070	51%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	—	—	182,340	182,340	51%
Xuzhou	Songshan Road Project (嵩山路項目)	142,721	—	—	361,626	361,626	25%
Xuzhou	Zhongtian Shiming Road Project (中天仕名路項目)	55,614	—	—	154,856	154,856	51%
Xuzhou	Suyu Project (宿豫項目)	90,007	—	—	244,275	244,275	30%
Haining	Longxing Road Project (隆興路項目)	42,030	—	—	83,598	83,598	33%
Jiaxing	Youchengang Tihong Yueli (油車港題紅樾里)	37,064	—	—	102,701	102,701	45%
Ningbo	Chen Po Du (陳婆渡)	40,148	—	—	78,863	78,863	33%
Ningbo	Yaojiang New City Project (姚江新城項目)	88,930	—	—	151,617	151,617	18%
Taizhou (台州)	Wenling Shidai Jiuzhu (溫嶺時代玖著)	14,338	—	—	37,704	37,704	48%
Tongxiang	Wuzhen Longxiang Avenue Project (烏鎮龍翔大道項目)	42,811	—	—	82,706	82,706	57%
Zhuji	Zhuji Land Lot No. 2018-11 (諸暨2018-11地塊)	49,492	—	—	56,061	56,061	47%
Jinan	Jiqi Road Project (濟齊路項目)	34,290	—	—	91,722	91,722	45%
Nanchang	New Power Hong Yang Residence (新力弘陽府)	43,410	—	—	105,761	105,761	37%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樾)	102,269	—	—	223,314	223,314	66%
Nanchang	Qing Yun Pu (青雲譜)	29,452	—	—	99,156	99,156	49%
Nanchang	Wanli (灣里)	13,717	10,538	—	—	10,538	95%

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Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	—	—	65,514	65,514	47%
Danyang	Phoenix Terrace (鳳熹台)	88,498	72,445	—	28,695	101,140	20%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	—	—	167,564	167,564	25%
Huai'an	Huai'an Fengdeng Road (淮安豐登路)	41,476	—	—	129,626	129,626	20%
Jurong	Land Lot No. 2018-J1-06 (2018-J1-06號地塊)	72,609	49,438	—	89,625	139,063	30%
Jurong	Jurong Land Lot No. B (句容B地塊)	38,731	—	—	74,274	74,274	17%
Taizhou (泰州)	Wave of Swallow Garden (燕瀾花園)	56,230	8,070	—	4,671	12,741	99%
Suqian	Wutaishan Heyue Garden (五台山和樾花園)	139,947	—	—	371,486	371,486	20%
Yancheng	Begonia View Residence in Yanzhen Road (鹽枕路觀棠府)	69,049	—	—	163,523	163,523	33%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	—	—	241,025	241,025	32%
Yancheng	Yancheng HaiKuo Road Project (鹽城海闊路項目)	100,491	—	—	267,326	267,326	17%
Yancheng	Yancheng Yandangshan Road Project (鹽城雁蕩山路項目)	104,088	—	—	238,851	238,851	22%
Yancheng	Yancheng Wengang Road Project (鹽城文港路項目)	60,421	—	—	156,933	156,933	33%
Yizheng	Yizheng 38 (儀徵38)	69,788	33,963	—	86,271	120,234	50%
Yizheng	Yizheng 39 (儀徵39)	66,358	42,706	10,003	27,913	80,622	50%
Yizheng	Yizheng Yuelong Bay (儀徵悅瓏灣)	27,589	—	—	73,240	73,240	49%
Zhenjiang	Zhoujiazhuang Project (周家莊項目)	16,168	—	—	42,463	42,463	51%
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	—	—	31,250	31,250	33%
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	—	—	78,525	78,525	33%
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	—	73,000	244,279	317,279	95%
Bengbu	Bengbu Xin Hong (蚌埠新弘)	32,646	—	—	76,045	76,045	48%
Chuzhou	Garden with Art Atmosphere (藝境花園)	83,999	22,426	—	12,825	35,251	33%
Chuzhou	New City Hong Yang Garden at Mingfa North (明發北站新城弘陽苑)	8,782	2,736	—	129	2,865	99%

Region	Name of Project	Land Area (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Chuzhou	Glory Residence (正榮府)	80,867	117,119	—	22,121	139,240	30%
Chuzhou	Garden In Times (Chuzhou Times Billow (時光里花園 (滁州時光瀾庭))	89,886	26,257	—	—	26,257	39%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	—	—	123,684	123,684	49%
Fuyang	Yingzhou Hong Yang Residence (潁州弘陽府)	38,297	—	—	81,581	81,581	50%
Huzhou	Huzhou 2018-43 (湖州2018-43)	48,652	—	—	65,009	65,009	96%
Huzhou	Huzhou Ren Huang No. 58# (湖州仁皇58#)	102,218	—	—	150,038	150,038	96%
Huzhou	Huzhou South Taihu New District Project (湖州南太湖新區項目)	30,200	—	—	78,204	78,204	40%
Ma'anshan	Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)	97,340	2,146	—	27,612	29,758	20%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	—	—	136,371	136,371	40%
Jiangmen	Liyue Project (禮樂項目)	30,231	—	—	81,897	81,897	33%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	—	—	120,919	120,919	95%
Xianyang	Zhonghua West Road Yulong Fu (中華西路鈺瓏府)	39,136	—	—	147,049	147,049	47%
Xiangyang	Prime Watery Court (襄御瀾庭)	45,761	—	—	120,611	120,611	30%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	—	—	260,002	260,002	50%
Xiangyang	Taiziwan Lu Yun Ting (檀子灣路雲庭)	29,569	—	—	64,209	64,209	76%
Bozhou	Bozhou Land Lot No. 2017-217 (亳州2017-217號地塊)	201,216	9,222	—	299,665	308,887	40%
Kaifeng	Kaifeng Yan Lan Residence (開封燕瀾府)	63,533	—	—	206,726	206,726	94%
Meishan	Renshou In Times (仁壽時光里)	68,107	—	—	167,056	167,056	94%
Total		12,550,304	1,040,816	817,523	18,199,041	20,057,380	

### 3. Commercial Operations

For the year ended 31 December 2020, the Group achieved rental income of approximately RMB505.2 million, representing an increase of 22.8% as compared to the corresponding period last year. The increase was mainly due to the additional contributions from Pavilion C2 and C3 Nanjing Hong Yang Plaza grandly opened in August 2019.

### 4. Hotel Operations

For the year ended 31 December 2020, the Group achieved sales revenue of approximately RMB37.6 million from its hotel operations, representing a decrease of 5.3% as compared to the corresponding period last year. The decrease was mainly due to the decrease in occupancy rate in the hotel industry as affected by the novel coronavirus epidemic.

## FINANCIAL REVIEW

### 1. Revenue

For the year ended 31 December 2020, the Group's revenue amounted to approximately RMB20,158.7 million, representing an increase of 32.9% from approximately RMB15,169.5 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales increased by 33.3% to approximately RMB19,615.8 million as compared to the same period last year, accounting for 97.3% of the total recognized revenue; (ii) commercial operations increased by 22.8% to approximately RMB505.2 million as compared to the same period last year; and (iii) hotel operations decreased by 5.3% to approximately RMB37.6 million as compared to the same period last year.

Details of recognized revenue are set out as follows:

	2020		2019		Year-on-year change (%)
	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	
Property sales	19,615,845	97.3	14,718,381	97.0	33.3
Commercial operations	505,224	2.5	411,368	2.7	22.8
Hotel operations	37,632	0.2	39,757	0.3	(5.3)
Total	<u>20,158,701</u>	<u>100.0</u>	<u>15,169,506</u>	<u>100.0</u>	<u>32.9</u>

## **2. Cost of sales**

For the year ended 31 December 2020, the cost of sales of the Group was approximately RMB15,651.0 million, representing an increase of 37.8% as compared to that of approximately RMB11,356.2 million for the same period last year. The increase was primarily due to the increased number of projects delivered during the year. Several projects delivered during the year included Wuhan Yin Yue Residence (印月府) project, Wuxi Sunrise Joy Court (昕悦棠) project, Changzhou Tian Xia Jin (天下錦) project and Chuzhou Times Billow (時光瀾庭) project.

## **3. Gross Profit and Gross Profit Margin**

For the year ended 31 December 2020, the Group's gross profit was approximately RMB4,507.7 million, representing an increase of 18.2% from approximately RMB3,813.3 million for the corresponding period of 2019. Such increase was primarily attributable to the increased number of projects delivered during the year. For the year ended 31 December 2020, the gross profit margin was 22.4%, representing a decrease from 25.1% for the corresponding period of 2019. This was mainly due to the decrease in the percentage of revenue recognized for products with higher gross profit margin as compared with the same period of 2019.

## **4. Changes in Fair Value of Investment Properties**

For the year ended 31 December 2020, the Group recognized fair value gains on investment properties of approximately RMB258.9 million, representing a decrease of 16.6% from approximately RMB310.5 million for the corresponding period last year. The decrease in fair value gains was mainly due to the relatively moderate growth in rentals of the shopping mall market as affected by the novel coronavirus epidemic.

## **5. Selling and Distribution Expenses**

For the year ended 31 December 2020, the Group's selling and distribution expenses amounted to approximately RMB927.6 million, representing an increase of 42.3% from approximately RMB652.0 million for the corresponding period last year. Such increase was due to the launch of new property projects of the Group for presale in 2020.



## **6. *Administrative Expenses***

For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB990.7 million, representing a decrease of 9.1% from approximately RMB1,089.7 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

## **7. *Share of Profits and Losses of Joint Ventures and Associates***

For the year ended 31 December 2020, the Group's share of profits and losses of joint ventures and associates amounted to approximately RMB443.1 million, representing a decrease of 36.1% from approximately RMB693.0 million for the corresponding period last year. The decrease was due to the decrease in area carried forward of cooperation projects during the year as compared to the corresponding period last year. There were still profit carried forward from several cooperation projects such as Nantong Upper Joy Garden, Nantong Oriental Cloud Garden and Changzhou Emperor Looks at the First Court.

## **8. *Finance Costs***

For the year ended 31 December 2020, the Group's finance costs expended amounted to approximately RMB725.4 million, representing an increase of 14.4% from approximately RMB634.3 million for the corresponding period last year. Such change in finance costs was mainly due to the increase in borrowings resulted from the Group's land acquisitions and expansion of property development during the Reporting Period.

## **9. *Income Tax Expense***

For the year ended 31 December 2020, the Group's income tax expense amounted to approximately RMB1,304.4 million, representing an increase of 18.6% from approximately RMB1,099.5 million for the corresponding period last year. The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

During the year ended 31 December 2020, the provision made for land appreciation tax by the Group was approximately RMB651.6 million, as compared with approximately RMB564.8 million for the corresponding period last year.

## **10. Profit for the reporting period**

As a result of the aforementioned factors, the Group's profit before tax increased by 15.5% to approximately RMB3,159.3 million for the year ended 31 December 2020 from approximately RMB2,735.4 million for the corresponding period last year. For the year ended 31 December 2020, net profit amounted to RMB1,854.9 million, representing an increase of 13.4% as compared with the corresponding period last year. Net profit attributable to owners of the parent increased by 13.2% to RMB1,661.0 million (2019: RMB1,467.6 million).

For the year ended 31 December 2020, core net profit increased by 11.9% to RMB1,500.0 million as compared with the same period last year (2019: RMB1,340.8 million); core net profit attributable to owners of the parent increased by 10.7%, from approximately RMB1,185.8 million for the same period last year to approximately RMB1,313.1 million for the year ended 31 December 2020.

## **LIQUIDITY, FINANCE AND CAPITAL**

### **1. Cash Position**

As at 31 December 2020, the Group's cash and bank balances were approximately RMB18.53 billion (as at 31 December 2019: approximately RMB16.84 billion), of which, restricted cash amounted to approximately RMB2.86 billion (as at 31 December 2019: RMB2.30 billion), and pledged deposits amounted to approximately RMB3.25 billion (as at 31 December 2019: 5.85 billion).

### **2. Borrowings and Pledged Assets**

As at 31 December 2020, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB32.31 billion (as at 31 December 2019: approximately RMB29.54 billion), of which, interest-bearing bank and other borrowings were approximately RMB22.05 billion (as at 31 December 2019: approximately RMB20.27 billion) and senior notes were approximately RMB10.26 billion (as at 31 December 2019: approximately RMB9.27 billion).

The Group's total borrowings were repayable as follows:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Interest-bearing bank loans and other borrowings:		
Repayable within one year	<b>8,766,941</b>	10,516,391
Repayable in the second year	<b>7,171,834</b>	5,673,456
Repayable within two to five years	<b>4,989,532</b>	2,967,633
Repayable beyond five years	<b>1,123,867</b>	1,114,266
	<u><b>22,052,174</b></u>	<u>20,271,746</u>
Sub-total		
Senior notes:		
Repayable within one year	<b>2,671,726</b>	1,894,998
Repayable in the second year	<b>4,512,641</b>	2,679,301
Repayable within two to five years	<b>3,068,527</b>	4,700,343
	<u><b>10,252,894</b></u>	<u>9,274,642</u>
Total borrowings	<u><b>32,305,068</b></u>	<u>29,546,388</u>

As at 31 December 2020, except for the borrowings in the amount of RMB10,757.1 million (as at 31 December 2019: RMB9,274.6 million) denominated in US\$ and the borrowings in the amount of RMB69.3 million (as at 31 December 2019: Nil) denominated in HK\$, the remaining borrowings of the Group were denominated in RMB.

As at 31 December 2020, except for certain bank and other borrowings of RMB9,193,579,000 (as at 31 December 2019: RMB11,656,841,000) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

As at 31 December 2020, assets with an aggregate value of approximately RMB33,984.5 million (as at 31 December 2019: approximately RMB33,669.9 million) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

### **3. *Financing Activities***

On 13 January 2020, the Group issued US\$300 million 9.7% 3.25-year senior notes. Please refer to the Company's announcement dated 14 January 2020 for further details.

On 16 July 2020, the Group issued US\$155 million 9.7% 2.75-year senior notes. Please refer to the Company's announcement dated 17 July 2020 for further details.

On 13 January 2021, the Group issued US\$350 million 7.3% 4-year senior notes. Please refer to the Company's announcement dated 7 January 2021 for further details.

In view of the steady operating and financial performance, the Group maintained its ratings assigned by various credit rating agencies. Moody's assigned the Group a long-term "**B2**" credit rating with positive outlook. Fitch Ratings maintained the Group's long-term corporate credit rating as "**B+**" with stable outlook. Lianhe Ratings Global Limited maintained the Group's global scale long-term issuer credit rating as "**BB-**" with stable outlook. In addition, United Credit Ratings Co., Ltd. maintained the long-term issuer credit rating of Redsun Properties (Group) Co., Ltd., a wholly-owned subsidiary of the Company, as "**AA+**" with stable outlook.

### **4. *Gearing Ratio***

As at 31 December 2020, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 50.3%, as compared with approximately 70.4% as at 31 December 2019. As at 31 December 2020, the Group's debt to asset ratio (total debts divided by total assets) was approximately 77.0%, as compared with approximately 81.1% as at 31 December 2019. As at 31 December 2020, the Group's current ratio (current assets divided by current liabilities) was approximately 1.39 times, as compared with approximately 1.31 times as at 31 December 2019.

As of 31 December 2020, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 1.62 times, as compared with approximately 1.36 times as at 31 December 2019.

## **5. *Capital and Property Development Expenditure Commitments***

As at 31 December 2020, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB10.09 billion (as at 31 December 2019: approximately RMB9.65 billion).

## **6. *Contingent Liabilities***

Pursuant to the mortgage contracts, the banks require the Group to provide guarantees to the purchasers in respect of their mortgage loans. Such mortgage guarantees provided to the purchasers are usually 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 delivery of relevant properties to the purchasers. If the purchasers are in default on their mortgage loans, the Group shall be liable to the repayment of the outstanding mortgage principal amount together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group shall be entitled to take over the legal title and possession of the related properties.

As at 31 December 2020, the Group provided guarantees of approximately RMB12.52 billion to certain banks in respect of the mortgage loans granted to certain purchasers of the Group's properties (as at 31 December 2019: approximately RMB8.45 billion).

As at 31 December 2020, the Group provided guarantees of approximately RMB3.94 billion to certain joint ventures and associates (as at 31 December 2019: approximately RMB3.65 billion). Save as disclosed in this results announcement, the Group had no other material contingent liabilities as at 31 December 2020.

## CORPORATE GOVERNANCE/OTHER INFORMATION

### **1. *Material Investments, Acquisitions and Disposals***

There was no material investment, acquisition and disposal of subsidiaries, associated companies or joint ventures by the Group during the Reporting Period.

### **2. *Employment and Remuneration Policies***

As at 31 December 2020, the Group had a total of 3,452 employees, of which 2,986 employees were engaged in the real estate development business, 354 employees were engaged in the commercial property operation business and 112 employees were engaged in the hotel operation business.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

### **3. *Events After the Reporting Period***

On 13 January 2021, the Group issued 7.30% senior notes due 13 January 2025 in an aggregate principal amount of US\$350,000,000. Please refer to the Company's announcement dated 7 January 2021 for further details.

On 29 January 2021, Mr. He Jie has tendered his resignation as an executive Director, the chief executive officer of the Company and a member of the remuneration committee of the Board. Mr. Yuan Chun has been appointed as an executive Director, the chief executive officer and a member of the remuneration committee of the Board. Please refer to the Company's announcement dated 29 January 2021 for further details.

On 26 February 2021, Mr. Jiang Daqiang has tendered his resignation as a non-executive Director and a member of the audit committee of the Board. Mr. Zeng Junkai has been appointed as an executive Director, a member of the remuneration committee of the Board and a vice president of the Company. Please refer to the Company's announcement dated 26 February 2021 for further details.

Save as disclosed above, the Group had no other significant event after the Reporting Period.

#### **4. *Payment of Dividends***

The Board recommended the payment of a final dividend of HK14.5 cents (equivalent to RMB12.2 cents) per share.

#### **5. *Purchase, Sale or Redemption of Any of the Company's Listed Securities***

During the Reporting Period, neither the Group nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### **6. *Currency Risk***

The Group primarily operates in the PRC and majority of the Group's transactions were denominated and settled in RMB.

#### **7. *Corporate Governance***

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

The Group has always complied with all applicable code provisions of the CG Code. To the knowledge of the Director, the Group has complied with all applicable code provisions of the CG Code during the year ended 31 December 2020. The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

#### **8. *Annual General Meeting***

An annual general meeting (the "**Annual General Meeting**") has been scheduled to be convened at 10 a.m. on 25 June 2021.

## **9. Closure of Register of Members**

For the purpose of determining the rights to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 22 June 2021 to 25 June 2021, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on 21 June 2021. Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on or about 28 July 2021.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 7 July 2021 to 9 July 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on 6 July 2021.

## **10. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors.

After specific enquiries made to all Directors, Directors have confirmed their compliance with the required standards set out in the Model Code for the year ended 31 December 2020.



## ***11. Review of Annual Results by the Audit Committee***

The Board has established its audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code.

The primary duties of our audit committee are to review and monitor the Group's financial reporting process, risk management and internal control system, to oversee the audit process, to provide recommendation and advice to the Board, and to perform other duties and responsibilities as may be assigned by the Board. Our audit committee consists of three members, including Mr. Leung Yau Wan John, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. Our audit committee is chaired by Mr. Leung Yau Wan John, who has appropriate professional qualifications.

Our audit committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2020 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. Our audit committee has also discussed the matters of audit and financial reporting.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this preliminary announcement.

## ***12. Publication of Annual Results and Annual Report on the Websites of the Stock Exchange and the Company***

This annual results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.rsunproperty.hk>). The annual report will be despatched to the shareholders of the Company in due course, and available for viewing on the websites of the Stock Exchange and the Company.

## OUTLOOK FOR 2021

The year 2021 marks the introduction of the “**14th Five-Year**” Plan. However, there remains a high degree of uncertainty over the external environment. The novel coronavirus situation worldwide is still fluctuating while the global political and economic pattern is still perplexing. From a domestic perspective, with scientific and effective epidemic prevention and control in China, there are increasing factors in favor of economic growth. Various short-term measures to tackle the epidemic will gradually fade out or come to an end and economic and social activities will resume normal.

At the macro economy level, the monetary policies emphasize a balance between stable growth and risk prevention, focusing more on accuracy and flexibility. It is anticipated that the intensity of marginal looseness will be weaker than that in 2020. Instead of pursuing intensity, proactive fiscal policies highlight the importance of enhancing quality and efficacy and achieving sustainable development.

In respect of real estate market, the policy that “**houses are for living, not for speculation**” is duly incorporated into the proposal of the “**14th Five-Year**” Plan. Despite the context where the real estate market is suffering from the impact brought by the epidemic and the economy is exposed to increasing downward pressure, real estate regulation and control, particularly that on the demand side, have not shown any sign of relaxation. In the second half of 2020, central and local governments stepped up their regulation and control policies in some cities with signs of overheating. In 2021, it is expected that the trend of “**stringent regulation and control**” will continue and prevail while the regulation policies of “**emphasis on stability, one policy for one city**” and “**Three Red Lines**” will remain unchanged. “**Houses are for living, not for speculation**” will be the medium- and long-term direction of policies. Competition in the real estate market will become more intense. It is expected that the transaction volume of commodity housing for the whole year will basically remain at the same level as last year and the prices will remain stable.

For commercial properties, as specified in the proposal of the “**14th Five-Year**” Plan, “**the new development landscape with mutual promotion between domestic and international circulations**” will be the important guidelines for economic development in the next five years. We have to be consumer-oriented to make efforts in achieving innovations in experiential consumption, grasping the business opportunities as a result of strong domestic demand; we have to strengthen the combination with internet to realize online and offline integration, pay close attention to the strategic opportunity period to create new core competitiveness so that we can stand out in the new round of competition.

In 2021, the Group will continue to foster the “**dual-driven**” business strategy, while “**Quality and Efficacy Enhancement**” will continue to become the main theme of our operation in year 2021. We will be profit-oriented to realize stable and quality growth in business scale. Embracing changes, the Group will comply with regulations and show respects to the market.

In terms of real estate development, with the strategy of “**penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities**”, we will continue to implement the strategic layout. In particular, comprehensive layout will be implemented in Jiangsu Province to realize the economies of scale. Foothold will be strengthened in the metropolitan areas such as the Yangtze River Delta, the Greater Bay Area, the Chengdu-Chongqing region, Central Plains, the middle reaches of Yangtze River and the Shandong Peninsula, which are currently more mature with greater potential, with a view of extending the competitiveness and influence in the central key hub cities in particular. Regarding operation, the Group persists in being operation- and customer-oriented to make ends meet and keep an eye on the safety of cash flow. Adhering to the dual-driven strategy, the Group will put more effort on commercial development to strengthen the commercial/residential linkage, so as to enhance the geographical value of the projects as a whole. To achieve a win-win situation in both selling properties and self-holding properties, the Group will maintain stable gross profit margin in sale of properties as a future growth driver. We set up ecological and duplicable project production lines and create core competitive edges for products through the lean control of the entire value chain. For commercial development, the Group will stress the importance of both expansion of scale and enhancement of operational efficiency. Constantly optimizing and upgrading its business portfolio, the Group will create benchmark commercial property projects. With the creation of the service platform featuring online and offline integration, the Group will set up a digital member service system to enhance the operational capabilities through informational means, thereby creating better return on assets.

Constantly upholding the core values of “**professionalism and building credibility for the long term**”, we will fully implement the corporate spirit of “**Health, Hard work and Benevolence**”, the “**talent-, fighter- and contributor-oriented**” talent concept as well as the team culture of “**practicality, vitality and affinity**”, so as to realize the strategic vision of “**becoming a respected creator of a better life**” (成為受人尊敬的美好生活創造者), earning the respect of our customers, industry peers, employees and business partners as well as the community.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all shareholders, bondholders, customers and partners for their unfailing support and to all employees for their contribution and hard work to the Company in year 2020. The Group will use its best endeavors to create the greatest value for its shareholders and investors.

On behalf of the Board  
**Redsun Properties Group Limited**  
**Zeng Huansha**  
*Chairman*

Hong Kong, 29 March 2021

*As of the date of this announcement, the executive Directors are Mr. Zeng Huansha, Mr. Yuan Chun, Mr. Zeng Junkai and Mr. Lui Wai Pang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.*