

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 DECEMBER 31, 2018**

**FINANCIAL HIGHLIGHTS OF
THE 2018 ANNUAL RESULTS ANNOUNCEMENT**

- Contracted sales increased by 84.2% to RMB47,338,070,000 as compared with that of 2017, and the corresponding contracted sales area increased by 107.8% to 3,528,491 square meters as compared with that of 2017;
- Recognized revenue increased by 50.5% to RMB9,238,741,000 as compared with that of 2017;
- Gross profit increased by 15.9% to RMB2,887,085,000 as compared with that of 2017;
- Net profit increased by 10.7% to RMB1,323,125,000 as compared with that of 2017;
- Net profit attributable to shareholder increased by 15.7% to RMB1,412,264,000 as compared with that of 2017;
- As of December 31, 2018, the net debt-to-equity ratio stood at a sound level of 68.3%, a big improvement from 87.7% in 2017, and the cash on hand was leaped by 195.8% from the previous year to RMB12,456,039,000.
- The Board recommended payment of a final dividend of HK10.7 cents per share, which is approximately 25% of the core profit attributable to owners of the parent in 2018.

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 (the “**Group**”) for the year ended December 31, 2018 (the “**reporting period**”), together with the comparative figures for the corresponding period of the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Revenue	4	9,238,741	6,139,672
Cost of sales		<u>(6,351,656)</u>	<u>(3,648,023)</u>
Gross profit		2,887,085	2,491,649
Other income and gains	4	235,973	282,946
Selling and distribution expenses		(341,771)	(240,256)
Administrative expenses		(686,271)	(305,204)
Other expenses		(48,159)	(17,478)
Fair value gains/(losses) on investment properties		260,803	(287,414)
Finance costs	5	(499,297)	(441,537)
Share of profits/(losses) of:			
Joint ventures		387,008	486,563
Associates		<u>(19,993)</u>	<u>(68,485)</u>
PROFIT BEFORE TAX	6	2,175,378	1,900,784
Income tax expense	7	<u>(852,253)</u>	<u>(705,301)</u>
PROFIT FOR THE PERIOD		<u>1,323,125</u>	<u>1,195,483</u>
Attributable to:			
Owners of the parent		1,412,264	1,220,728
Non-controlling interests		<u>(89,139)</u>	<u>(25,245)</u>
		<u>1,323,125</u>	<u>1,195,483</u>

	Notes	2018 RMB'000	2017 RMB'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>RMB0.66</u>	<u>Not applicable</u>
Diluted	9	<u>RMB0.66</u>	<u>Not applicable</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
PROFIT FOR THE YEAR	<u>1,323,125</u>	<u>1,195,483</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>1,323,125</u>	<u>1,195,483</u>
Attributable to:		
Owners of the parent	1,412,264	1,220,728
Non-controlling interests	<u>(89,139)</u>	<u>(25,245)</u>
	<u>1,323,125</u>	<u>1,195,483</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	988,556	746,991
Investment properties	11	9,397,000	8,722,859
Prepaid land lease payments		28,903	29,696
Other intangible assets		11,998	14,224
Investments in joint ventures		1,026,466	639,458
Investments in associates		1,712,839	805,871
Deferred tax assets		443,060	185,813
Other long term assets		—	14,800
		13,608,822	11,159,712
CURRENT ASSETS			
Financial assets at fair value through profit or loss		1,130,607	—
Available-for-sale investment		—	2,006,659
Properties under development		29,702,386	16,957,888
Completed properties held for sale		1,162,901	1,842,510
Trade receivables	12	23,728	1,514
Due from related companies		6,949,865	2,321,358
Prepayments, other receivables and other assets		2,576,011	2,546,849
Contract assets		67,851	—
Tax recoverable		239,800	244,358
Other current assets		—	32,027
Inventories		4,054	1,594
Restricted cash	13	2,644,723	741,573
Pledged deposits	13	3,578,720	991,238
Cash and cash equivalents	13	6,232,596	2,478,063
		54,313,242	30,165,631

	Notes	2018 RMB'000	2017 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	14	2,885,646	2,080,717
Other payables and accruals		3,752,834	3,127,388
Advances from customers		—	10,290,051
Contract liabilities		16,639,157	—
Due to related companies		4,941,489	2,835,539
Interest-bearing bank and other borrowings		8,233,697	4,636,517
Senior notes		2,592,868	—
Tax payable		1,603,664	981,573
Other current liabilities		—	1,614
		<u>40,649,355</u>	<u>23,953,399</u>
Total current liabilities		<u>40,649,355</u>	<u>23,953,399</u>
NET CURRENT ASSETS		<u>13,663,887</u>	<u>6,212,232</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,272,709</u>	<u>17,371,944</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		11,092,804	6,992,982
Deferred tax liabilities		2,330,160	1,911,027
Other non-current liabilities		—	11,069
		<u>13,422,964</u>	<u>8,915,078</u>
Total non-current liabilities		<u>13,422,964</u>	<u>8,915,078</u>
NET ASSETS		<u><u>13,849,745</u></u>	<u><u>8,456,866</u></u>

	2018	2017
	RMB'000	RMB'000
EQUITY		
Equity attributable to owners of the Parent		
Share capital	28,254	—
Share premium	2,931,914	—
Other reserves	9,734,737	8,298,147
	<u>12,694,905</u>	<u>8,298,147</u>
Non-controlling interests	<u>1,154,840</u>	<u>158,719</u>
TOTAL EQUITY	<u><u>13,849,745</u></u>	<u><u>8,456,866</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on December 21, 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Walkers Corporate Limited, which is located at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company is an investment holding company. The Group is principally engaged in the property development, commercial property investment and operation and hotel operations in the PRC.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on July 12, 2018.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated result set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

These financial statements have been prepared in accordance with IFRSs, (which include all standards and interpretations approved by the IASB, and International Accounting Standards ("IASs"), Standing Interpretations Committee interpretations) approved by the IASB that remain in effect, 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.

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

The adoption of the new and revised standards and interpretation has had no significant financial effect on the financial performance.

3. OPERATING SEGMENT INFORMATION

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

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

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 Group's profit/loss before tax except that interest income, foreign exchange gains and finance costs as well as head office and corporate expenses are excluded from such measurement.

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

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

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is no 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.

Year ended 31 December 2018	Property development RMB'000	Commercial property investment and operation RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	8,843,003	359,026	36,712	9,238,741
Intersegment sales	<u>18,219</u>	<u>—</u>	<u>—</u>	<u>18,219</u>
	8,861,222	359,026	36,712	9,256,960
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(18,219)</u>
Total revenue				<u><u>9,238,741</u></u>
Segment results	2,177,550	(15,902)	(7,438)	2,154,210
<i>Reconciliation:</i>				
Interest income				7,181
Foreign exchange gains				19,941
Corporate and other unallocated expenses				<u>(5,954)</u>
Profit before tax				<u><u>2,175,378</u></u>
Segment assets	58,455,346	9,629,832	142,425	68,227,603
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,501,830)
Corporate and other unallocated assets				<u>1,196,291</u>
Total assets				<u><u>67,922,064</u></u>
Segment liabilities	55,032,091	327,103	185,278	55,544,472
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,501,830)
Corporate and other unallocated liabilities				<u>29,677</u>
Total liabilities				<u><u>54,072,319</u></u>
Other segment information:				
Share of profits and losses of:				
Joint ventures	387,008	—	—	387,008
Associates	(19,993)	—	—	(19,993)
Depreciation and amortisation	21,178	38,352	20,975	80,505

Year ended 31 December 2017	Property development RMB'000	Commercial property investment and operation RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	5,938,391	166,420	34,861	6,139,672
Intersegment sales	<u>26,507</u>	<u>—</u>	<u>—</u>	<u>26,507</u>
	5,964,898	166,420	34,861	6,166,179
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(26,507)</u>
Total revenue				<u><u>6,139,672</u></u>
Segment results	1,867,106	6,573	(16,684)	1,856,995
<i>Reconciliation:</i>				
Interest income				43,848
Corporate and other unallocated expenses				<u>(59)</u>
Profit before tax				<u><u>1,900,784</u></u>
Segment assets	32,405,675	8,763,483	33,250	41,202,408
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,188,655)
Corporate and other unallocated assets				<u>1,311,590</u>
Total assets				<u><u>41,325,343</u></u>
Segment liabilities	33,897,775	64,528	67,487	34,029,790
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,188,655)
Corporate and other unallocated liabilities				<u>27,342</u>
Total liabilities				<u><u>32,868,477</u></u>
Other segment information:				
Share of profits and losses of:				
Joint ventures	486,563	—	—	486,563
Associates	(68,485)	—	—	(68,485)
Depreciation and amortisation	13,377	30,608	19,371	63,356

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, commercial property investment and operation and hotel operations for 2018.

An analysis of revenue and other income and gains is as follows:

	2018	2017
	RMB'000	RMB'000
Revenue		
Sale of properties	8,843,003	5,938,391
Commercial property investment and operation	359,026	166,420
Hotel operations	36,712	34,861
	<u>9,238,741</u>	<u>6,139,672</u>
	2018	2017
	RMB'000	RMB'000
Other income and gains		
Bank interest income	9,124	88,309
Interest income from borrowings to joint ventures and associates	96,530	149,674
Forfeiture of deposit	1,547	792
Government grants	1,353	1,190
Net foreign exchange gains	19,941	—
Management consulting service fees charged to joint ventures and associates	63,771	7,252
Fair value gains on financial assets at fair value through profit or loss	8,233	4,579
Others	35,474	31,150
	<u>235,973</u>	<u>282,946</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	RMB'000	RMB'000
Interest on bank loans, other borrowings, senior notes and amount due to related companies	1,548,159	830,858
Interest on pre-sales deposits	320,757	—
Less: Interest capitalized	<u>(1,369,619)</u>	<u>(389,321)</u>
	<u>499,297</u>	<u>441,537</u>

6. PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	RMB'000
Cost of inventories sold	6,204,908	3,425,780
Impairment losses write-off for properties completed held for sale	(68,726)	(48,505)
Impairment losses recognised for properties under development and completed properties held for sale	116,782	163,674
Impairment losses reversed for properties under development	(37,380)	—
Depreciation of items of property, plant and equipment	74,925	58,469
Fair value (gains)/losses on investment properties	(260,803)	287,414
Amortisation of other intangible assets	4,787	4,388
(Gains)/losses on disposal of items of property, plant and equipment	(210)	312
Share of (gains)/losses of:		
Joint ventures	(387,008)	(486,563)
Associates	19,993	68,485
Auditors' remuneration	2,880	3,216
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	372,614	183,612
Pension scheme contributions and social welfare	35,373	17,174

7. INCOME TAX

	2018	2017
	RMB'000	RMB'000
Current tax		
Corporate income tax	638,948	465,350
LAT	441,357	401,082
Deferred tax	<u>(228,052)</u>	<u>(161,131)</u>
Total tax charge for the period	<u><u>852,253</u></u>	<u><u>705,301</u></u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate as of December 31, 2018 and December 31, 2017 is as follows:

	2018	2017
	RMB'000	RMB'000
Profit before tax	<u><u>2,175,378</u></u>	<u><u>1,900,784</u></u>
At the statutory income tax rate	551,374	475,196
Profits and losses attributable to joint ventures and associates	(91,754)	(104,520)
Expenses not deductible for tax	10,289	5,284
Tax losses utilized from previous years	(37,532)	(32,133)
Tax losses not recognized	88,858	60,663
Provision for LAT	441,357	401,082
Tax effect on LAT	<u>(110,339)</u>	<u>(100,271)</u>
Tax charge for the period	<u><u>852,253</u></u>	<u><u>705,301</u></u>

8. DIVIDENDS

	2018	2017
	RMB'000	RMB'000
Proposed final — HK\$10.7 cents (2017: Nil) per ordinary share	<u><u>303,613</u></u>	<u><u>—</u></u>

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

9. 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 2,129,501,370 in issue during the year. The weighted average number of ordinary shares used to calculate the basic earnings per share was based on the followings.

	Share(s)
Issue of a share on 21 December 2017	1
Issue of shares on 1 March 2018	99
Issue of shares on 4 June 2018	100
Effect of capitalization issue on 12 July 2018	2,399,999,800
Issue of shares on 12 July 2018	800,000,000
Issue of shares on 6 August 2018	120,000,000

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 the basic and diluted earnings per share amounts are based on:

	2018
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>1,412,264,000</u>
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,129,501,370
Effect of dilution — weighted average number of ordinary shares:	
Share options	<u>22,211,762</u>
	<u>2,151,713,132</u>

10. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2018, the Group acquired items of property, plant and equipment at a total cost of RMB316,478,000 (December 31, 2017: RMB96,337,000) and disposed of or wrote off items of property, plant and equipment with a total net carrying amount of RMB1,348,000 (December 31, 2017: RMB1,063,000).

11. INVESTMENT PROPERTIES

The Group's investment properties as of December 31, 2018 were valued by Savills Real Estate Valuation (Beijing) Company Limited, an independent professionally qualified valuer, at RMB9,397,000,000 (December 31, 2017: RMB8,722,859,000).

12. TRADE AND BILLS RECEIVABLES

	2018 RMB'000	2017 RMB'000
Trade receivables	2,064	1,514
Bills receivable	21,664	—
Impairment	—	—
	<u>23,728</u>	<u>1,514</u>

Trade and bills receivables mainly arising the sales of properties, leasing of investment properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing. The carrying amounts of trade and bills receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2018 RMB'000	2017 RMB'000
Less than 1 year	23,220	1,514
Over 1 year	<u>508</u>	<u>—</u>
	<u>23,728</u>	<u>1,514</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial and therefore there has not been a loss allowance provision.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2018	2017
	RMB'000	RMB'000
Cash and bank balances	12,456,039	4,210,874
Less: Restricted cash	2,644,723	741,573
Pledged deposit	3,578,720	991,238
	<u> </u>	<u> </u>
Cash and cash equivalents	<u>6,232,596</u>	<u>2,478,063</u>

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2018, the restricted cash amounted to RMB2,644,723,000 (2017: RMB741,573,000).

As at December 31, 2018, bank deposits of RMB3,526,146,000 (2017 : RMB963,041,000) were pledged as security for bank and other borrowings. As at December 31, 2018, bank deposits of RMB52,574,000 (2017 : RMB28,197,000) were pledged as security for purchasers mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

	2018	2017
	RMB'000	RMB'000
Cash and bank balances		
Denominated in RMB	10,323,279	4,210,874
Denominated in HKD	733	—
Denominated in USD	2,132,027	—
	<u> </u>	<u> </u>
	<u>12,456,039</u>	<u>4,210,874</u>

14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables based on the invoice date is as follows:

	2018	2017
	RMB'000	RMB'000
Less than 1 year	2,380,523	2,021,539
Over 1 year	505,123	59,178
	<u> </u>	<u> </u>
	<u>2,885,646</u>	<u>2,080,717</u>

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

15. EVENTS AFTER THE REPORTING PERIOD

On February 26, 2019, the Group entered into the equity transfer agreement with Nanjing Tai Ya Department Store Management Company Limited* (南京台亞百貨市場管理有限公司) to acquire the 39.75% equity interest in Mingliu Properties at the total consideration of RMB1,177,817,000.

On March 4, 2019, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2021. The senior notes are interest-bearing at 11.5% per annual which is payable semi-annually in arrears. The maturity date of the senior notes is March 4, 2021.

CHAIRMAN'S STATEMENT

Dear shareholders:

On behalf of the Board, I am pleased to present to you the annual results of the Company for the year ended December 31, 2018.

During the reporting period, the aggregated contracted sales of the Company was RMB47.3 billion, representing a substantial year-on-year growth of 84.2%. The aggregated sales area was 3.53 million square meters, which considerably increased by 107.8% year-on-year. Recognised sales revenue was RMB9.239 billion, representing a substantial year-on-year increase of 50.5%.

During the reporting period, the annual profit of the Company was RMB1.323 billion, representing a year-on-year increase of 10.7%. The core net profit attributable to owners of the parent was RMB1.214 billion. Core net profit per share¹ was RMB0.37. The Board recommended payment of a final dividend of HK10.7 cents per share, which is approximately 25% of the core net profit attributable to owners of the parent.

In 2018, China's real estate policy still focused on the keynote that housings are not for speculation and on city-specific policies. Regulatory policies remained stringent with policies limiting purchases, sales, prices and loans, endeavoring to curb investment and speculative demands. The surge in housing price was essentially curbed and regulatory policies have achieved remarkable results.

2018 was a crucial year in the development milestones of the Company. Having listed on the Main Board of the Hong Kong Stock Exchange on July 12, the Company has entered the capital market. By precisely evaluating the market condition, carrying out organizational and strategic reforms, quickly adapting to the market changes and adhering to the notion of steady development, the Company has achieved steady growth in terms of business scale and operating results.

The Company is a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. Our strong cashflow has brought us to the stage of rapid development, and a management model featuring "investment, financing, management and retreat" has been established. To achieve rapid and quality growth, we proposed and promoted the regional penetration strategy of "strong foothold in Jiangsu, established presence in Yangtze River Delta region and modest coverage in metropolitan areas". In 2018, the Company acquired 31 parcels of land and recently entered cities such as Hangzhou, Chengdu, Wuhan, Nanchang, Ningbo, Foshan, Xuzhou, Shaoxing, Kaifeng and Bengbu in 2018, and has initially completed strategic geographical layout nationwide.

¹ Core net profit per share = Core net profit attributable to owners of the parent / the Company's total number of shares at the end of the year

Regarding property development, we adopted a diversified land acquisition strategy, which includes tenders, auctions, bids as well as acquisition and merging, and will continue to forge closer cooperation with high-quality companies with strong brands and rich resources so as to achieve optimal resource allocation and coordinated development.

Regarding commercial operation, during the reporting period, new shopping centres were opened in six cities, namely Guangzhou, Hefei, Yantai, Yangzhou, Hengyang and Jining. Long-term rental apartments were opened in Shanghai, and exquisite hotels came into presence under our hotel operation segment and contributed to the core competitiveness of our hotel brands.

Regarding business development, while promoting the leasing model, we rapidly developed commissioned projects. Multiple projects were successfully implemented during the year and our brand and capabilities were exhibited. During the reporting period, our Nanjing Hong Yang Plaza Phase I and Changzhou Hong Yang Life + were grandly opened with great success.

The Company's human resources area underwent far-reaching reform by adopting a strategy of "being mechanisms-oriented while simultaneously and rapidly developing organizational ability". In terms of mechanisms, special incentive mechanism, remuneration review mechanism, equity incentive mechanism and co-investment mechanism of projects were launched and optimized. Regarding talents, the Company reviewed and enhanced the standards of talents. Internally, the Company conducted talents review based on pre-set standards and applied the results to salary adjustment and promotion; externally, leading talents in the industry were introduced and the "Honghu Management Trainee Recruitment Plan" was successfully implemented. Hong Yang Academy was established, building an organized talent team.

The Company adopts a sound financial policy and has continuously strengthened its business model. Moreover, felicitous cashflow models have been adopted for different projects in various cities to seek the best investment return and a steady cash flow, and thereby stabilizing debt level for managing inventory and launching of products, and balanced growth in scale and profits have been achieved. As of December 31, 2018, the Company's net gearing ratio improved from 87.7% to 68.3%, and the the balance of available cash on hand was surged by 195.8% to RMB12.456 billion. There was sufficient working capital and the financial condition was sound.

Shortly after the Company was listed, Standard & Poor's and Fitch Ratings, the international rating institutions, rated the Company's credit rating as B, indicating the capital market's recognition of the Company's business operation and results. During the reporting period, the Company successfully issued USD bonds and additional bonds were issued in the same month, which not only provided financial support for the Company's development, but also demonstrated the operational notion and development strategy of

the Company. Starting from 2019, the Company's shares were included in the Hang Seng Composite Index and the southbound Stock Connect, which further strengthened the Company's influence in the capital market.

Meanwhile, the Company upholds the core values of "professionalism and building credibility for the long term" and has fully implemented the "talent-, fighter- and contributor-oriented" culture. With a people-driven enthusiasm, the Company shoulders the responsibility of charitable work, fulfils fully its corporate social responsibility and actively participates in charitable deeds. During the year, the Company held the first charitable walk in Gobi for geeks to advocate the Company's culture of geeks' spirit — "never stop if imperfect", which fully exhibits the cultural ideals of "Health, Hard work and Benevolence". The charitable branding strategy, "Ten Schools in Ten Provinces, Hundred Books for Hundred Villages", was also launched.

The Company launched its head office in Shanghai in February 2019 to form a dual headquarters operation in Shanghai and Nanjing. Looking ahead, the Company will continue to adhere to the "Property + Commercial" dual-driven strategy. In terms of property development, the Company will keep extending its urban coverage with strong foothold in Jiangsu, established presence in Yangtze River Delta region and modest coverage in metropolitan areas to achieve nationwide coverage. Our first priority is to achieve growth in scale while taking into account of profit and financial risks, attaching importance to the enhancement to products and services, and thereby to achieve quality and exponential growth. Regarding commercial property, the Company will expand its business through diversified models such as entrusted management, self-holding and leasing. With its extensive asset management experience and advanced management tools, the Company enhances its return on assets by continuously benefiting our merchants and improving customers' shopping experience. Meanwhile, it endeavors to enhance its linkage with the property development business to achieve dual-driven coordinated development.

Finally, on behalf of the Board, I would like to extend my wholehearted gratitude to all shareholders, employees, bondholders, partners and customers for their support to the company in the past year.

Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong, March 21, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Review for 2018

In 2018, the government adhered to the notion that residential properties are for living and thus, curbing the housing prices remained as the main focus of real estate policies. The PRC tightened its macro-control policies on real estate, and intensively launched restrictive measures on purchase loan advancement and pricing. As a result, the trend of rapid increase of property price stabilized, and sales volume remained stable. According to the National Bureau of Statistics, from January to December 2018, sales area of commercial properties in the PRC amounted to 1,716.54 million square meters, representing a year-on-year increase of 1.3%, and sales of commercial properties amounted to RMB14,997.3 billion, representing a year-on-year increase of 12.2%. We expect that the real estate market will remain stable overall in the future in terms of sales volume and price.

The Group's core value emphasizes "professionalism and building credibility for the long term." 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 generated from the sale of our developed residential properties and supporting retail space, rental income from the investment in and operation of commercial properties, and service fee income from our hotel operations.

During the reporting period, the Group's operating income was RMB9.239 billion, representing an increase of approximately 50.5% as compared to the same period last year; contracted sales was RMB47.338 billion, representing an increase of 84.2% as compared to the same period last year; and net profit attributable to the Group was approximately RMB1.412 billion, representing an increase of approximately 15.7% as compared to the same period last year.

1. Property Business

During the reporting period, the Group's realized sales income was RMB8.843 billion. The Group strictly implemented the regional layout strategy of "strong foothold in Jiangsu, established presence in Yangtze River Delta region and modest coverage in metropolitan areas" and actively expanded to new cities. We entered cities such as Hangzhou, Chengdu, Foshan and Kaifeng in 2018 and expanded to cities such as Xi'an in Shaanxi and Changsha in Hunan in 2019 for the first time. We have covered the Yangtze River Delta, southwest China, south China, central China and northwest China regions so far, representing a solid step toward the development from a regional real estate company into a national real estate company. As of the end of the reporting period, the Group's

aggregate gross floor area of land reserve was approximately 13,084,376 square meters (gross floor area of land reserve attributable to the Group was approximately 7,231,455 square meters), an increase of 16.3% as compared to that of 11,252,883 square meters during the reporting period ended December 31, 2017. This provides sufficient support for our future development.

2. Commercial Property Operations

During the reporting period, the Group achieved sales revenue of RMB359 million from commercial property operations. The Group also entered into commercial lease contracts for Hong Yang Plaza projects in Hefei, Hengyang and Yantai, signifying a promotion of the “Hong Yang Plaza” brand. To date, we have two Hong Yang Plazas, which are located in Nanjing in Jiangsu and Changzhou in Jiangsu, respectively.

3. Hotel Operations

During the reporting period, the Group achieved sales revenue of RMB37 million from its hotel operations. To date, we have two hotels, namely, Hongyang Hotel in Nanjing and Rsun The Lakefort Hotel in Wuxi.

(2) Business Review

1. Sales of properties

For the year ended December 31, 2018, the Group recorded contracted sales of approximately RMB47.338 billion, representing an increase of 84.2% as compared to RMB25.694 billion in the same period last year. The contracted sales in gross floor area of the Group was approximately 352.85 square meters, representing an increase of 107.8% as compared to 1,697,700 square meters in the same period last year. The increase was due to the fast expansion of the Company resulting in the gradual realization of sales from the projects acquired before.

Projects under construction

As of December 31, 2018, there were a total of 75 projects under construction with an aggregate planned gross floor area of 9,691,324 square meters (amounting to 5,135,844 square meters after including the Group’s interests in the relevant projects).

As of December 31, 2018, there were a total of 29 properties for future development with an aggregate planned gross floor area of 2,678,659 square meters (amounting to 1,436,903 square meters after including the Group's interests in the relevant projects).

Details of the contracted sales of the Group as of December 31, 2018 are set out as below:

Region	Contracted Sales in Gross Floor Area (square meter)	Contracted Sales Amount (RMB'000)	Average Contracted Sales Price (RMB/square meter)
Nanjing	971,634	14,683,933	14,924
Qiaobei Old Project (橋北老項目)	568	95,050	14,971
Solaris Loving City Section VIII (旭日愛上城八區)	56,759	1,015,127	17,830
Hong Yang Upper Yard (弘陽上院)	1,235	23,755	7,758
Loving Garden (愛上花園)	306	13,345	18,700
Great Time at Joy Peak West District (悅峰時光裡西區)	104	39,856	29,589
Garden In Times (時光裡花園) (Nanjing)	5,262	87,063	16,528
Spring on West River (春上西江)	686	25,569	19,974
Swallow River Residence (燕江府)	1,392	35,774	23,512
Wave of Swallow New Garden (燕瀾新苑)	1,159	27,539	23,771
Residence of Bamboo and Water (竹水居)	—	1,302	—
Garden of Joy and Elegance (昕悅雅苑)	60,435	1,358,102	22,472
Sea Joy Garden (海悅花園)	53,158	1,411,832	26,559
New No.1 Commercial Plaza (新壹商業廣場)	2,232	44,670	20,017
Golden Space and Watery Court (金城瀾庭)	85,315	1,884,138	22,085
Mountain View Garden (山卿苑)	23,313	576,285	24,720
Star Joy World Square (星悅天地廣場)	42,392	706,911	16,675

Region	Contracted Sales in Gross Floor Area (square meter)	Contracted Sales Amount (RMB'000)	Average Contracted Sales Price (RMB/square meter)
Garden with Art Atmosphere (藝境花園)	56,855	635,439	11,176
Glory Residence (正榮府)	95,664	913,019	9,544
Begonia Court (棠苑)	75,633	809,805	10,489
New City Hong Yang Garden at Mingfa North (明發北站新城弘陽苑)	13,096	125,353	9,572
Mountain and Lake View Garden In Times (時光山湖花園)	19,276	196,480	10,193
Nanjing Land Lot No. 2017G36 (南京•2017G36地塊)	15,774	406,324	25,759
Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)	53,703	407,805	7,594
Wave of Swallow Garden (燕瀾花園)	56,980	566,150	9,936
Times Billow(時光瀾庭)	168,680	1,274,756	7,537
Royal Creek (御瀾府)	75,599	1,909,634	25,260
Land Lot No. G01(Xinghuo Road) (G01地塊 (星火路))	6,061	92,850	15,320
Changzhou	361,661	4,551,904	12,240
Phase I to III of Hong Yang Upper City (弘陽上城一—三期)	183	53,176	22,355
Phase IV of Hong Yang Upper City (弘陽上城四期)	3,050	79,807	17,347
Phoenix Terrace (鳳熹台)	54,545	443,950	8,139
The Bund No.1 Garden (外灘一號花園)	26,166	402,243	14,644
Emperor Looks at the First Court (君望甲第)	78,666	1,074,060	13,653
Sang Ma Land Lot CD (桑麻CD地塊)	42,018	722,922	17,205
Golden Seal and Heaven Shire (金璽天郡)	157,033	1,775,746	11,116

Region	Contracted Sales in Gross Floor Area (square meter)	Contracted Sales Amount (RMB'000)	Average Contracted Sales Price (RMB/square meter)
Nantong	414,819	5,699,296	13,145
Best Time Garden (佳期花苑)	1,124	191,618	20,058
Garden with Virtue (德慶苑)	16,652	185,251	11,125
Esteeming Virtues Garden (尚德苑)	6,038	70,983	11,756
Upper Joy Garden (上悦花園)	139,287	1,656,520	11,708
Center Creation Metropolis Garden (中創都市花苑)	72,878	1,099,049	15,081
New Metropolis Garden (新都花園)	77,960	864,447	11,022
Oriental Cloud Garden (東方雲苑)	100,881	1,631,427	15,711
Hefei	402,580	4,747,735	11,670
In Times (時光裡)	78,984	909,073	11,510
Sunrise Joy Garden (昕悦花園)	51,182	641,989	12,238
Purple Breeze (紫氣東來)	57,600	591,258	10,265
Verse of River and Mountain (江山賦)	85,006	857,367	10,086
Mountain View Yard (望麓別院)	129,807	1,748,048	13,205
Suzhou	617,610	8,658,177	13,620
Upper Lake Garden (上湖雅苑)	493	11,179	16,138
Superior Charm Garden (風華上品花園)	834	22,662	17,366
Luyuan Architecture (甬源名築)	85,265	1,567,577	18,178
Upper Water Garden (上水雅苑)	17,779	356,317	16,535
Runyuan Masterpiece Garden (潤元名著花園)	55,279	1,654,244	29,418
Hong Yang Upper Garden (弘陽上園)	—	3,540	—
Hong Yang Glorious Residence (弘陽尊邸)	—	4,355	—
Sunrise Joy Masterpiece Residence (昕悦名邸)	40,110	364,165	8,844
Beautiful In Ten (十里錦繡)	104,979	1,069,014	10,183

Region	Contracted Sales in Gross Floor Area (square meter)	Contracted Sales Amount (RMB'000)	Average Contracted Sales Price (RMB/square meter)
Star Great Tang Masterpiece Residence (星盛唐名邸)	45,165	589,824	12,895
The River City Origin (江城源著)	74,665	811,002	10,656
Lake View Watery Court (湖閱瀾庭)	70,720	819,607	11,590
Green Jade Bay (玉翠灣)	50,580	630,852	11,743
Violet Cloud Residence (紫雲名邸)	—	49,998	—
Huzhou Ren Huang Zheng Hong Residence (湖州仁皇正弘府)	4,516	74,212	16,431
Changshu Shuang Jing Hua Court (常熟雙璟華庭)	2,204	22,969	10,420
Kaifeng Yan Lan Residence (開封燕瀾府)	36,277	306,249	8,442
Changshu Shang Jun Hua Court (常熟尚雋華庭)	28,744	300,410	10,451
Wuxi	230,676	2,911,047	12,620
Jing Garden of Superior Class (上品璟苑)	39,495	582,398	14,746
Wuxi Sanwan Qing (無錫三萬頃)	37,755	956,140	25,325
Sunrise Joy Residence (昕悅府)	68,949	492,692	7,146
Huishan Sunrise Joy Court (惠山昕悅棠)	84,478	879,817	10,415
Chongqing	100,174	681,908	6,807
Shi Guang Lan Court (Tao Jia Bai Jing) (時光瀾庭(陶家柏景))	85,283	576,904	6,765
Chongqing Sha Ping Ba Shi Qiao Pu Project (重慶沙坪壩石橋鋪項目)	999	18,864	18,889
Bishan Guan Yin Tang Project (璧山觀音塘項目)	13,892	86,140	6,201

Region	Contracted Sales in Gross Floor Area (square meter)	Contracted Sales Amount (RMB'000)	Average Contracted Sales Price (RMB/square meter)
Wuhan	157,031	2,600,205	16,559
Yin Yue Residence (印月府)	157,031	2,600,205	16,559
Chengdu	14,079	142,357	10,111
Hongyang Dou Jiang Residence (弘陽都江府)	14,079	142,357	10,111
Hangzhou	919	23,363	24,776
Zhuji Zheng Hong Residence (諸暨正弘府)	919	23,363	24,776
Xuzhou	257,307	2,638,146	10,021
Nine Pleasures Splendid Residence (九悦華府)	177,105	1,815,290	10,002
Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	47,436	532,832	10,900
Xuzhou Fengming Residence (徐州鳳鳴府)	32,766	290,024	8,851
Total	<u>3,528,491</u>	<u>47,338,070</u>	<u>13,157.72</u>

2 Land reserves

As of December 31, 2018, the Group had an aggregate gross floor area of approximately 13,084,376 square meters (gross floor area of land reserve attributable to the Group was approximately 7,231,455 square meters), representing an increase of 16.3% from that of 11,252,883 square meters during the reporting period ended December 31, 2017. As of December 31, 2018, completed properties totaled 139,351 square meters, rentable area held for investment totaled 575,042 square meters, properties under development totaled 9,691,324 square meters and properties for future development totaled 2,678,659 square meters.

Details of the land reserves of the Group as of December 31, 2018 are set out as below:

Region	Name of Project	Area of Land (square meter)	Completed	Rentable Area Held for Investment (square meter)	Total Gross	Planned Gross	Total Area of Land Reserve (square meter)	The Group's Interests
			Unsold Saleable Total Gross Floor Area (square meter)		Floor Area Under Development (square meter)	Floor Area for Future Development (square meter)		
Nanjing	Hong Yang Solaris Loving City Section 6 (弘陽旭日愛上城 六區)	75,237.30	2,766.18	—	—	—	2,766.18	100.0%
Nanjing	Hong Yang Solaris Loving City Section 7 (弘陽旭日愛上城 七區)	12,998.70	39.50	—	—	—	39.50	100.0%
Nanjing	Solaris Loving City Creation Wings Garden (旭日愛上城 創翼園)	82,693.00	940.90	—	—	—	940.90	100.0%
Nanjing	Solaris Upper City Section 1 (旭日上城一區)	198,497.00	357.24	—	—	—	357.24	100.0%
Nanjing	Solaris Upper City Section 2 (旭日上城二區)	163,340.80	495.73	—	—	—	495.73	100.0%
Nanjing	Solaris Upper City Section 3 (旭日上城三區)	189,011.70	906.68	—	—	—	906.68	100.0%
Nanjing	Solaris Institution (旭日學府)	38,975.50	1,863.38	—	—	—	1,863.38	100.0%
Nanjing	Solaris Elegant Architecture (旭日雅築)	15,524.10	39.60	—	—	—	39.60	100.0%
Nanjing	Loving Garden (愛上花園)	77,367.02	3,178.12	—	—	—	3,178.12	100.0%
Nanjing	Great Time at Joy Peak West District (悅峰時光裡西區)	73,064.72	8,329.50	—	—	—	8,329.50	50.0%
Nanjing	Hong Yang Upper Yard (弘陽上院)	66,805.01	2,716.40	—	—	—	2,716.40	100.0%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,551.60	—	—	233,037.24	—	233,037.24	100.0%
Nanjing	Garden of Joy and Elegance (昕悅雅苑)	32,246.14	—	—	87,320.90	—	87,320.90	49.0%
Nanjing	Spring on West River (春上西江)	27,961.83	—	—	4,650.50	—	4,650.50	100.0%
Nanjing	Golden Space and Watery Court (金域瀾庭)	66,267.16	—	—	160,593.70	—	160,593.70	8.5%
Nanjing	Residence of Bamboo and Water (竹水居)	52,762.69	—	—	38,609.19	—	38,609.19	50.0%
Nanjing	Garden in the East (領東苑)	67,809.78	—	—	249,444.20	—	249,444.20	33.0%
Nanjing	Star Joy World Square (星悅天地廣場)	27,427.70	—	—	110,671.51	—	110,671.51	30.0%
Nanjing	Sea Joy Garden (海悅花園)	57,502.91	56,441.46	—	99,277.53	—	155,718.99	49.0%
Nanjing	New No.1 Commercial Plaza (新壹商業廣場)	23,809.79	—	—	75,990.12	—	75,990.12	33.0%
Nanjing	Royal Creek (御瀾府)	44,783.85	—	—	135,758.39	—	135,758.39	33.0%

Region	Name of Project	Area of Land (square meter)	Completed	Rentable Area Held for Investment (square meter)	Total Gross	Planned Gross	Total Area of Land Reserve (square meter)	The Group's Interests
			Unsold Saleable Total Gross Floor Area (square meter)		Floor Area Under Development (square meter)	Floor Area for Future Development (square meter)		
Nanjing	Wave of Swallow New Garden (燕瀾新苑)	61,145.45	—	—	179,949.46	—	179,949.46	50.0%
Nanjing	Garden In Times (時光裡花園)	59,533.11	—	—	52,307.40	—	52,307.40	100.0%
Nanjing	Swallow River Residence (燕江府)	28,051.78	—	—	114,456.40	—	114,456.40	51.0%
Nanjing	Nanjing Land Lot No. 2017G27 (南京•2017G27地塊)	68,643.54	—	—	136,008.48	—	136,008.48	20.0%
Nanjing	Mountain and Lake View Garden in Times (時光山湖 花園)	14,337.68	—	—	31,377.37	—	31,377.37	25.0%
Nanjing	Nanjing Land Lot No. 2017G36 (南京•2017G36地塊)	54,172.81	—	—	45,845.06	129,863.65	175,708.71	20.0%
Nanjing	Land Lot No. 2017G57 (2017G57地塊)	58,024.06	—	—	—	79,420.01	79,420.01	100.0%
Nanjing	Nanjing No. 2018G01 (南京2018G01)	7,024.76	—	—	20,597.82	—	20,597.82	30.0%
Nanjing	Gaochun Land Lot No. 02-03 (高淳02-03地塊)	102,787.00	—	—	—	159,129.98	159,129.98	12.6%
Nanjing	Solaris Jingcheng Store (旭日景城商鋪)	1,371.00	—	4,450.00	—	—	4,450.00	100.0%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商鋪)	989.00	—	7,301.00	—	—	7,301.00	100.0%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871.00	—	435,165.00	—	—	435,165.00	100.0%
Yangzhou	Begonia Court (棠苑)	72,660.00	—	—	133,809.00	—	133,809.00	50.0%
Yangzhou	Yizheng No. 38 (儀徵38)	69,788.00	—	—	—	137,928.91	137,928.91	50.0%
Yangzhou	Yizheng No. 39 (儀徵39)	66,358.00	—	—	—	118,706.01	118,706.01	50.0%
Taizhou	Wave of Swallow Garden (燕瀾花園)	56,230.00	—	—	159,993.16	—	159,993.16	100.0%
Zhenjiang	Mountain View Garden (山卿苑)	70,028.48	—	—	80,444.22	—	80,444.22	100.0%
Zhenjiang	Land Lot No. 2018-J1-06 (2018-J1-06號地塊)	72,609.00	—	—	—	129,290.44	129,290.44	33.0%
Zhenjiang	Jurong Land Lot No. B (句容B地塊)	38,731.00	—	—	—	68,795.52	68,795.52	19.0%
Zhenjiang	Phoenix Terrace (鳳臺)	88,498.00	—	—	210,882.28	—	210,882.28	20.0%
Chuzhou	Garden with Art Atmosphere (藝境花園)	60,189.20	—	—	135,484.89	—	135,484.89	33.0%
Chuzhou	New City Hong Yang Garden at Mingfa North (明發北站 新城弘陽苑)	8,782.00	—	—	17,744.71	—	17,744.71	100.0%
Chuzhou	Glory Residence (正榮府)	80,867.00	—	—	149,298.31	—	149,298.31	30.0%
Chuzhou	Garden In Times (時光裡花園) (滁州時光瀾庭)	89,886.00	—	—	180,735.00	—	180,735.00	40.0%

Region	Name of Project	Area of Land (square meter)	Completed	Rentable Area Held for Investment (square meter)	Total Gross	Planned Gross	Total Area of Land Reserve (square meter)	The Group's Interests
			Unsold Saleable		Floor Area	Floor Area for		
			Total Gross Floor Area (square meter)		Under Development (square meter)	Future Development (square meter)		
Maanshan	Sunny Side of the Yangtze River Peacock City (長江熙 岸孔雀城)	97,339.90	—	—	254,284.78	—	254,284.78	20.0%
Suzhou	Runyuan Masterpiece Garden (潤元名著花園)	80,669.00	44,580.06	—	129,290.29	—	173,870.35	49.0%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,700.50	—	—	95,325.17	—	95,325.17	100.0%
Suzhou	Violet Cloud Residence (紫雲名邸)	53,753.00	—	—	152,329.21	—	152,329.21	33.0%
Suzhou	Luyuan Architecture (甬源名築)	60,960.50	—	—	114,936.67	—	114,936.67	100.0%
Suzhou	Upper Water Garden (上水雅苑)	69,325.40	759.54	—	165,902.51	—	166,662.05	100.0%
Suzhou	Superior Charm Garden (風華上品花園)	68,292.20	—	—	24,674.54	—	24,674.54	50.0%
Suzhou	The River City Origin (江城源著)	69,981.99	—	—	116,899.22	—	116,899.22	13.0%
Suzhou	Star Great Tang Masterpiece Residence (星盛唐名邸)	36,829.18	—	—	88,860.00	—	88,860.00	50.0%
Suzhou	Lake View Watery Court (湖閱瀾庭)	59,235.00	—	—	158,656.59	—	158,656.59	18.3%
Suzhou	Sunrise Joy Masterpiece Residence (昕悅名邸)	47,706.39	—	—	101,050.26	—	101,050.26	70.0%
Suzhou	Beautiful in Ten (十裡錦繡)	98,783.49	—	—	130,016.35	—	130,016.35	16.4%
Suzhou	Shang Jun Hua Court (尚雋華庭)	39,410.00	—	—	69,936.88	—	69,936.88	50.0%
Suzhou	Changshu No. 005 (常熟005)	17,361.00	—	—	33,232.62	2,636.38	35,869.00	33.0%
Huzhou	Green Jade Bay (玉翠灣)	46,488.00	—	—	97,707.69	—	97,707.69	35.0%
Huzhou	Huzhou 2018-43 (湖州2018-43)	48,652.46	—	—	33,702.00	32,338.00	66,040.00	51.0%
Huzhou	Huzhou Ren Huang No. 58# (湖州仁皇58#)	102,217.99	—	—	—	134,280.00	134,280.00	51.0%
Kaifeng	Kaifeng Yan Lan Residence (開封燕瀾府)	63,532.75	—	—	68,965.00	112,754.99	181,719.99	100.0%
Wuxi	Wuxi Sanwan Qing (無錫三萬頃)	800,000.00	15,936.84	—	58,026.02	7,741.48	81,704.34	100.0%
Wuxi	Sunrise Joy Court (昕悅棠)	85,122.00	—	—	206,432.34	7,573.66	214,006.00	100.0%
Wuxi	Sunrise Joy Residence (昕悅府)	138,902.00	—	—	287,042.00	—	287,042.00	100.0%
Wuxi	Jing Garden of Superior Class (上品璟苑)	203,609.00	—	—	72,593.69	248,254.87	320,848.56	20.0%
Nantong	Best Time Garden (佳期花苑)	134,060.80	—	—	292,383.50	—	292,383.50	33.4%
Nantong	Garden with Virtue (德慶苑)	31,333.00	—	—	51,913.65	—	51,913.65	33.4%
Nantong	Esteeming Virtues (尚德苑)	37,348.00	—	—	48,558.93	—	48,558.93	33.3%

Region	Name of Project	Area of Land (square meter)	Completed	Rentable Area Held for Investment (square meter)	Total Gross	Planned Gross	Total Area of Land Reserve (square meter)	The Group's Interests
			Unsold Saleable		Floor Area	Floor Area for		
			Total Gross		Under	Future		
			(square meter)	(square meter)	(square meter)			
Nantong	Oriental Cloud Garden (東方雲苑)	86,651.71	—	—	254,608.34	—	254,608.34	17.0%
Nantong	Upper Joy Garden (上悅花園)	82,741.00	—	—	254,565.06	—	254,565.06	25.0%
Nantong	New Metropolis Garden (新都花園)	109,890.00	—	—	195,024.16	—	195,024.16	23.5%
Nantong	Center Creation Metropolis Garden (中創都市花苑)	47,963.19	—	—	87,374.95	—	87,374.95	12.5%
Nantong	Sutong (蘇通)	47,403.00	—	—	—	72,257.00	72,257.00	38.0%
Changzhou	Hong Yang Upper City Phase I-III (弘陽上城一—三期)	111,710.00	—	—	146,787.67	41,365.14	188,152.81	100.0%
Changzhou	Hong Yang Upper City Phase IV (弘陽上城四期)	43,590.00	—	—	88,773.00	—	88,773.00	100.0%
Changzhou	Golden Seal and Heaven Shire (金鑿天郡)	88,719.00	—	—	322,155.65	—	322,155.65	50.0%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225.00	—	—	143,968.99	—	143,968.99	40.0%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,535.00	—	—	—	14,765.00	14,765.00	70.0%
Changzhou	The Bund No. 1 Garden (外灘一號花園)	126,695.00	—	—	96,546.53	—	96,546.53	85.0%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590.00	—	128,126.00	—	—	128,126.00	100.0%
Changzhou	Sang Ma Land Lot CD (桑麻CD地塊)	156,115.00	—	—	246,597.00	—	246,597.00	70.0%
Changzhou	Sanmao Land Lot (三毛地塊)	108,486.00	—	—	—	217,643.78	217,643.78	33.0%
Xuzhou	Xuzhou Landscape of the Peach Garden (徐州山水桃花源)	104,284.00	—	—	107,997.00	—	107,997.00	33.3%
Xuzhou	Nine Pleasures Splendid Residence (九悅華府)	181,244.10	—	—	308,764.00	—	308,764.00	33.0%
Xuzhou	Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	26,645.50	—	—	51,693.00	—	51,693.00	33.3%
Hefei	In Times (時光裡)	42,621.00	—	—	130,449.00	—	130,449.00	100.0%
Hefei	Sunrise Joy Garden (昕悅花園)	37,253.98	—	—	104,118.00	—	104,118.00	80.0%
Hefei	Mountain View Yard (望麓別院)	139,536.00	—	—	417,793.55	—	417,793.55	25.0%
Hefei	Purple Breeze (紫氣東來)	28,081.00	—	—	64,218.71	—	64,218.71	51.0%
Bozhou	Bozhou Land Lot No. 2017-217 (亳州2017-217號地塊)	201,215.80	—	—	132,835.20	260,615.08	393,450.28	40.0%
Bengbu	Bengbu Xin Hong (蚌埠新弘)	32,645.98	—	—	—	70,737.72	70,737.72	50.0%
Nanchang	Qing Yun Pu (青雲譜)	29,452.00	—	—	—	90,696.00	90,696.00	49.0%
Nanchang	Wanli (灣里)	13,717.33	—	—	—	26,825.61	26,825.61	100.0%
Chongqing	Cypress View. Seattle (柏景·西雅圖)	89,273.00	—	—	264,281.40	—	264,281.40	100.0%

Region	Name of Project	Area of Land (square meter)	Completed	Rentable Area Held for Investment (square meter)	Total Gross	Planned Gross	Total Area of Land Reserve (square meter)	The Group's Interests
			Unsold Saleable Total Gross Floor Area (square meter)		Floor Area Under Development (square meter)	Floor Area for Future Development (square meter)		
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)	8,749.00	—	—	3,291.00	16,753.50	20,044.50	100.0%
Chongqing	Bishan 295 (璧山295)	106,259.49	—	—	210,688.41	—	210,688.41	100.0%
Chongqing	Guan Yin Tang (觀音塘)	14,785.00	—	—	38,843.00	2,461.60	41,304.60	49.0%
Hangzhou	Yu Zheng Chu Chu [2018] No. 9 (余政儲出[2018]9號)	50,888.00	—	—	61,066.00	—	61,066.00	33.3%
Shaoxing	Zhuji Land Lot No. 2018-11 (諸暨2018-11地塊)	49,492.00	—	—	23,644.00	25,971.84	49,615.84	100.0%
Ningbo	Ningbo Yinzhou Land Lot No. L5 (寧波鄞州L5地塊)	11,367.57	—	—	—	23,583.00	23,583.00	50.0%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,392.68	—	—	52,582.87	—	52,582.87	100.0%
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064.00	—	—	—	76,021.50	76,021.50	100.0%
Wuhan	Yin Yue Residence (印月府)	106,208.00	—	—	185,651.00	217,801.00	403,452.00	100.0%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,131.80	—	—	—	152,447.02	152,447.02	100.0%
Total:		<u>7,999,450.85</u>	<u>139,351.13</u>	<u>575,042.00</u>	<u>9,691,324.24</u>	<u>2,678,658.69</u>	<u>13,084,376.06</u>	

3 *Commercial property operations*

During the reporting period, the Group achieved rental income of RMB359 million, representing an increase of 115.7% as compared to the same period last year. The increase was mainly due to an increase in contribution made by Nanjing Hong Yang Plaza as a result of an improvement of its performance and by Changzhou Hong Yang Plaza as a result of its opening.

4 *Hotel operations*

During the reporting period, the Group achieved sales revenue of RMB37 million from its hotel operations, representing an increase of 5.3% as compared to the same period last year. The increase was mainly due to an increase in contribution made by the Hongyang Hotel in Nanjing and Rsun The Lakefort Hotel in Wuxi as a result of an improvement of their performance.

(3) Financial Review

1 *Revenue*

The Group's revenue for the year ended December 31, 2018 amounted to approximately RMB9,238,741,000. The sources of income mainly included property sales, commercial property operation and hotel business income.

Details of recognized revenue for the year ended December 31, 2018

	2018		2017		Year-on-year change (%)
	Recognized Revenue (RMB'000)	Percentage in Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage in Total Recognized Revenue (%)	
Sale of properties	8,843,003	95.7	5,938,391	96.7	48.9
Commercial property operation	359,026	3.9	166,420	2.7	115.7
Hotel operation	36,712	0.4	34,861	0.6	5.3
Total	<u>9,238,741</u>	<u>100.0</u>	<u>6,139,672</u>	<u>100.0</u>	<u>50.5</u>

For the year ended December 31, 2018, the Group recognized a revenue of approximately RMB9,238,741,000, representing an increase of 50.5% as compared to last year. Out of the Group's total recognized revenue for the year ended December 31, 2018, (i) property sales increased by RMB2,904,612,000 (approximately 48.9%) as compared to the same period last year, and the increase was due to the increase in focused delivery projects and hence the increase in carry forward income; (ii) commercial property investment and operation increased by RMB192,606,000 (approximately 115.7%) as compared to the same period last year, and the increase was due to the improvement in the business performance of Nanjing Hong Yang Plaza and the increase in income of the newly opened Changzhou Hong Yang Plaza this year; and (iii) hotel business income increased by RMB1,851,000 (approximately 5.3%) as compared to the same period last year, and the increase was due to the improvement of operating results.

2 *Cost of sales*

The cost of sales of the Group for the year ended December 31, 2018 was approximately RMB6,351,656,000, representing an increase of 74.1% as compared to the same period last year. The increase was primarily due to a rise in delivered projects for the current period.

3 *Gross profit and gross profit margin*

The gross profit of the Group for the year ended December 31, 2018 was approximately RMB2,887,085,000, representing an increase of 15.9% as compared to RMB2,491,649,000 in the same period in 2017. The increase was primarily due to a rise in delivered projects for the current period. The gross profit margin for the year ended December 31, 2018 was 31.2%, while during the same period in 2017, the gross profit margin was 40.6%. The decrease of gross profit margin was primarily due to higher land acquisition costs of certain delivered projects.

4 *Fair value changes on investment properties*

For the year ended December 31, 2018, the Group recognized fair value gains on investment properties of approximately RMB260,803,000, representing an increase of 190.7% as compared to the fair value loss of approximately RMB287,414,000 on investment properties in the same period last year. The fair value gains on investment properties recorded were primarily due to an appreciation of the overall capital value and/or rent.

5 Selling and distribution expenses

The selling and distribution expenses of the Group increased by 42.3%, from approximately RMB240,256,000 in the same period last year to approximately RMB341,771,000 for the year ended December 31, 2018. The increase was mainly due to new property projects released by the Group in 2018 for presale.

6 Administrative expenses and other expenses

The administrative expenses of the Group increased by 124.9%, from approximately RMB305,204,000 in the same period last year to approximately RMB686,271,000 for the year ended December 31, 2018. The increase is mainly due to the business expansion and listing fee of the Group.

7 Share of revenues of joint ventures and associates

The Group's share of profit of joint ventures and associates for the year ended December 31, 2018 was RMB367,015,000, basically in line with the Group's share of profit of joint ventures and associates in the same period last year, which was RMB418,078,000.

8 Finance costs

Details of the finance costs for the year ended December 31, 2018 are set out as below:

	2018	2017	Percentage of change
	(RMB'000)	(RMB'000)	
Interest on bank loan, other borrowings, senior notes and amount due to related companies	1,548,159	830,858	86.3%
Interest on pre-sales deposits	320,757	—	—
Less: Interest capitalised	<u>(1,369,619)</u>	<u>(389,321)</u>	<u>251.8%</u>
	<u>499,297</u>	<u>441,537</u>	<u>13.1%</u>

The finance costs expended by the Group for the year ended December 31, 2018 were approximately RMB1,548,159,000, representing an increase of 86.3% as compared to the finance costs of RMB830,858,000 in the same period last year. The change in finance costs spent was mainly due to a great increase of the scale of financing during the reporting period.

The Group's aggregate expensed and capitalized finance costs increased by 251.8%, from approximately RMB389,321,000 in the same period last year to approximately RMB1,369,619,000 for the year ended December 31, 2018. The rise in the aggregate expensed and capitalized finance costs is due to an increase in the total borrowings of the Group. For the year ended December 31, 2018, the total borrowings of the Group was RMB21.92 billion, while the total borrowings was RMB11.63 billion for the year ended December 31, 2017.

9 *Income tax expense*

The income tax expense of the Group increased by 20.8%, from approximately RMB705,301,000 in the same period last year to approximately RMB852,253,000 for the year ended December 31, 2018. The income tax expense of the Group included enterprise income tax and deferred tax of land value added tax during the year.

For the year ended December 31, 2018, the amount provisioned for land value added tax by the Group was approximately RMB441,357,000, while the amount in the same period last year was approximately RMB401,082,000.

10 *Profit for the reporting period*

As a result of the foregoing reasons, the Group's profit before taxes increased by 14.4%, from approximately RMB1,900,784,000 in the same period last year to approximately RMB2,175,378,000 for the year ended December 31, 2018. The profit for the reporting period increased by 10.7%, from approximately RMB1,195,483,000 in the same period last year to approximately RMB1,323,125,000 for the year ended December 31, 2018. The Group's net profit attributable to equity owners increased by 15.7%, from approximately RMB1,220,728,000 in the same period last year to approximately RMB1,412,264,000 as of December 31, 2018. The increase was mainly due to the increase in delivered projects in the year and hence the increase in carry forward income.

(4) Liquidity, Finance and Capital

1 *Cash position*

The Group's cash and cash equivalents were approximately RMB6,232,596,000 (December 31, 2017: approximately RMB2,478,063,000), the restricted bank deposit amounted to approximately RMB2,644,723,000 (December 31, 2017: RMB741,573,000), and pledged deposits amounted to approximately RMB3,578,720,000 (December 31, 2017: RMB991,238,000).

The Group adopts sound financial management policies with sufficient capital for due loan repayment, capital expenditure and normal production operation.

The currency of the Group's cash and cash equivalents are mainly denominated in Renminbi, and others are denominated in United States Dollar and Hong Kong Dollar.

2 *Indebtedness and the Group's secured assets*

INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2018			31 December 2017		
	Effective	Maturity	RMB'000	Effective	Maturity	RMB'000
	interest rate			interest rate		
	(%)			(%)		
Current						
Bank loans — secured	4.35–6.25	2019	3,121,497	4.35–4.79	2018	1,211,000
Other loans — secured	8.00–15.00	2019	2,267,200	9.00–15.00	2018	850,000
Other loans — unsecured	12.20	2019	69,410	8.00	2018	50,000
Current portion of long term bank loans — secured	4.46–6.65	2019	1,519,421	4.50–6.59	2018	1,169,627
Current portion of long term bank loans — unsecured	5.25	2019	42,188	—	—	—
Current portion of long term other loans — secured	6.48–12.07	2019	1,213,981	6.61–9.12	2018	1,108,220
Current portion of long term other loans — unsecured	—	—	—	8.00	2018	247,670
			<u>8,233,697</u>			<u>4,636,517</u>
Non-current						
Bank loans — secured	4.46–11.68	2020–31	8,700,105	4.50–7.13	2019–32	5,654,010
Bank loans — unsecured	4.99–5.25	2021	242,813	—	—	—
Other loans — secured	6.48–14.5	2020–21	<u>2,149,886</u>	6.61–9.12	2019–20	<u>1,338,972</u>
			<u>11,092,804</u>			<u>6,992,982</u>
			<u>19,326,501</u>			<u>11,629,499</u>

	31 December 2018 RMB'000	31 December 2017 RMB'000
Bank loans and other borrowings		
Repayable within one year	<u>8,233,697</u>	<u>4,636,517</u>
Repayable in the second year	4,259,278	2,344,621
Repayable within two to five years	5,752,917	3,924,984
Repayable more than five years	<u>1,080,609</u>	<u>723,377</u>
Subtotal	<u>11,092,804</u>	<u>6,992,982</u>
	<u><u>19,326,501</u></u>	<u><u>11,629,499</u></u>

The Group's borrowings are all denominated in RMB.

As at 31 December 2018, the Group's borrowings up to RMB9,573,911,000 (2017: RMB6,681,859,000) were borrowings with floating interest rates.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values as at December 31, 2018 and 2017 as follows:

	2018 RMB'000	2017 RMB'000
Investment properties	8,520,150	7,919,490
Prepaid land lease payments	22,473	5,698
Properties under development	15,636,245	7,517,355
Property, plant and equipment	<u>631,914</u>	<u>254,537</u>
	<u><u>24,810,782</u></u>	<u><u>15,697,080</u></u>

SENIOR NOTES

	2018	2017
	RMB'000	RMB'000
As at 1 January	—	—
Senior notes due 2020 (“2020 Notes I”)	1,219,978	—
Senior notes due 2020 (“2020 Notes II”)	1,378,668	—
Exchange differences	(33,276)	—
Interest expenses	27,498	—
	<u>2,592,868</u>	<u>—</u>
Less: current portion	<u>2,592,868</u>	<u>—</u>
Non-current portion	<u>—</u>	<u>—</u>
The Group’s senior notes were repayable as follows:		
Repayable within one year	<u>2,592,868</u>	<u>—</u>
Total	<u>2,592,868</u>	<u>—</u>

On December 3, 2018, the Company issued 2020 Notes I at a coupon rate of 13.5% due on December 3, 2020 with an aggregate principal amount of US\$180,000,000. The Company raised net proceeds of US\$175,898,000 (after deduction of underwriting discount and commissions and other expenses).

On December 20, 2018, the Company issued 2020 Notes II at a coupon rate of 13.5% due on December 3, 2020 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$197,885,000 (after deduction of underwriting discount and commissions and other expenses).

At any time and from time to time prior to December 3, 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes I&II at a redemption price of 113.5% of the principal amount of the 2020 Notes I&II, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, the Company may at any time redeem the 2020 Notes I & II before December 3, 2020 and from time to time, at a price equal to 100% of the principal amount of such notes plus: (i) accrued and unpaid interest (if any) to (but not including) the redemption date; and (ii) a premium as set forth in the accompanying offering memorandum.

Holder of the 2020 Notes have the right, at their option, to require the Company to repurchase for cash all of their 2020 Notes, or any portion of the principal thereof that is equal to US\$1,000 or integral multiple of US\$1,000, on December 3, 2019 at the repurchase price equal to 101.56% of the principal amount of the 2020 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, December 3, 2020.

The 2020 Notes I&II are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

3 *Gearing ratio*

As of December 31, 2018, the Group's net debt-to-equity ratio (total indebtedness net of bank balances and cash divided by total equity) was approximately 68.3%, as compared to approximately 87.7% as of December 31, 2017. The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 79.6% as of December 31, 2018 as compared to approximately 79.5% as of December 31, 2017. The Group's current ratio (current assets divided by current liabilities) was approximately 1.34 times as of December 31, 2018, and was approximately 1.26 times as of December 31, 2017.

4 *Commitments*

As of December 31, 2018, the Group committed payment for the construction and land development expenditure and other items amounting to approximately RMB5,963,707,000 (December 31, 2017: approximately RMB5,712,233,000).

5 *Contingent Liabilities*

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. If a purchaser defaults on a mortgage loan, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

As of December 31, 2018, the Group's contingent liabilities in respect of the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB5,800.2 million (as at December 31, 2017: approximately RMB5,046.9 million). In light of the minimal historical default rates of such mortgage loans facilities, the

Directors considered that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

As at December 31, 2018, the Group provided guarantees of RMB1,784.7 million to related companies (December 31, 2017: RMB7,448.1 million). Save as disclosed in this results announcement, the Group had no other material contingent liabilities as at December 31, 2018.

(5) Corporate Governance/Other Information

1. Material Acquisitions and Disposals

In February 2018, the Group acquired 85% of the equity interest in Changzhou Green Land Kunte Land Co., Ltd., which holds a property development project under construction located in Changzhou City, Jiangsu Province, the PRC. For details, please refer to the prospectus of the Company dated June 29, 2018 (the “**Prospectus**”).

In August 2018, the Group acquired 100% of the equity interest in Kaifeng City Baolong Real Estate Development Company Limited, which holds a property development project under construction located in Kaifeng City, Henan Province, the PRC. For details, please refer to “Discloseable Transaction Acquisition of the Entire Equity Interest in Kaifeng City Baolong Real Estate Development Company Limited” of the Company’s announcement dated August 16, 2018.

In September 2018, the Group acquired 55.25% of the equity interest in Mingliu Properties Wuhan Company Limited, which holds a property development project under construction located in Wuhan City, Hubei Province, the PRC. For details, please refer to the Company’s announcement headed “Discloseable Transaction Acquisition of 55.25% Equity Interest in Mingliu Properties Wuhan Company Limited” dated September 25, 2018.

Save as the aforesaid, there was no other material acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the reporting period.

2. Employment and Remuneration Policies

As of December 31, 2018, the Group had 2,618 employees in total, in which 1,915 employees were engaged in the real estate development business, 548 employees were engaged in the commercial property operation business, and 155 employees were engaged in the hotel management 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. *Use of Funds Raised from Initial Public Offering and Over-allotment Option*

The net proceeds received from the Company's global offering was approximately HK\$2,055,279,000, including the net proceeds received from the full exercise of the over-allotment option as set out in the Prospectus. As of the date of this announcement, the Company has applied all of the proceeds raised in the global offering toward the uses as disclosed in the Prospectus.

4. *Events after the reporting period*

On February 26, 2019, Nanjing Redsun Real Estate Development Company Limited, a wholly-owned subsidiary of the Company, Nanjing Tai Ya Department Store Management Company Limited and Mingliu Properties Wuhan Company Limited, the target company, entered into an equity transfer agreement and proceeded to acquire 39.75% of the equity interest in Mingliu Properties Wuhan Company Limited at a total consideration of RMB1,177,817,000. For further details, please refer to the Company's announcement dated February 26, 2019.

On March 4, 2019, the Company issued the 11.50% senior notes in the amount of US\$0.3 billion which will mature on March 4, 2021. For further details, please refer to the Company's announcement dated February 25, 2019.

Except as disclosed above, the Group had no material events after the reporting period.

5. *Payment of dividend*

The Board recommends payment of a final dividend of HK10.7 cents per share, representing approximately 25% of core profit attributable to owners of the parent in 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period.

7. *Currency Risk*

The Group primarily operates in the PRC and majority of the Group's transactions were denominated and settled in RMB. Currently, the Group has not entered into any hedging activities aimed at or intended to manage our exposure to foreign exchange risk. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best effort.

8. *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 (the "**Listing Rules**") as its own code of corporate governance.

The Company has complied with all applicable code provisions set out in the CG Code. To the best of the knowledge of the Directors, the Company has complied with all applicable code provisions set out in the CG Code from the Listing on July 12, 2018 to the date of this announcement. The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

9. *Annual General Meeting*

The Company has scheduled an annual general meeting on June 21, 2019 at 10 a.m. (the "Annual General Meeting").

10. *Closure of Register of Members*

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from June 17, 2019 to June 21, 2019, 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 not later than 4:30 p.m. on June 14, 2019.

Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on or about July 26, 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from June 27, 2019 to July 3, 2019, 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 not later than 4:30 p.m. on June 26, 2019.

11. 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 in the Company by the Directors. The Directors have confirmed compliance with the required standard set out in the Model Code since the listing of the Company on July 12, 2018 up to the date of this announcement.

12. Review of Annual Results by the Audit Committee

Our Board has established an audit committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and Code provision C.3 of the CG Code, and has adopted written terms of reference.

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 advice and comments to our Board, and to perform other duties and responsibilities as may be assigned by the Board. Our audit committee currently consists of five members, including Mr. Leung Yau Wan John, Mr. Jiang Daqiang, Mr. Zhang Hongwu, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. Our audit committee is currently chaired by Mr. Leung Yau Wan John, who possesses suitable professional qualifications.

Our audit committee has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2018 and confirmed that it has complied all applicable accounting principles, standards and requirements, and made sufficient disclosures. The 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 December 31, 2018 as set out in this announcement have been agreed by the Group'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 announcement.

(6) Publication of Annual Results and Annual Report on the Websites of the Stock Exchange and the Company

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

(7) Outlook for 2019

In 2019, the industry will enjoy stable monetary policies, with “facilitating a stable and healthy development in the real estate market” as the main regulatory priority. In general, the government will adopt moderate and sound monetary policies. On the other hand, continuation of urbanization will remain a driving force behind development of the real estate market in the medium to long term, while integration of megalopolis will be a main direction for development of a novel urbanization in the future. Generally, in 2019, we expect that both sales volume and property prices of the real estate market will remain stable, without a sharp fluctuation. Integration within the industry will continue to accelerate at the same time. Enterprises with advantages such as a larger scale, more resources and expertise will be able to occupy a larger market share and thus the leading property developers are expected to have a rapid growth. In terms of commercial property, the industry has entered an era of asset management. Commercial property operators with brand advantages will achieve a more flexible and rapid expansion by various methods including export management.

In the face of challenges and opportunities, in 2019, the Group will adhere to the “Property + Commercial” dual-driven strategy. In terms of property development, the Company will keep extending its urban coverage with strong foothold in Jiangsu, established presence in Yangtze River Delta region and modest coverage in metropolitan areas to achieve nationwide coverage. Our first priority is to achieve growth in scale while taking into account of profit and financial risks, attaching importance to the enhancement to products and services, and thereby to achieve quality and exponential growth. Regarding commercial property, the Company will expand its business through diversified models such as entrusted management, self-holding and leasing. With its extensive asset management experience and advanced management tools, the Company enhances its return on assets by continuously benefiting our merchants and improving customers’ shopping experience. Meanwhile, it endeavors to enhance its linkage with the property development business to achieve dual-driven coordinated development.

We are a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. Our strong cashflow has brought us to the stage of rapid development. We believe that the Group’s successful listing on the Main Board of the Stock Exchange in 2018 has provided us an important opportunity for our exponential development. The Group will make good use of various modes of financing such as via the listed platform in Hong Kong and comprehensive issuance of bonds, so as to facilitate the development of business and to reward our shareholders.

(8) Appreciation

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to all shareholders, investors, partners and customers for their trust and support. We will continue to draw on our sound corporate governance and management structure, prudent financial strategies, reasonable business layout and adhere to our spirit of “building credibility for the long term” and dedicate to maximize the value for our shareholders and investors.

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

Hong Kong, March 21, 2019

As of the date of this announcement, the executive Directors are Mr. Zeng Huansha and Mr. He Jie; the non-executive Directors are Mr. Jiang Daqiang, Mr. Zhang Liang and Mr. Zhang Hongwu; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.