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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)**

## **UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

### **HIGHLIGHTS OF THE 2019 INTERIM RESULTS**

- Contracted sales reached RMB30.25 billion, representing a significant year-on-year increase of 42.7%. Contracted sales area increased from 1.546 million sq.m. in the corresponding period of 2018 to 2.292 million sq.m. in the first half of 2019, representing a significant year-on-year increase of 48.3%.
- As at 30 June 2019, the Group's land bank was approximately 15.69 million sq.m.. During the first half of 2019, the Group acquired land bank of 4.07 million sq.m..
- Revenue slightly increased by 1.1% to RMB3,907.5 million as compared to the corresponding period of 2018. Revenue from commercial operations and hotel operations increased by 20.5% to RMB204.3 million (1H of 2018: RMB169.6 million).
- Gross profit and gross profit margin were RMB1,132.3 million and 29.0%, respectively.
- Net profit increased by 15.2% to RMB724.5 million, as compared to the corresponding period of 2018. Net profit margin reached to 18.5%.
- Net profit attributable to shareholders increased by 14.1% to RMB743.1 million (1H of 2018: RMB651.5 million) as compared to the corresponding period of 2018.
- As of 30 June 2019, net gearing ratio was 76.0%, at a stable level. The Group had sufficient cash on hand of approximately RMB16.95 billion.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Redsun Properties Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019 (the “**reporting period**”), together with the comparative figures for the corresponding period of the previous year as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2019*

	Notes	For the six months ended 30 June	
		2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>REVENUE</b>	5	<b>3,907,501</b>	3,863,754
Cost of sales		<u>(2,775,162)</u>	<u>(2,695,820)</u>
<b>Gross profit</b>		<b>1,132,339</b>	1,167,934
Other income and gains	5	<b>243,959</b>	110,534
Selling and distribution expenses		<b>(263,333)</b>	(145,298)
Administrative expenses		<b>(361,312)</b>	(252,821)
Other expenses		<b>(20,379)</b>	(46,686)
Fair value gains on investment properties		<b>284,576</b>	220,738
Finance costs	6	<b>(183,826)</b>	(119,257)
Share of profits and losses of:			
Joint Ventures		<b>20,318</b>	5,369
Associates		<b>190,861</b>	80,173
<b>PROFIT BEFORE TAX</b>	7	<b>1,043,203</b>	1,020,686
Income tax expense	8	<b>(318,670)</b>	(391,996)
<b>PROFIT FOR THE PERIOD</b>		<b><u>724,533</u></b>	<u>628,690</u>
Attributable to:			
Owners of the parent		<b>743,053</b>	651,455
Non-controlling interests		<b>(18,520)</b>	(22,765)
		<b><u>724,533</u></b>	<u>628,690</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(continued)**

*For the six months ended 30 June 2019*

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE</b>			
<b>TO ORDINARY EQUITY HOLDERS</b>			
<b>OF THE PARENT</b>			
— Basic – for profit for the period	9	<u><b>RMB0.22</b></u>	<u><b>RMB0.66</b></u>
— Diluted – for profit for the period	9	<u><b>RMB0.22</b></u>	<u><b>RMB0.66</b></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2019*

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>PROFIT FOR THE PERIOD</b>	<b><u>724,533</u></b>	<b><u>628,690</u></b>
Other comprehensive income	<u>—</u>	<u>—</u>
Net other comprehensive income	<u>—</u>	<u>—</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>—</u>	<u>—</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>724,533</u></b>	<b><u>628,690</u></b>
Attribute to:		
Owners of the parent	<b>743,053</b>	651,455
Non-controlling interests	<b><u>(18,520)</u></b>	<u>(22,765)</u>
	<b><u>724,533</u></b>	<b><u>628,690</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2019*

		<b>30 June</b>	31 December
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Audited)
	Notes	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>914,563</b>	988,556
Investment properties		<b>10,876,469</b>	9,397,000
Right-of-use assets		<b>173,462</b>	—
Prepaid land lease payments		—	28,903
Other intangible assets		<b>12,406</b>	11,998
Investments in joint ventures		<b>1,116,068</b>	1,026,466
Investments in associates		<b>3,423,362</b>	1,712,839
Deferred tax assets		<b>620,940</b>	443,060
		<hr/>	<hr/>
Total non-current assets		<b>17,137,270</b>	13,608,822
<b>CURRENT ASSETS</b>			
Properties under development		<b>34,469,724</b>	29,702,386
Completed properties held for sale		<b>2,789,002</b>	1,162,901
Trade and bills receivables	11	<b>24,346</b>	23,728
Due from related companies		<b>7,682,893</b>	6,949,865
Prepayments, deposits and other receivables		<b>5,672,368</b>	2,576,011
Contract assets		<b>121,585</b>	67,851
Tax recoverable		<b>406,107</b>	239,800
Financial assets at fair value through profit or loss		<b>1,207,819</b>	1,130,607
Inventories		<b>4,296</b>	4,054
Restricted cash	12	<b>2,733,557</b>	2,644,723
Pledged deposits	12	<b>5,270,669</b>	3,578,720
Cash and cash equivalents	12	<b>8,941,708</b>	6,232,596
		<hr/>	<hr/>
Total current assets		<b>69,324,074</b>	54,313,242

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

*As at 30 June 2019*

		<b>30 June</b>	31 December
		<b>2019</b>	2019
		<b>(Unaudited)</b>	(Audited)
	Notes	<b>RMB'000</b>	RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	<b>2,498,582</b>	2,885,646
Other payables and accruals		<b>4,765,802</b>	3,752,834
Contract liabilities		<b>23,540,768</b>	16,639,157
Due to related companies		<b>7,258,145</b>	4,941,489
Interest-bearing bank loans and other borrowings		<b>10,898,752</b>	8,233,697
Senior notes		<b>2,576,310</b>	2,592,868
Tax payable		<b>1,575,333</b>	1,603,664
Lease liabilities		<b>51,636</b>	—
		<hr/>	<hr/>
Total current liabilities		<b>53,165,328</b>	40,649,355
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>16,158,746</b>	13,663,887
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>33,296,016</b>	27,272,709
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings		<b>10,939,488</b>	11,092,804
Senior notes		<b>3,967,125</b>	—
Deferred tax liabilities		<b>2,320,403</b>	2,330,160
Lease liabilities		<b>1,013,924</b>	—
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>18,240,940</b>	13,422,964
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>15,055,076</b>	13,849,745
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (continued)**

*As at 30 June 2019*

	<b>30 June 2019 (Unaudited) RMB'000</b>	31 December 2018 (Audited) RMB'000
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>28,254</b>	28,254
Share premium	<b>2,619,424</b>	2,931,914
Other reserves	<b><u>10,469,825</u></b>	<u>9,734,737</u>
	<b><u>13,117,503</u></b>	<u>12,694,905</u>
<b>Non-controlling interests</b>	<b><u>1,937,573</u></b>	<u>1,154,840</u>
<b>TOTAL EQUITY</b>	<b><u>15,055,076</u></b>	<u>13,849,745</u>

## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 12 July 2018.

The Company is an investment holding company. During the six months ended 30 June 2019, the Group is principally engaged in property development, commercial property investment and operations, and hotel operations.

In the opinion of the directors of the Company, the immediate holding company of the Company is Redsun Properties Group (Holdings) Limited.

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") effective as of 1 January 2019.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015–2017 Cycle</i>	Amendments to IFRS3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:



**(a) Adoption of IFRS 16 Leases**

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions involving the legal form of a lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

***New definition of a lease***

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

***As a lessee — Leases previously classified as operating leases***

**Nature of the effect of adoption of IFRS 16**

The Group has lease contracts for various properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

### ***Impacts on transition***

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. No lease assets were recognised under finance leases previously.

For the leasehold land and buildings (that were held to earn rental income) previously included in investment properties and measured at fair value, the Group included them as investment properties at 1 January 2019. They are measured at fair value applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	<b>Increase/ (decrease) RMB'000 (Unaudited)</b>
<b>Assets</b>	
Increase in right-of-use assets	171,086
Increase in investment properties	763,200
Decrease in property, plant and equipment	(20,397)
Decrease in prepaid land lease payments	(28,903)
Decrease in prepayments, other receivables and other assets	<u>(17,023)</u>
Increase in total assets	<u><u>867,963</u></u>
<b>Liabilities</b>	
Increase in leases liabilities	<u><u>867,963</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	1,323,942
Weighted average incremental borrowing rate as at 1 January 2019	<u>4.93%</u>
Discounted operating lease commitments as at 1 January 2019	868,482
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(476)
Commitments relating to leases of low-value assets	<u>(43)</u>
Lease liabilities as at 1 January 2019	<u><u>867,963</u></u>

### ***Summary of new accounting policies***

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019.

### ***Right of use assets***

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

### ***Lease liabilities***

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

***Significant judgement in determining the lease term of contracts with renewal options***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

***Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss***

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets				Lease liabilities RMB'000
	Buildings RMB'000	Prepaid land lease payments RMB'000	Sub-total RMB'000	Investment properties RMB'000	
As at 1 January 2019	142,183	28,903	171,086	763,200	867,963
Additions	22,488	—	22,488	222,620	196,607
Depreciation charge	(19,524)	(588)	(20,112)	—	—
Interest expenses	—	—	—	—	23,996
Decrease in fair value	—	—	—	(28,120)	—
Payments	—	—	—	—	(23,006)
<b>As at 30 June 2019</b>	<b>145,147</b>	<b>28,315</b>	<b>173,462</b>	<b>957,700</b>	<b>1,065,560</b>

The Group recognised rental expenses from short-term leases of RMB642,000 and leases of low-value assets of RMB275,000 respectively. There are no variable lease payments, and the rental income generated from subleasing right-of-use assets arrangements was at amount of RMB3,112,000 for the six months ended 30 June 2019.

**(b) Amendments to IAS 28**

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

**(c) IFRIC 23**

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

#### 4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into the following reportable operating segments:

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

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.

Six months ended 30 June 2019	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	3,703,189	186,413	17,899	3,907,501
Intersegment sales	18,183	—	—	18,183
	3,721,372	186,413	17,899	3,925,684
<i>Reconciliation:</i>				
Elimination of intersegment sales				(18,183)
Revenue				<u>3,907,501</u>
<b>Segment results</b>	<b>746,571</b>	<b>394,347</b>	<b>(7,222)</b>	<b>1,133,696</b>
<i>Reconciliation:</i>				
Bank interest income				23,669
Fair value gains on financial assets at fair value through profit or loss				40,338
Net foreign exchange gains				13,079
Investment income				25,206
Finance costs				(183,826)
Corporate and other unallocated expenses				(8,959)
Profit before tax				<u>1,043,203</u>

<b>Six months ended 30 June 2018</b>	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	3,694,202	152,063	17,489	3,863,754
Intersegment sales	<u>9,302</u>	<u>—</u>	<u>—</u>	<u>9,302</u>
	3,703,504	152,063	17,489	3,873,056
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(9,302)</u>
Revenue				<u><u>3,863,754</u></u>
<b>Segment results</b>	846,734	282,271	(16,989)	1,112,016
<i>Reconciliation:</i>				
Elimination of intersegment results				
Bank interest income				20,378
Investment income				16,098
Finance costs				(119,257)
Corporate and other unallocated expenses				<u>(8,549)</u>
Profit before tax				<u><u>1,020,686</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	<b>Property development RMB'000 (Unaudited)</b>	<b>Commercial property investment and operations RMB'000 (Unaudited)</b>	<b>Hotel operations RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Segment assets: 30 June 2019	<u>73,419,012</u>	<u>11,444,392</u>	<u>360,498</u>	<u>85,223,902</u>
<i>Reconciliation:</i> Corporate and other unallocated assets				<u>1,237,442</u>
Total assets				<u><u>86,461,344</u></u>
Segment liabilities 30 June 2019	<u>69,285,487</u>	<u>917,127</u>	<u>28,403</u>	<u>70,231,017</u>
<i>Reconciliation:</i> Corporate and other unallocated liabilities				<u>1,175,251</u>
Total liabilities				<u><u>71,406,268</u></u>
	<b>Property development RMB'000 (Audited)</b>	<b>Commercial property investment and operations RMB'000 (Audited)</b>	<b>Hotel operations RMB'000 (Audited)</b>	<b>Total RMB'000 (Audited)</b>
Segment assets: 31 December 2018	<u>56,313,799</u>	<u>9,911,499</u>	<u>356,294</u>	<u>66,581,592</u>
<i>Reconciliation:</i> Corporate and other unallocated assets				<u>1,340,472</u>
Total assets				<u><u>67,922,064</u></u>
Segment liabilities 31 December 2018	<u>53,784,844</u>	<u>105,570</u>	<u>8,047</u>	<u>53,898,461</u>
<i>Reconciliation:</i> Corporate and other unallocated liabilities				<u>173,858</u>
Total liabilities				<u><u>54,072,319</u></u>

#### Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2019 and 30 June 2018.



## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers		
Sale of properties	3,703,189	3,694,202
Hotel operations	17,899	17,489
Others	34,510	20,880
Revenue from other sources		
Gross rental income from:		
Lease of self-owned properties	148,791	131,183
Sub-lease of leased properties	3,112	—
	<u>3,907,501</u>	<u>3,863,754</u>

### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2019

Segments	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services				
Sale of properties	3,703,189	—	—	3,703,189
Hotel operations	—	—	17,899	17,899
Others	—	34,510	—	34,510
	<u>3,703,189</u>	<u>34,510</u>	<u>17,899</u>	<u>3,755,598</u>
Total revenue from contracts with customers				
Timing of revenue recognition				
Sale of properties transferred at a point in time	3,703,189	—	—	3,703,189
Services transferred over time	—	34,510	17,899	52,409
	<u>3,703,189</u>	<u>34,510</u>	<u>17,899</u>	<u>3,755,598</u>
Total revenue from contracts with customers				
	<u>3,703,189</u>	<u>34,510</u>	<u>17,899</u>	<u>3,755,598</u>

For the six months ended 30 June 2018

Segments	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services				
Sale of properties	3,694,202	—	—	3,694,202
Hotel operations	—	—	17,489	17,489
Others	—	20,880	—	20,880
Total revenue from contracts with customers	<u>3,694,202</u>	<u>20,880</u>	<u>17,489</u>	<u>3,732,571</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	3,694,202	—	—	3,694,202
Services transferred over time	—	20,880	17,489	38,369
Total revenue from contracts with customers	<u>3,694,202</u>	<u>20,880</u>	<u>17,489</u>	<u>3,732,571</u>

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	23,669	20,378
Interest income from borrowings to joint ventures and associates	65,764	51,649
Investment income	25,206	16,098
Management consulting service fees charged to joint ventures and associates	61,295	—
Forfeiture of deposit	1,883	604
Government grants	104	1,015
Fair value gain on financial assets at fair value through profit or loss	40,338	—
Net foreign exchange gains	13,079	—
Others	12,621	20,790
	<u>243,959</u>	<u>110,534</u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans, other borrowings, senior notes	1,153,058	419,332
Interest on lease liabilities	23,996	—
Interest expense arising from revenue contracts	473,521	238,910
Less: Interest capitalized	1,466,749	538,985
	<u>183,826</u>	<u>119,257</u>

## 7. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	2,885,034	2,559,583
Impairment losses write-off for properties completed held for sale	(168,040)	(37,593)
Impairment losses recognised for properties under development and completed properties held for sale	—	87,267
Impairment losses of financial assets	9,698	—
Depreciation of property, plant and equipment	30,619	30,951
Depreciation of right-of-use assets	20,112	—
Amortisation of prepaid land lease payments	—	140
Amortisation of other intangible assets	3,180	2,832
Fair value gains on investment properties	(284,576)	(220,738)
Fair value gains on financial assets at fair value through profit or loss	(40,338)	—
(Gains)/losses on disposal of items of property, plant and equipment	(592)	266
Gain on bargain purchase	—	(701)
Share of profits and losses of:		
Joint ventures	(20,318)	(5,369)
Associates	(190,861)	(80,173)
Listing expenses	—	26,901
Equity settled share option expense	16,929	—
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	226,755	128,210
Pension scheme contributions and social welfare	21,070	12,803
	<u>226,755</u>	<u>128,210</u>
	<u>21,070</u>	<u>12,803</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 income currently arising in Hong Kong for the six months ended 30 June 2019.

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

Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from 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>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
Corporate income tax	<b>367,092</b>	244,339
LAT	<b>142,774</b>	176,037
Deferred tax	<b>(191,196)</b>	(28,380)
Total tax charge for the period	<b><u>318,670</u></b>	<b><u>391,996</u></b>

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB743,053,000 (six months ended 30 June 2018: RMB651,455,000), and the weighted average number of ordinary shares of 3,320,000,000 (six months ended 30 June 2018: 991,756,906) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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.

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u><b>743,053</b></u>	<u><b>651,455</b></u>
	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>3,320,000,000</b>	<b>991,756,906</b>
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u><b>36,910,357</b></u>	<u><b>—</b></u>
	<u><b>3,356,910,357</b></u>	<u><b>991,756,906</b></u>

## 10. DIVIDENDS

The proposed 2018 final dividend of HK\$10.7 cents per share, totalling HK\$355,240,000 (equivalent to approximately RMB312,490,000), was approved by the Company's shareholders at the annual general meeting on 21 June 2019. It was recorded in "Other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2019.

The Directors have resolved not to pay any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## 11. TRADE AND BILLS RECEIVABLES

An aging 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:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within 1 year	24,074	23,220
Over 1 year	<u>272</u>	<u>508</u>
	<b><u>24,346</u></b>	<b><u>23,728</u></b>

## 12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Cash and bank balances	16,945,934	12,456,039
Less: Restricted cash	2,733,557	2,644,723
Pledged deposits	<u>5,270,669</u>	<u>3,578,720</u>
Cash and cash equivalents	<b><u>8,941,708</u></b>	<b><u>6,232,596</u></b>

Pursuant to relevant regulations in 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 30 June 2019, such amounts of restricted cash amounted to RMB2,733,557,000 (31 December 2018: RMB2,644,723,000).

As at 30 June 2019, bank deposits of RMB5,199,076,000 (31 December 2018: RMB3,526,146,000) were pledged as security for bank and other borrowings. As at 30 June 2019, bank deposits of RMB71,593,000 (31 December 2018: RMB52,574,000) were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Cash and cash equivalents		
Denominated in RMB	<b>6,908,416</b>	6,040,006
Denominated in HK\$	<b>66,910</b>	733
Denominated in US\$	<b>1,966,382</b>	191,857
	<b><u>8,941,708</u></b>	<b><u>6,232,596</u></b>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

### 13. TRADE AND BILLS PAYABLES

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

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Within 1 year	<b>2,198,939</b>	2,380,523
Over 1 year	<b>299,643</b>	505,123
	<b><u>2,498,582</u></b>	<b><u>2,885,646</u></b>

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

## OVERVIEW AND OUTLOOK

### Review for the First Half of 2019

In the first half of 2019, the macro-economy was exposed to constant pressure. “Houses are for living, not for speculation” remained as the major policy keynotes in respect of the real estate industry from the central government, along with the stable industrial policies as a whole. In the first half of 2019, the real estate transactions continued to grow at a slowing growth rate.

As shown in the statistics from the National Bureau of Statistics of China, in the first half of 2019, the sales area of commodity housing across the country reached 757.86 million sq.m., representing a year-on-year decrease of 1.8%. The sales of commodity housing achieved RMB7,069.8 billion, representing a year-on-year increase of 5.6%. Transaction volumes and prices were both on an upward trend in major second tier cities, while the situation in some third and fourth tier cities was the opposite, which delivering the differentiation in cities on an ongoing basis.

Adhering to its core value philosophy of “keeping people-oriented and integrity-based”, the Group is principally engaged in 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 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 contracted sales reached RMB30.25 billion, representing an increase of 42.7% as compared to the same period last year. The total contracted sales area amounted to 2,292,335 sq.m., with an average selling price of RMB12,889 per sq.m.. During the reporting period, revenue of the Group reached RMB3,907.5 million, representing an increase of approximately 1.1% as compared to the same period last year. Net profit attributable to the Group was approximately RMB743.1 million, representing an increase of approximately 14.1% as compared to the same period last year.



## **1. *Property Development***

During the reporting period, the Group's realized sales income from its property business was RMB3,703.2 million.

During the reporting period, the Group strictly implemented the regional layout strategy of “penetrating Jiangsu, strengthening foothold in Yangtze River Delta region and expanding into metropolitan areas”, focused on the existing regions and expanded to dynamic hub cities. We entered into cities such as Xi'an, Changsha, Yancheng, Xiangyang, Fuyang, Jiangmen and Wenzhou in the first half of 2019, and we currently have established our presence in the Yangtze River Delta, southwest China, south China, central China and northwest China regions, realized our national expansion basically and changed from a regional real estate company into a nationwide real estate company.

At the end of the reporting period, the Group's aggregate gross floor area of land bank was approximately 15,687,297 sq.m. (gross floor area of land bank attributable to the Group was approximately 8,160,739 sq.m.), representing an increase of 19.9% as compared to that of 13,084,376 sq.m. as of 31 December 2018. This provides sufficient support for our future development.

## **2. *Commercial Operations***

During the reporting period, the Group achieved sales income of RMB186.4 million from commercial operations.

Up to now, the Group has three Hong Yang Plaza, which are located in Nanjing in Jiangsu, Changzhou in Jiangsu and Yantai in Shandong respectively. We are now preparing the opening of twelve Hong Yang Plaza in Hefei, Hengyang, Yangzhou, Xuzhou, Yanjiao, Tianjin, Liu'an, Jining, Tengzhou, Fushan in Yantai, Lekai in Yantai and Mingli in Changzhou, signifying a promotion of the “Hong Yang Plaza” brand.

## **3. *Hotel Operations***

During the reporting period, the Group achieved sales income of RMB17.9 million from hotel operations.

Up to now, the Group has two hotels, Nanjing Hong Yang Hotel and Wuxi Hong Yang Lakefort Hotel, as well as Ibis Hotel under entrusted management model.

## **Outlook for the Second Half of 2019**

The central government pointed out for the first time that “properties should not be taken as the short-term economic incentives”, indicating that the policy of “houses are for living, not for speculation” still remains, with clear tendency of tightening policy controls and more stringent long-term controls in the future.

The country will intensify its control of the real estate market based on its basic principle of “city-specific policies”. The transaction volumes in the real estate industry are expected to be stable, with differentiated market performance at regional levels and the monetary policies will remain robust and neutral.

The commercial property industry has entered into the era of inventory competition, which provides diversified and innovative platform for the commercial property operators. In the future, only those commercial property operators with differentiated competitive edges can be distinguished from others.

For the second half of 2019, the Group will continue to adhere to the “Property + Commercial” dual-driven strategy. In terms of property development, the Company will strictly adopt the regional strategy of “penetrating Jiangsu, strengthening foothold in the Yangtze River Delta region and expanding into metropolitan areas” (做透大江蘇、深耕長三角、佈局都市圈), focusing on the existing areas and exploring other dynamic key hub cities. Through bidding invitation, auction or listing, merger and acquisition and joint venture cooperation, the Group will implement sound investment policies and realize high-quality rapid growth. In terms of the commercial real estate, the Group will expand its business through diversified models such as entrusted management, self-leasing and holding. With its extensive asset management experience and advanced management tools, the Group 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.

The Group is a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. Guided by our mechanism and culture, the Group establishes a team of talents with high efficiency, so as to create a highly efficient operation system and improve the use of funds, which in turn gives solid supports to the Group’s development. Capitalizing on the listing platform of Hong Kong and various financing channels such as bonds issuance, the Group will contribute to the industry development, while creating returns to each of the shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *1. Sales of Properties*

During the first half of 2019, the Group achieved contracted sales of approximately RMB30.25 billion, representing an increase of 42.7% as compared to RMB21.20 billion in the same period last year. The gross floor area of contracted sales of the Group was approximately 2,292,335 sq.m., representing an increase of 48.3% as compared to approximately 1,545,710 sq.m. in the same period last year. The increase was due to the fast expansion of the Group resulting in the gradual realization of sales from the projects acquired before.

#### *Projects under construction*

As of 30 June 2019, there were a total of 123 projects under construction with an aggregate planned gross floor area of 10,328,251 sq.m..

As of 30 June 2019, there were a total of 43 properties for future development with an aggregate planned gross floor area of 4,675,840 sq.m..

Details of the contracted sales of the Group as of 30 June 2019 are set out as below:

<b>Region</b>	<b>Contracted Sales Gross Floor Area (sq.m.)</b>	<b>Contracted Sales (RMB'000)</b>	<b>Average Contracted Selling Price (RMB/sq.m.)</b>
Suzhou	545,116	8,561,768	15,706
Nanjing	301,315	4,931,991	16,368
Chongqing	128,509	871,000	6,778
Wuhan	34,195	579,288	16,941
Hangzhou	18,296	465,076	25,420
Xi'an	1,266	9,288	7,336
Wuxi	368,523	4,074,878	11,057
Changzhou	199,957	3,247,452	16,241
Xuzhou	143,538	1,402,265	9,769
Nantong	143,363	1,789,121	12,480
Bozhou	72,374	666,782	9,213
Zhenjiang	70,676	588,175	8,322
Kaifeng	55,261	461,719	8,355
Chengdu	53,083	540,688	10,186
Nanchang	50,114	778,605	15,537
Foshan	34,249	495,555	14,469
Bengbu	33,101	248,780	7,516
Hefei	29,176	361,420	12,388
Huzhou	5,790	87,660	15,140
Zhuji	4,433	91,489	20,638
<b>Total</b>	<b><u>2,292,335</u></b>	<b><u>30,253,000</u></b>	<b><u>12,889</u></b>

## 2. Land Bank

As of 30 June 2019, the Group's total gross floor area of land bank was approximately 15,687,297 sq.m. (gross floor area of land bank attributable to the Group was approximately 8,160,739 sq.m.), representing an increase of 19.9% from that of 13,084,376 sq.m. as at 31 December 2018. As of 30 June 2019, completed properties totaled 108,164 sq.m., properties under development totaled 10,328,251 sq.m., properties for future development totaled 4,675,840 sq.m. and investment properties totaled 575,042 sq.m..

Details of the land bank of the Group as of 30 June 2019 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Planned Gross	Total Area of Land Bank (sq.m.)	The Group's Interests (%)
			Unsold Saleable Total Gross Floor Area (sq.m.)			Floor Area for Future Development (sq.m.)		
Nanjing	Garden in the East (領東苑)	67,810	—	—	249,444	—	249,444	33%
Nanjing	Nanjing Land Lot No. 2017G27 (南京•2017G27地塊)	68,644	—	—	136,008	—	136,008	20%
Nanjing	Nanjing Land Lot No. 2017G36 (南京•2017G36地塊)	54,173	—	—	175,709	—	175,709	20%
Nanjing	Land Lot No. 2017G57 (2017G57 地塊)	58,024	—	—	79,420	—	79,420	100%
Nanjing	Gaochun Land Lot No. 02-03 (高淳02-03地塊)	102,787	—	—	159,130	—	159,130	13%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	—	—	74,249	158,788	233,037	100%
Nanjing	Yizheng No.38 (儀徵38)	69,788	—	—	137,929	—	137,929	50%
Nanjing	Lukou Project (祿口項目)	73,686	—	—	10,328	101,209	111,537	49%
Nanjing	Royal Creek (玉瀾府)	44,784	—	—	135,758	—	135,758	33%
Nanjing	Shiqiu Project (石湫項目)	41,931	—	—	99,841	—	99,841	51%
Nanjing	Yizheng No.39 (儀徵39)	66,358	—	—	118,706	—	118,706	50%
Nanjing	Golden Space and Watery Court (金城瀾庭)	66,267	—	—	160,594	—	160,594	9%
Nanjing	Garden of Joy and Elegance (昕悅 雅苑)	32,246	—	—	87,321	—	87,321	49%
Nanjing	Star Joy World Square (星悅天地 廣場)	27,428	—	—	110,672	—	110,672	30%
Nanjing	Puzhu North Road Project (浦珠北路 項目)	7,025	—	—	—	21,086	21,086	70%
Nanjing	Nanjing No. 2018G01 (南京2018G01)	7,025	—	—	20,598	—	20,598	30%
Nanjing	New No.1 Commercial Plaza (新壹 商業廣場)	23,810	4,820	—	—	—	4,820	33%
Nanjing	Mountain and Lake View Garden In Times (時光山湖花園)	14,338	—	—	31,377	—	31,377	25%
Nanjing	Wave of Swallow New Garden (燕瀾新苑)	61,145	8,640	—	—	—	8,640	50%
Nanjing	Residence of Bamboo and Water (竹水居)	52,763	8,343	—	—	—	8,343	50%
Nanjing	Great Time at Joy Peak West District (悅峰時光裡西區)	73,065	—	—	8,330	—	8,330	50%
Nanjing	Spring on West River (春上西江)	27,962	—	—	4,651	—	4,651	100%
Nanjing	Loving Garden (愛上花園)	77,367	85	—	3,093	—	3,178	100%
Nanjing	Hong Yang Upper Yard (弘陽上院)	66,805	—	—	2,716	—	2,716	100%

Region	Name of Project	Area of Land (sq.m.)	Completed		Total Gross Floor Area Under Development (sq.m.)	Planned Gross Floor Area for Future Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests (%)
			Unsold Saleable Total Gross Floor Area (sq.m.)	Rentable Area Held for Investment (sq.m.)				
Nanjing	Solaris Loving City Section 6 (旭日愛上城六區)	75,237	—	—	2,766	—	2,766	100%
Nanjing	Solaris Institution (旭日學府)	38,976	—	—	1,863	—	1,863	100%
Nanjing	Solaris Loving City Creation Wings Garden (旭日愛上城創翼園)	82,693	—	—	941	—	941	100%
Nanjing	Solaris Upper City Section 3 (旭日上城三區)	189,012	—	—	907	—	907	100%
Nanjing	Solaris Upper City Section 2 (旭日上城二區)	163,341	—	—	496	—	496	100%
Nanjing	Solaris Upper City Section 1 (旭日上城一區)	198,497	—	—	357	—	357	100%
Nanjing	Solaris Elegant Architecture (旭日雅築)	15,524	40	—	—	—	40	100%
Nanjing	Solaris Loving City Section 7 (旭日愛上城七區)	12,999	40	—	—	—	40	100%
Nanjing	Sea Joy Garden (海悅花園)	57,503	—	—	94,209	—	94,209	49%
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%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	—	435,165	—	—	435,165	100%
Suzhou	Runyuan Masterpiece Garden (潤元名著花園)	80,669	—	—	102,867	—	102,867	49%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	—	—	95,325	—	95,325	100%
Suzhou	Violet Cloud Residence (紫雲名邸)	53,753	3,456	—	65,151	—	68,607	33%
Suzhou	Luyuan Architecture (甬源名築)	60,961	2,264	—	65,825	—	68,089	100%
Suzhou	The River City Origin (江城源著)	69,982	—	—	116,899	—	116,899	13%
Suzhou	Star Great Tang Masterpiece Residence (星盛唐名邸)	36,829	—	—	88,860	—	88,860	50%
Suzhou	Lake View Watery Court (湖閱瀾庭)	59,235	—	—	158,657	—	158,657	18%
Suzhou	Sunrise Joy Masterpiece Residence (昕悅名邸)	47,706	—	—	101,050	—	101,050	70%
Suzhou	Beautiful in Ten (十里錦繡)	98,783	—	—	130,016	—	130,016	16%
Suzhou	Shang Jun Hua Court (尚雋華庭)	39,410	—	—	69,937	—	69,937	50%
Suzhou	Changshu No. 005 (常熟005)	17,361	—	—	35,869	—	35,869	33%
Suzhou	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	—	—	9,450	88,526	97,976	45%
Suzhou	Tang Qiao Fumin Road Project (塘橋富民路項目)	40,317	—	—	7,236	63,121	70,357	50%
Chengdu	Central Road Project (中環路項目)	72,114	—	—	16,673	208,507	225,180	50%
Chengdu	Qionglai Chang'an Avenue Project (邛崃長安大道項目)	39,809	—	—	9,923	90,819	100,742	100%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	—	—	2,687	29,536	32,223	33%
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	—	—	76,022	—	76,022	100%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	—	—	52,583	—	52,583	100%
Chongqing	Beipei Project (北碚項目)	109,540	—	—	24,989	164,310	189,299	49%
Chongqing	Bishan 295 (璧山295)	106,259	—	—	167,193	43,495	210,688	100%
Chongqing	Cypress View. Seattle (柏景•西雅圖)	89,273	—	—	264,281	—	264,281	100%

Region	Name of Project	Area of Land (sq.m.)	Completed		Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Planned Gross		The Group's Interests (%)
			Unsold Saleable Total Gross Floor Area (sq.m.)	Total Gross Floor Area			Floor Area for Future Development (sq.m.)	Total Area of Land Bank (sq.m.)	
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	—	—	—	20,045	—	20,045	100%
Chongqing	Guan Yin Tang (觀音塘)	14,785	—	—	—	41,305	—	41,305	49%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	—	—	—	5,130	41,147	46,277	30%
Hangzhou	Yu Zheng Chu Chu [2018] No.9 (余政儲出[2018]9號)	50,888	—	—	—	61,066	—	61,066	33%
Changsha	Black Stone Project (黑石項目)	32,684	—	—	—	8,613	109,385	117,998	100%
Changsha	Deyi In Times (德一時光裡)	12,956	—	—	—	5,778	58,300	64,078	70%
Wuhan	Yin Yue Residence (印月府)	106,207	—	—	—	378,477	24,975	403,452	100%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	—	—	—	70,174	—	70,174	51%
Ningbo	Ningbo Yinzhou Land Lot No. L5 (寧波鄞州L5地塊)	11,368	—	—	—	23,583	—	23,583	50%
Changzhou	Phoenix East Project (鳳凰東項目)	115,615	—	—	—	19,049	188,440	207,489	49%
Changzhou	Sang Ma Land Lot CD (桑麻CD 地塊)	156,115	—	—	—	65,549	181,048	246,597	70%
Changzhou	Commercial and Trading Peak (商貿 雲峰)	50,921	—	—	—	92,645	61,809	154,454	60%
Changzhou	San Mao Land Lot (三毛地塊)	108,486	—	—	—	65,426	152,218	217,644	33%
Changzhou	Golden Seal and Heaven Shire (金璽 天郡)	88,719	—	—	—	322,156	—	322,156	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	—	—	—	143,969	—	143,969	40%
Changzhou	The Bund No.1 Garden (外灘一號 花園)	126,695	—	—	—	80,956	15,591	96,547	85%
Changzhou	Phases I to III of Hong Yang Upper City (弘陽上城一—三期)	111,700	15,912	—	—	—	—	15,912	100%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	—	—	—	—	14,765	14,765	70%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	128,126	—	—	—	128,126	100%
Nantong	Wan Shou Road Project (萬壽路項目)	89,669	—	—	—	22,883	211,434	234,317	30%
Nantong	Left Bank Residence in Jianghai Road (江海路左岸公元)	75,028	—	—	—	12,920	109,875	122,795	34%
Nantong	Upper Joy Garden (上悅花園)	82,741	—	—	—	254,565	—	254,565	25%
Nantong	Oriental Cloud Garden (東方雲苑)	86,652	—	—	—	254,608	—	254,608	17%
Nantong	New Metropolis Garden (新都花園)	109,890	—	—	—	195,024	—	195,024	13%
Nantong	Sutong (蘇通)	47,405	—	—	—	72,257	—	72,257	38%
Nantong	Esteeming Virtues Garden (尚德苑)	37,348	—	—	—	48,559	—	48,559	33%
Nantong	Center Creation Metropolis Garden (中創都市花苑)	47,963	—	—	—	87,375	—	87,375	24%
Nantong	Best Time Garden (佳期花苑)	134,049	—	—	—	119,428	—	119,428	33%
Hefei	Longzi Lake Times (龍子湖湖語時光)	64,461	—	—	—	12,650	138,118	150,768	30%
Hefei	Yaohai Prosper and Joy (瑤海豐樂)	59,233	—	—	—	38,485	99,965	138,450	34%
Hefei	Mountain View Yard (望麓別院)	139,536	—	—	—	417,794	—	417,794	25%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	—	—	—	62,325	—	62,325	40%
Hefei	Sunrise Joy Garden (昕悅花園)	37,254	—	—	—	104,118	—	104,118	80%
Hefei	In Times (時光裡)	42,621	9,680	—	—	—	—	9,680	100%
Hefei	Purple Breeze (紫氣東來)	28,081	—	—	—	64,219	—	64,219	51%
Wuxi	Liyuan Project (利源項目)	39,021	—	—	—	7,952	76,381	84,333	30%
Wuxi	Yunting Primary School Project (雲亭小學項目)	92,953	—	—	—	12,960	185,906	198,866	50%
Wuxi	Jing Garden of Superior Class (上品瓏苑)	203,609	—	—	—	77,110	243,739	320,849	20%

Region	Name of Project	Area of Land (sq.m.)	Completed		Total Gross Floor Area Under Development (sq.m.)	Planned Gross Floor Area for Future Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests (%)
			Unsold Saleable Total Gross Floor Area (sq.m.)	Rentable Area Held for Investment (sq.m.)				
Wuxi	Yangjian Project (羊尖項目)	63,050	—	—	107,972	—	107,972	40%
Wuxi	Sunrise Joy Residence (昕悅府)	138,902	—	—	157	286,885	287,042	100%
Wuxi	Wuxi Sanwan Qing (無錫三萬頃)	800,000	—	—	73,225	—	73,225	100%
Wuxi	Sunrise Joy Court (昕悅棠)	85,122	—	—	214,006	—	214,006	100%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樑)	102,269	—	—	20,844	202,100	222,944	46%
Nanchang	New Power Hong Yang Residence (新力弘陽府)	43,410	—	—	101,884	—	101,884	49%
Nanchang	Clear Cloud Scroll (青雲譜)	29,452	—	—	38,188	52,508	90,696	49%
Nanchang	Wanli (灣裡)	13,717	—	—	19,693	7,133	26,826	100%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	—	—	10,881	213,318	224,199	40%
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	—	—	106,211	71,027	177,238	20%
Xuzhou	Xuzhou Landscape of the Peach Garden (徐州山水桃花源)	104,284	—	—	107,997	—	107,997	80%
Xuzhou	Nine Pleasures Splendid Residence (九悅華府)	181,244	—	—	308,764	—	308,764	33%
Xuzhou	Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	26,646	—	—	51,693	—	51,693	33%
Foshan	Hong Yang Mountain Comfort Garden (弘陽山馨花園)	63,132	—	—	152,447	—	152,447	100%
Foshan	Benevolence Lake Project (博愛湖項目)	44,156	—	—	9,599	79,479	89,078	100%
Wenzhou	Huichang River B03 Project (會昌河B03項目)	25,721	—	—	7,439	68,160	75,599	50%
Wenzhou	Huichang River B07 Project (會昌河B07項目)	19,967	—	—	6,089	55,908	61,997	50%
Yangzhou	Begonia Court (棠苑)	72,660	—	—	133,809	—	133,809	50%
Zhuji	Zhuji Land Lot No. 2018-11 (諸暨2018-11地塊)	49,492	—	—	49,616	—	49,616	100%
Zhenjiang	Land Lot No. 2018-J1-06 (2018-J1-06號地塊)	72,609	—	—	129,290	—	129,290	33%
Zhenjiang	Phoenix Terrace (鳳臺台)	88,498	—	—	210,882	—	210,882	20%
Zhenjiang	Jurong Land Lot No. B (句容B地塊)	38,731	—	—	68,796	—	68,796	19%
Zhenjiang	Zhoujiiazhuang Project (周家莊項目)	16,184	—	—	2,579	40,192	42,771	51%
Chuzhou	Garden with Art Atmosphere (藝境花園)	60,189	54,884	—	80,601	—	135,485	33%
Chuzhou	Glory Residence (正榮府)	80,867	—	—	149,298	—	149,298	30%
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	—	—	180,735	—	180,735	40%
Chuzhou	New City Hong Yang Garden at Mingfa North (明發北站新城弘陽苑)	8,782	—	—	17,745	—	17,745	100%
Huzhou	Huzhou 2018-43(湖州2018-43)	48,652	—	—	66,040	—	66,040	51%
Huzhou	Huzhou Ren Huang No. 58# (湖州仁皇58#)	102,218	—	—	66,575	67,705	134,280	51%
Huzhou	Green Jade Bay (玉翠灣)	46,488	—	—	97,708	—	97,708	35%
Yancheng	Begonia View Residence in Yanzen Road (鹽枕路觀棠府)	69,049	—	—	12,825	147,049	159,874	33%
Taizhou	Wave of Swallow Garden (燕瀾花園)	56,230	—	—	159,993	—	159,993	100%
Fuyang	Yingzhou Hong Yang Residence (潁州弘陽府)	38,297	—	—	7,547	76,594	84,141	100%
Xiangyang	Prime Watery Court (襄御瀾庭)	45,761	—	—	8,816	152,694	161,510	30%
Bengbu	Bengbu Xin Hong (蚌埠新弘)	32,646	—	—	70,738	—	70,738	50%
Jiangmen	Liyue Project (禮樂項目)	28,205	—	—	12,137	70,513	82,650	33%



Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Planned Gross	Total Area of Land Bank (sq.m.)	The Group's Interests (%)
			Unsold Saleable Total Gross Floor Area (sq.m.)			Floor Area for Future Development (sq.m.)		
Ma'anshan	Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)	97,340	—	—	254,285	—	254,285	20%
Kaifeng	Kaifeng Yan Lan Residence (開封燕瀾府)	63,533	—	—	181,720	—	181,720	100%
Bozhou	Bozhou Land Lot No. 2017-217 (亳州2017-217號地塊)	201,216	—	—	191,368	202,082	393,450	40%
Total		<u>9,438,710</u>	<u>108,164</u>	<u>575,042</u>	<u>10,328,251</u>	<u>4,675,840</u>	<u>15,687,297</u>	

### 3. Commercial Operations

The rental income of the Group for the six months ended 30 June 2019 was approximately RMB186.4 million, representing an increase of 22.6% as compared to the same period last year. The increase was mainly due to an increase in rental income levels from Nanjing Hong Yang Plaza and Changzhou Hong Yang Plaza.

### 4. Hotel Operations

The Group's income from hotel operations for the six months ended 30 June 2019 was approximately RMB17.9 million, representing an increase of 2.3% as compared to the same period last year. The increase was mainly due to an improvement of performance of the Nanjing Hong Yang Hotel and Wuxi Hong Yang Lakefort Hotel.

## FINANCIAL REVIEW

### 1. Revenue

The Group's revenue during the six months ended 30 June 2019 amounted to approximately RMB3,907.5 million, representing a slight increase of 1.1% from approximately RMB3,863.8 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 0.2% to approximately RMB3,703.2 million, accounting for 94.8% of the total recognized revenue; (ii) commercial operations increased by 22.6% to approximately RMB186.4 million as compared to the same period last year; and (iii) hotel operations increased by 2.3% to approximately RMB17.9 million as compared to the same period last year.

Details of recognized revenue for the six months ended 30 June:

	Six month ended 30 June 2019		Six month ended 30 June 2018		Year-on- year change (%)
	Recognized Revenue (RMB'000)	Percentage in Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage in Total Recognized Revenue (%)	
Property sales	3,703,189	94.8	3,694,202	95.6	0.2
Commercial operations	186,413	4.7	152,063	3.9	22.6
Hotel operations	17,899	0.5	17,489	0.5	2.3
Total	<u>3,907,501</u>	<u>100</u>	<u>3,863,754</u>	<u>100</u>	<u>1.1</u>

### 2. Cost of sales

The cost of sales of the Group during the six months ended 30 June 2019 was approximately RMB2,775.2 million, representing an increase of 2.9% as compared to that of approximately RMB2,695.8 million in the same period last year. The increase was primarily due to an increase of land costs.

### **3. Fair value gains on investment properties**

For the six months ended 30 June 2019, the Group recognized fair value gains on investment properties of approximately RMB284.6 million, representing an increase of 28.9% as compared to that of approximately RMB220.7 million 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 rental values.

### **4. Selling and distribution expenses**

The selling and distribution expenses of the Group increased from approximately RMB145.3 million in the same period last year to approximately RMB263.3 million for the six months ended 30 June 2019, representing an increase of 81.2%. The increase was due to new launches of property projects available for pre-sale in 2019. For the six months ended 30 June 2019, the selling and distribution expenses accounted for approximately 0.9% of contracted sales.

### **5. Administrative expenses**

The administrative expenses of the Group increased from approximately RMB252.8 million in the same period last year to approximately RMB361.3 million for the six months ended 30 June 2019, representing an increase of 42.9%. The increase was mainly due to the business expansion of the Group. For the six months ended 30 June 2019, the administrative expenses accounted for approximately 1.2% of contracted sales.

### **6. Share of profits and losses of joint ventures and associates**

The Group's share of profit and losses of joint ventures and associates during the six months ended 30 June 2019 was approximately RMB211.2 million, representing an increase of 146.9% as compared to that of approximately RMB85.5 million in the same period last year. The increase was due to recognition of profits carried forward in respect of Violet Cloud Residence, New No.1 Commercial Plaza and Best Time Garden.

### **7. Finance costs**

The finance costs expended by the Group during the six months ended 30 June 2019 were approximately RMB183.8 million, representing an increase of 54.1% as compared to that of approximately RMB119.3 million in the same period last year. The change in finance costs was mainly due to an increase in the borrowings as a result of the acquisition of land and the expansion of property development for the Group during the reporting period.

## **8. *Income tax expense***

The income tax expense of the Group decreased by 18.7%, from approximately RMB392.0 million in the same period last year to approximately RMB318.7 million during the six months ended 30 June 2019. The Group's income tax expense included the payment and provision for enterprise income tax and land appreciation tax less deferred taxation during the period. The Group's effective income tax rate during the six months ended 30 June 2019 was 30.5%, while that in the same period last year was 38.4%.

During the six months ended 30 June 2019, the provision made for land appreciation tax by the Group was approximately RMB142.8 million, while that in the same period last year was approximately RMB176.0 million.

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

As a result of the factors described above, the Group's profit during the reporting period increased by 15.2%, from approximately RMB628.7 million in the same period last year to approximately RMB724.5 million during the six months ended 30 June 2019. The Group's net profit attributable to shareholders increased by 14.1%, from approximately RMB651.5 million in the same period last year to approximately RMB743.1 million during the six months ended 30 June 2019.

During the reporting period, net profit from core business attributable to shareholders increased by 3.4%, from approximately RMB485.9 million in the same period last year to approximately RMB502.3 million during the six months ended 30 June 2019. During the six months ended 30 June 2019, the net profit margin from core business attributable to shareholders increased to 12.9% from 12.6% in the same period last year.

## **LIQUIDITY, FINANCE AND CAPITAL**

### **1. *Cash position***

As of 30 June 2019, the Group's cash and bank balances were approximately RMB16.95 billion (31 December 2018: approximately RMB12.46 billion), including, the restricted cash amounted to approximately RMB2.73 billion (31 December 2018: approximately RMB2.64 billion), and the pledged deposits amounted to approximately RMB5.27 billion (31 December 2018: approximately RMB3.58 billion).

## 2. *Indebtedness and charges on assets*

As of 30 June 2019, the Group's total borrowings (including interest-bearing bank loans and other borrowings, senior notes) amounted to approximately RMB28.38 billion (31 December 2018: approximately RMB21.92 billion), of which interest-bearing bank loans and other borrowings were approximately RMB21.84 billion (31 December 2018: approximately RMB19.33 billion), senior notes were approximately RMB6.54 billion (31 December 2018: approximately RMB2.59 billion).

The Group's total borrowings were repayable as follows:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	<b>31 December 2018 RMB'000 (Audited)</b>
Interest-bearing bank loans and other borrowings:		
Repayable within one year	10,898,752	8,233,697
Repayable in the second year	5,738,072	4,259,278
Repayable within two to five years	4,086,298	5,752,917
Repayable after five years	1,115,118	1,080,609
	<u>21,838,240</u>	<u>19,326,501</u>
Senior notes:		
Repayable within one year	2,576,310	2,592,868
Repayable in the second year	1,993,626	—
Repayable within two to five years	1,973,499	—
	<u>6,543,435</u>	<u>2,592,868</u>
Total borrowings	<u>28,381,675</u>	<u>21,919,369</u>

Among the Group's total borrowings, RMB7,620,444,000 was borrowings with floating interest rate as at 30 June 2019 (31 December 2018: RMB9,573,911,000).

As at 30 June 2019, assets with an aggregate value of approximately RMB30,132,404,000 (31 December 2018: approximately RMB25,289,524,000) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group.

### **3. *Financing activities***

On 4 March 2019, the Group issued 2-year senior notes of US\$300,000,000 with interest rate of 11.5%. Please refer to the Company's announcement dated 25 February 2019 for further details.

On 11 April 2019, the Group issued 3-year senior notes of US\$300,000,000 with interest rate of 9.95%. Please refer to the Company's announcement dated 8 April 2019 for further details.

In view of the steady operating and financial performance, the Group maintained its ratings granted from various credit rating agencies. Standard & Poor's maintained the Group's long-term corporate credit rating as "B" with stable outlook. Fitch Ratings maintained the Group's long-term corporate credit rating as "B" with positive outlook. In April 2019, the Group was granted "BB-" initial global scale long-term issuer rating with stable outlook by Lianhe Ratings Global Limited. In addition, Nanjing Redsun Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, was granted "AA+" rating with stable outlook by China Chengxin Securities Rating Co., Ltd. and United Ratings Co., Ltd. in June 2019.

### **4. *Gearing ratio***

As of 30 June 2019, the Group's net gearing ratio (total indebtedness net of cash and bank balances divided by total equity) was approximately 76.0%, as compared to approximately 68.3% as of 31 December 2018. The Group's gearing ratio (total indebtedness divided by total assets) was approximately 82.7% as of 30 June 2019 as compared to approximately 79.6% as of 31 December 2018. The Group's current ratio (current assets divided by current liabilities) was approximately 1.30 times as of 30 June 2019, and was approximately 1.34 times as of 31 December 2018.

As of 30 June 2019, cash and bank balances to short-term debt ratio was approximately 1.26 times and was approximately 1.15 times as of 31 December 2018.

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

As of 30 June 2019, the Group had contracted capital and property development expenditure but not provided for amounted to approximately RMB11.51 billion (31 December 2018: approximately RMB5.96 billion).

## **6. *Contingent liabilities***

Pursuant to the mortgage contracts, the banks require the Group to provide guarantee in respect of 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 purchasers default on a mortgage loan, the Group shall be liable 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 30 June 2019, the Group had provided guarantees of approximately RMB10.08 billion for the mortgage loans granted by certain banks to certain purchasers of the Group's properties (as at 31 December 2018: approximately RMB5.80 billion).

As at 30 June 2019, the Group provided guarantees of approximately RMB3.40 billion to related companies (as at 31 December 2018: approximately RMB1.78 billion). Save as disclosed in this results announcement, the Group had no other material contingent liabilities as at 30 June 2019.

## **CORPORATE GOVERNANCE/OTHER INFORMATION**

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

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

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

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

As of 30 June 2019, the Group had 3,089 employees in total, in which 2,345 employees were engaged in the real estate development business, 593 employees were engaged in the commercial operations and 151 employees were engaged in the hotel operations.

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 were 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 3 July 2019, the Group issued US\$250,000,000 with interest rate of 10.5% senior notes due 3 October 2022. Please refer to the Company's announcement dated 25 June 2019 for further details.

On 26 July 2019, Xuzhou Hongshuo Property Development Co., Ltd. (an indirect wholly-owned subsidiary of the Group), Xuzhou Xincheng Chuangyu Real Estate Co., Ltd., Nanjing Xincheng Wanjia Real Estate Co., Ltd., Nanjing Redsun Real Estate Development Co., Ltd. and Xuzhou Xincheng Yihui Property Development Co., Ltd. entered into an equity transfer agreement. Xuzhou Hongshuo Property Development Co., Ltd. acquired 100% equity interest in Xuzhou Xincheng Yihui Property Development Co., Ltd. at a total consideration of RMB552,910,000. Xuzhou Hongyao Property Development Co., Ltd., Xuzhou Xincheng Chuangyu Real Estate Co., Ltd., Xuzhou Honghou Property Development Co., Ltd., Nanjing Redsun Real Estate Development Co., Ltd. and Xuzhou Xincheng Hongyang Property Development Co., Ltd. entered into an equity transfer agreement. Xuzhou Hongyao Property Development Co., Ltd. acquired 60% equity interest in Xuzhou Xincheng Hongyang Property Development Co., Ltd. at a total consideration of RMB1,157,750,000.

Please refer to the Company's announcement dated 26 July 2019 for further details.



## **5. *Interim Dividend***

The Board has resolved that the Company will not declare any interim dividends for the reporting period.

## **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 the majority of the Group's transactions were denominated and settled in RMB. As at 30 June 2019, 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 efforts.

## **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 of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

To the knowledge of the Directors, the Company has complied with all applicable code provisions during the reporting period, and the Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

## **9. *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 during the reporting period.

## **10. Review of Interim Results by the Audit Committee**

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

Our audit committee has reviewed the Company's unaudited condensed consolidated interim results for the six months ended 30 June 2019 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.

## **11. Publication of Interim Results and 2019 Interim Report on the Websites of The Stock Exchange of Hong Kong Limited and the Company**

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.rsunproperty.hk>). The interim report of the Company for the six months ended 30 June 2019 will be despatched to the Company's shareholders and posted on the above websites in due course.

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

Hong Kong, 28 August 2019

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