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Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS OF THE 2023 ANNUAL RESULTS ANNOUNCEMENT

- Contracted sales reached RMB21.829 billion, aggregated sales area was 1,567,348 square meters and the average selling price was RMB13,927 per square meter;
- Revenue amounted to RMB19,794.7 million, representing a decrease of 1.1% as compared with 2022;
- Gross loss and gross loss margin were RMB669.7 million and 3.4%, respectively;
- Net loss amounted to RMB7,739.7 million (2022: net loss of RMB3,937.8 million).

STATEMENTS AND NOTES

The board (the “**Board**”) of directors (the “**Directors**”) of Redsun Properties Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (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 2023

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	19,794,695	20,013,430
Cost of sales		<u>(20,464,412)</u>	<u>(18,347,866)</u>
Gross (loss)/profit		(669,717)	1,665,564
Other income and gains	5	39,185	809,815
Selling and distribution expenses		(482,111)	(690,781)
Administrative expenses		(388,325)	(690,747)
Fair value losses on investment properties		(2,083,790)	(549,024)
Other expenses	5	(814,576)	(1,321,707)
Finance costs	7	(1,880,261)	(1,972,632)
Share of losses of:			
Joint ventures		(380,421)	(3,327)
Associates		<u>(282,864)</u>	<u>(582,788)</u>
LOSS BEFORE TAX	6	(6,942,880)	(3,335,627)
Income tax expense	8	<u>(796,795)</u>	<u>(602,180)</u>
LOSS FOR THE YEAR		<u>(7,739,675)</u>	<u>(3,937,807)</u>
Attributable to:			
Owners of the parent		(7,214,511)	(3,881,520)
Non-controlling interests		<u>(525,164)</u>	<u>(56,287)</u>
		<u>(7,739,675)</u>	<u>(3,937,807)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

Year ended 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic			
– For loss for the year		<u>RMB(2.16)</u>	<u>RMB(1.16)</u>
Diluted			
– For loss for the year		<u>RMB(2.16)</u>	<u>RMB(1.16)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(7,739,675)</u>	<u>(3,937,807)</u>
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(7,739,675)</u>	<u>(3,937,807)</u>
Attributable to:		
Owners of the parent	(7,214,511)	(3,881,520)
Non-controlling interests	<u>(525,164)</u>	<u>(56,287)</u>
	<u>(7,739,675)</u>	<u>(3,937,807)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		592,146	618,651
Investment properties		11,659,510	13,971,380
Right-of-use assets		24,913	32,736
Other intangible assets		2,807	7,550
Investments in joint ventures		2,554,118	3,124,617
Investments in associates		7,531,455	9,230,128
Deferred tax assets		304,575	1,141,385
		<hr/>	<hr/>
Total non-current assets		22,669,524	28,126,447
CURRENT ASSETS			
Inventories		174,708	156,439
Properties under development		18,236,670	36,360,756
Completed properties held for sale		7,934,408	5,459,328
Trade receivables	<i>11</i>	4,373	5,385
Prepayments, other receivables and other assets		11,334,307	12,626,940
Due from related parties		10,782,465	12,756,524
Financial assets at fair value through profit or loss		116,771	160,630
Tax recoverable		899,349	1,222,095
Cash and bank balances		2,753,863	4,858,420
		<hr/>	<hr/>
Total current assets		52,236,914	73,606,517

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	<i>Note</i>	2023	2022
		RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	6,629,866	7,356,598
Other payables and accruals		4,692,006	4,177,803
Contract liabilities		13,331,799	26,250,397
Interest-bearing bank and other borrowings		6,751,056	6,155,668
Senior notes		10,453,896	10,409,067
Lease liabilities		88,766	46,833
Due to related parties		7,845,562	8,819,596
Tax payable		<u>3,427,328</u>	<u>3,387,567</u>
 Total current liabilities		 <u>53,220,279</u>	 <u>66,603,529</u>
 NET CURRENT (LIABILITIES)/ASSETS		 <u>(983,365)</u>	 <u>7,002,988</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		 <u>21,686,159</u>	 <u>35,129,435</u>
 NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		4,239,565	7,726,403
Lease liabilities		806,430	1,327,587
Deferred tax liabilities		<u>1,816,333</u>	<u>2,276,978</u>
 Total non-current liabilities		 <u>6,862,328</u>	 <u>11,330,968</u>
 Net assets		 <u>14,823,831</u>	 <u>23,798,467</u>
 EQUITY			
Equity attributable to owners of the parent			
Share capital		28,411	28,411
Share premium		1,888,469	1,888,469
Other reserves		<u>2,768,279</u>	<u>10,006,208</u>
		4,685,159	11,923,088
Non-controlling interests		<u>10,138,672</u>	<u>11,875,379</u>
 Total equity		 <u>14,823,831</u>	 <u>23,798,467</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

Going concern basis

The Group recorded a net loss of RMB7,739,675,000 for the year ended 31 December 2023. As at 31 December 2023, (i) the Group’s current liabilities exceeded its current assets by RMB983,365,000; (ii) the Group’s total interest-bearing bank and other borrowings and senior notes amounted to RMB21,444,517,000, out of which RMB17,204,952,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,074,049,000; (iii) the Group had not repaid an aggregate amount of principal and interests of RMB7,536,849,000 for certain senior notes and an aggregate amount of interests of RMB508,606,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for the corresponding senior notes amounted to RMB4,044,052,000; (iv) an aggregate amount of principal of RMB1,478,348,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain interest-bearing bank and other borrowings amounting to RMB907,878,000 becoming repayable on demand. A winding-up petition was filed by certain senior notes holders against the Company on 14 February 2024.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

- (a) The Group has appointed financial advisors to assist it with a holistic restructuring of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practical;
- (b) The Group has appointed legal counsels in relation to the winding-up petition;
- (c) The Group has been actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings;
- (d) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;
- (e) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (f) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;
- (g) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (h) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) successfully completing the holistic restructuring of its offshore debts;
- (b) successfully dismissing the winding-up petition;
- (c) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings;
- (d) successfully securing project development loans for qualified project development;

- (e) successfully obtaining additional new sources of financing as and when needed;
- (f) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;
- (g) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (h) successfully disposing of the Group's equity interests in project development companies when suitable.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs are described below:

- a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group early applied the amendments on temporary differences related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The amendments did not have any significant impact on the Group's financial statements.

- d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Year ended 31 December 2023	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	<u>19,198,937</u>	<u>560,068</u>	<u>35,690</u>	<u>19,794,695</u>
Revenue				<u><u>19,794,695</u></u>
Segment results	(3,141,514)	(1,960,017)	(6,560)	(5,108,091)
<i>Reconciliation:</i>				
Bank interest income				28,563
Fair value losses on financial assets at fair value through profit or loss				(23,494)
Investment loss				(1,359)
Finance costs (other than interest on lease liabilities)				(1,805,854)
Corporate and other unallocated expenses				<u>(32,645)</u>
Loss before tax				<u><u>(6,942,880)</u></u>
Segment assets	61,942,114	12,228,621	421,549	74,592,284
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>314,154</u>
Total assets				<u><u>74,906,438</u></u>
Segment liabilities	58,379,704	1,641,502	14,564	60,035,770
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>46,837</u>
Total liabilities				<u><u>60,082,607</u></u>
Other segment information				
Share of losses of:				
Joint ventures	(308,421)	–	–	(308,421)
Associates	(282,864)	–	–	(282,864)
Impairment losses recognised on properties under development and properties held for sale	2,626,487	–	–	2,626,487
Impairment losses write-off on properties under development and properties held for sale	(383,533)	–	–	(383,533)
Fair value losses on investment properties	–	(2,083,790)	–	(2,083,790)
Depreciation and amortisation	38,543	3,420	11,174	53,137
Investments in associates	7,531,455	–	–	7,531,455
Investments in joint ventures	2,554,118	–	–	2,554,118
Capital expenditure*	27,478	206,968	757	235,203

Year ended 31 December 2022	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	<u>19,337,943</u>	<u>647,780</u>	<u>27,707</u>	<u>20,013,430</u>
Revenue				<u><u>20,013,430</u></u>
Segment results	(781,742)	(843,084)	(1,509)	(1,626,335)
<i>Reconciliation:</i>				
Bank interest income				44,214
Fair value loss on financial assets at fair value through profit or loss				(161,705)
Investment loss				(17,866)
Gain on repurchase of senior notes				551,274
Finance costs (other than interest on lease liabilities)				(1,891,699)
Corporate and other unallocated expenses				<u>(233,510)</u>
Loss before tax				<u><u>(3,335,627)</u></u>
Segment assets	86,257,029	14,689,404	431,263	101,377,696
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>355,268</u>
Total assets				<u><u>101,732,964</u></u>
Segment liabilities	75,569,661	1,970,480	14,183	77,554,324
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>380,173</u>
Total liabilities				<u><u>77,934,497</u></u>
Other segment information				
Share of losses of:				
Joint ventures	(3,327)	–	–	(3,327)
Associates	(582,788)	–	–	(582,788)
Impairment losses recognised on properties under development and properties held for sale	977,301	–	–	977,301
Impairment losses write-off on properties under development and properties held for sale	(174,380)	–	–	(174,380)
Fair value gains on investment properties	–	(549,024)	–	(549,024)
Depreciation and amortisation	71,357	12,915	12,958	97,230
Investments in associates	9,230,128	–	–	9,230,128
Investments in joint ventures	3,124,617	–	–	3,124,617
Capital expenditure*	12,960	809,210	54	822,224

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

5. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	19,270,710	19,394,334
Revenue from other sources		
Rental income from investment property operating leases	<u>523,985</u>	<u>619,096</u>
Total	<u><u>19,794,695</u></u>	<u><u>20,013,430</u></u>

Revenue from contracts with customers

a) *Disaggregated revenue information*

For the year ended 31 December 2023

Segments	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	19,109,930	–	–	19,109,930
Hotel operations	–	–	35,690	35,690
Project management services	89,007	–	–	89,007
Others	<u>–</u>	<u>36,083</u>	<u>–</u>	<u>36,083</u>
Total	<u><u>19,198,937</u></u>	<u><u>36,083</u></u>	<u><u>35,690</u></u>	<u><u>19,270,710</u></u>
Timing of revenue recognition				
Goods transferred at a point in time	19,109,930	–	–	19,109,930
Services transferred over time	<u>89,007</u>	<u>36,083</u>	<u>35,690</u>	<u>160,780</u>
Total	<u><u>19,198,937</u></u>	<u><u>36,083</u></u>	<u><u>35,690</u></u>	<u><u>19,270,710</u></u>

For the year ended 31 December 2022

Segments	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	19,282,505	–	–	19,282,505
Hotel operations	–	–	27,707	27,707
Project management services	55,438	–	–	55,438
Others	–	28,684	–	28,684
Total	<u>19,337,943</u>	<u>28,684</u>	<u>27,707</u>	<u>19,394,334</u>
Timing of revenue recognition				
Goods transferred at a point in time	19,282,505	–	–	19,282,505
Services transferred over time	55,438	28,684	27,707	111,829
Total	<u>19,337,943</u>	<u>28,684</u>	<u>27,707</u>	<u>19,394,334</u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2023

Segments	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers				
External customers	<u>19,198,937</u>	<u>36,083</u>	<u>35,690</u>	<u>19,270,710</u>

For the year ended 31 December 2022

Segments	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers				
External customers	<u>19,337,943</u>	<u>28,684</u>	<u>27,707</u>	<u>19,394,334</u>

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

	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>17,035,809</u>	<u>14,799,659</u>

b) Performance obligations

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

Sale of properties

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

Hotel operations

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

Project management services

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	11,187,796	23,284,933
After one year	<u>2,657,481</u>	<u>4,057,858</u>
Total	<u>13,845,277</u>	<u>27,342,791</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of completed properties with a significant financing component and are to be satisfied within three years.

An analysis of other income and gain is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other income and gains		
Bank interest income	28,563	44,214
Gain on repurchase of senior notes	–	551,274
Forfeiture of deposits	6,046	5,522
Government grants	2,599	22,035
Gains on disposal of joint ventures and associates	–	142,589
Others	1,977	44,181
	<u>39,185</u>	<u>809,815</u>
Total other income and gains	<u>39,185</u>	<u>809,815</u>

An analysis of other expenses is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other expenses		
Impairment of financial assets	699,817	708,848
Losses on disposal of subsidiaries	3,949	352,661
Losses on disposal of Right-of-use assets	1,541	–
Fair value losses on financial assets at fair value through profit or loss	23,494	161,705
Losses on disposal of items of property, plant and equipment	9,567	15,927
Losses on disposal of items of other intangible assets	2,513	–
Losses on remeasurement of pre-existing interests in the acquired subsidiaries	–	9,258
Investment loss	1,359	17,866
Losses on disposal of joint ventures and associates	54,942	–
Others	17,394	55,442
	<u>814,576</u>	<u>1,321,707</u>
Total other expenses	<u>814,576</u>	<u>1,321,707</u>

6. LOSS BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories sold	17,900,042	17,173,775
Cost of services provided	321,415	267,915
Impairment of financial assets	699,817	708,848
Impairment losses recognised for properties under development and completed properties held for sale	2,626,487	977,301
Depreciation of items of property, plant and equipment	44,399	66,433
Depreciation of right-of-use assets	6,508	27,279
Amortisation of other intangible assets	2,230	3,518
Fair value losses on investment properties	2,083,790	549,024
Fair value losses on financial assets at fair value through profit or loss	23,494	161,705
Losses on disposal of items of property, plant and equipment	9,567	15,927
Losses on disposal of items of other intangible assets	2,513	-
Losses on disposal of Right-of-use assets	1,541	-
Losses on disposal of subsidiaries	3,949	352,661
Losses on remeasurement of pre-existing interests in the acquired subsidiaries	-	9,258
Losses/(gains) on disposal of associates and joint ventures	54,942	(142,589)
Share of losses of:		
Joint ventures	380,421	3,327
Associates	282,864	582,788
Auditor's remuneration	3,880	6,000
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	332,350	396,395
Pension scheme contributions and social welfare*	40,679	68,758
Less: Amount capitalised	(107,497)	(129,148)
Total	265,532	336,005

* There was no forfeiture of contributions under the Defined Contribution Schemes, and there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank loans, senior notes and other loans	2,091,116	2,848,279
Interest expense arising from revenue contracts	349,225	863,489
Interest on lease liabilities	<u>74,407</u>	<u>80,933</u>
Total interest expense on financial liabilities not at fair value through profit or loss	2,514,748	3,792,701
Net foreign exchange losses on financing activities	196,826	682,647
Less: Interest capitalised	<u>(831,313)</u>	<u>(2,502,716)</u>
Total	<u><u>1,880,261</u></u>	<u><u>1,972,632</u></u>

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2023.

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

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
CIT	74,493	274,649
LAT	348,616	145,813
Deferred tax	<u>373,686</u>	<u>181,718</u>
Total tax charge for the year	<u><u>796,795</u></u>	<u><u>602,180</u></u>

9. DIVIDENDS

The board of directors has resolved not to pay dividend during the year ended 31 December 2023 (2022: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,338,614,000 (2022: 3,338,543,386) in issue during the year.

Diluted losses per share for the year ended 31 December 2023 and 2022 were the same as the basic loss per share amounts as the share options had an anti-dilutive effect on the basic loss per share during the years.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(7,214,511)</u>	<u>(3,881,520)</u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	3,338,614,000	3,338,543,386
Effect of dilution – weighted average number of ordinary shares:		
Share options	—	—
Total	<u>3,338,614,000</u>	<u>3,338,543,386</u>

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

11. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	4,373	5,385
Impairment	<u>–</u>	<u>–</u>
Net carrying amount	<u><u>4,373</u></u>	<u><u>5,385</u></u>

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2023 and 2022.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	3,851	3,751
1 to 3 months	144	824
3 to 6 months	3	796
6 to 12 months	–	–
Over 12 months	<u>375</u>	<u>14</u>
Total	<u><u>4,373</u></u>	<u><u>5,385</u></u>

12. TRADE AND BILLS PAYABLES

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	3,117,036	5,867,845
Over 1 year	<u>3,512,830</u>	<u>1,488,753</u>
Total	<u><u>6,629,866</u></u>	<u><u>7,356,598</u></u>

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

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present to all shareholders the annual results of the Group as of 31 December 2023.

In 2023, the national real estate industry was going through continuous deep adjustments, along with the market sales continuing to shrink. The sustainability of policy effects in certain key cities is insufficient and market activities were weak. As investors have not regained confidence towards investing in the real estate industry, consumer confidence and expectations were yet to be improved.

The real estate industry has returned to weak sentiment after a recovery of favourable market in the first quarter of 2023. With subsequent implementation of favorable policies and intensified regulation, it is expected that there will be increasing supportive policies in the future.

In the face of the difficult times of the industry, we put forward the second entrepreneurial spirit of “three dares and three cooperations” (“dare to think, dare to work, dare to try” and “be united, be together and fight together”) to stimulate fighting spirit and gather everyone together to cross the industry cycle.

During difficult times, the Company's excellent teams and employees have demonstrated extraordinary capabilities, strong resilience and unswerving spirit, and have made outstanding achievements in their positions to ensure delivery, reduce costs, improve energy efficiency, and control risks, so as to maintain overall stable operation.

In previous year, the Group was united for one purpose, braved difficulties, adhered to “ensuring quality delivery, ensuring stable operation (保品質交付、保穩定經營)” as the top priority. The management carried forward “three type of spirits (三身精神)” (leading as examples, taking the lead and practicing what one preached (以身作則、身先士卒、身體力行)) to solve front-line problems, exerting every effort to meet the commitments to its customers.

During the Reporting Period, the Group achieved contracted sales of RMB21.829 billion; aggregate contracted sales in gross floor area of 1.5673 million square meters, and average selling price of RMB13,927 per square meter. Recognised sales revenue amounted to RMB19,794.7 million, representing a decrease of approximately 1.1% as compared to the previous year. The gross loss was RMB669.7 million; the net loss was RMB7,739.7 million.

In 2023, the Group took delivery as its mission and quality as its cornerstone to protect a better life, and delivered more than 40,000 new housing to customers, continuously boosting the confidence of home buyers and stabilising market expectations.

During the Reporting Period, the Group further realised “refining the headquarters and strengthening the front line”, further integrated the functional departments of the headquarters and city companies, and promoted the flat efficiency through organisational reform.

During the Reporting Period, the Company implemented prudent financial strategies, reduced financing costs through cost reduction, cycle adjustment and structure optimisation, and actively promoted active management of overseas debts.

In terms of business, Xuzhou Hong Yang Plaza was successfully opened, setting a regional high-end commercial benchmark. Through continuous adjustment and optimisation, Jinan Hong Yang Plaza achieved excellent results in brand upgrading, marketing and customer satisfaction, and improved the popularity of Hong Yang commercial brand.

In 2023, the Group launched the Geeks’ Walk campaign to help front-line delivery with the “Geek Spirit” of health, hard work and great love, and practised the “customer-oriented” concept to improve the living experience for property owners. At the same time, the Group has always attached great importance to social welfare work, continued to pay attention to poor and left-behind children, and was awarded the title of “2023 Jiangsu Private Enterprise Social Responsibility Leading Enterprise (2023江蘇民營企業社會責任領先企業)”, etc. to practise social responsibility in the long run.

In 2024, the Group will continue to take the unswerving spirit and responsibility to make achievements, so as to let the second entrepreneurial spirit of “three dares and three cooperations” lead us to move forward courageously, unite our efforts and achieve our mission with a courageous attitude.

Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong
28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW FOR 2023

In 2023, China's gross domestic product (GDP) increased by 5.2% as compared with 2022, completing the economic growth target set at the beginning of the year, and achieving quality growth despite the severe and volatile external situation and blockage of internal circulation. However, there are still problems such as insufficient effective demand, overcapacity in some industries, weak social expectations and more hidden risks.

In terms of real estate, in 2023, the sales area of commercial housing in China was 1,117.35 million sq.m., representing a year-on-year decrease of 8.5%. The real estate market continued to be in the adjustment period, and the market throughout the year showed a trend of “low after high then stable (前高中低後穩)”. In terms of policies, the “major changes in the relationship between supply and demand in the industry” was designated by the state in July as a watershed, and many ministries and commissions frequently issued heavyweight policies to support the development of the property market. The Central Economic Work Conference repeatedly emphasised the active and steady resolution of real estate risks, and equally meet the reasonable financing needs of real estate enterprises with different ownership.

Various local governments have successively introduced various supportive policies, involving the cancellation of purchase restrictions, optimisation of purchase restrictions, optimisation of loan restrictions, cancellation of sales restrictions and optimisation of price restrictions, etc. The policy environment has entered the stage of easing. Some policies have achieved phased results in the market. However, due to factors such as weaker residents' income expectations and heavier wait-and-see sentiment on home purchases, there is still certain pressure on market adjustment.

In 2023, in the face of the continuous in-depth adjustment of the industry, the Group adhered to the core value of “professionalism and building credibility for the long term”, anchored on the strategic direction, adhered to the principle of quality and sustainable development, clarified the development keynote of “seeking progress while maintaining stability”, continued to improve the quality of products and services, and achieved quality development. During the year, a total of 88 batches were delivered, fulfilling the promise of home for 43,000 property owners in 24 cities in 10 provinces.

Maintaining the dual-driven synergic development in property development and commercial real estate, the Group has three primary business segments namely property development and sales, commercial property investment and operations, and hotel operations, among which property development and sales is the core business of the Group. The Group's revenue is primarily generated from the sales of residential properties and ancillary shops developed by the Group, rentals from the investment in and operation of commercial properties, and service fees from hotel operations.

During the Reporting Period, the Group achieved contracted sales of RMB21.829 billion, aggregate contracted sales in gross floor area of 1,567,348 square meters, and average selling price of RMB13,927 per square meter.

During the Reporting Period, the Group's recognised sales revenue amounted to RMB19,794.7 million, representing a decrease of approximately 1.1% as compared to the previous year. The gross loss was RMB669.7 million; the net loss was RMB7,739.7 million.

1. Property business

During the Reporting Period, the Group's revenue from its property business amounted to RMB19,198.94 million. As at 31 December 2023, the Group's total gross floor area of land bank was approximately 10,843,866 sq.m., of which gross floor area of land bank attributable to the Group was approximately 5,793,271 sq.m.

2. Commercial property investment and operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB560.07 million.

3. Hotel operations

During the Reporting Period, the Group's sales revenue from hotel operations amounted to approximately RMB35.69 million.

BUSINESS REVIEW

1. Sales of Properties

As of 31 December 2023, the Group achieved contracted sales of approximately RMB21.829 billion, and contracted sales in gross floor area of approximately 1,567,348 sq.m.

Details of the contracted sales of the Group as at 31 December 2023 are set out as below:

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Xuzhou	206,457	2,107,815	10,209
Nanjing	194,823	4,035,006	20,711
Suzhou	114,932	1,944,365	16,918
Yancheng	89,740	1,037,040	11,556
Foshan	88,498	1,432,400	16,186
Chengdu	70,166	929,485	13,247
Weifang	67,875	569,592	8,392
Huai'an	64,213	922,990	14,374
Chongqing	59,187	514,101	8,686
Wuxi	58,790	1,013,082	17,232
Xi'an	52,747	662,490	12,560
Zhenjiang	48,852	438,703	8,980
Changzhou	48,144	732,283	15,210
Wuhan	43,037	470,268	10,927
Suqian	42,728	358,675	8,394
Wenzhou	39,270	971,907	24,750
Nantong	35,380	487,092	13,768
Changsha	27,957	287,814	10,295
Xiangyang	26,978	180,628	6,695
Ningbo	26,405	533,445	20,202
Shaoxing	24,176	556,054	23,000
Qingdao	23,906	279,441	11,689
Jiangmen	16,421	150,780	9,182
Anqing	15,787	118,462	7,504
Hefei	15,697	144,077	9,179
Guangzhou	15,537	301,764	19,422
Yangzhou	15,350	259,436	16,902
Huzhou	10,147	114,641	11,298
Nanchang	8,256	92,877	11,249
Hengyang	7,162	66,320	9,260
Zhengzhou	4,081	22,665	5,554
Chuzhou	1,217	16,369	13,454
Jinan	863	7,542	8,740
Fuyang	226	1,872	8,277

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Hangzhou	154	5,256	34,178
Others	2,190	62,471	28,523
Total	1,567,348	21,829,208	13,927

2. Land Bank

As at 31 December 2023, the Group had a land bank with an aggregate gross floor area of approximately 10,843,866 sq.m., including completed properties totaled 1,929,760 sq.m., rentable area held for investment totaled 966,596 sq.m., and properties under development totaled 7,947,510 sq.m.

Details of the land bank of the Group (including acquired in process) as at 31 December 2023 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	16,799	80,000	114,928	211,727	95%
Bengbu	Huadi Hongyang Residence (華地弘陽府)	32,646	5,328	-	-	5,328	48%
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱:亳州2017-217號 地塊))	201,216	105,096	-	-	105,096	40%
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	788	-	-	788	40%
Changshu	Changshu Guli Tieqin Road Project (常熟古里鐵琴路項目)	40,805	-	-	87,464	87,464	32%
Changzhou	Commercial and Trading Peak (商貿雲峯)	50,921	68,196	-	-	68,196	57%

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合 鳴(原名稱：鳳凰東項目))	115,615	25,359	30,086	77,428	132,873	49%
Changzhou	Golden Seal and Heaven Shire (金鏗天郡)	88,719	30,154	-	-	30,154	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	10,202	-	-	10,202	40%
Changzhou	Sang Ma Land Lot A (桑麻A 地塊)	44,524	-	11,690	-	11,690	70%
Changzhou	Yanlan Fenghua (燕瀾風華)	126,695	1,051	-	-	1,051	85%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	-	85,030	4,835	89,865	100%
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽 1936(原名稱：桑麻CD地塊))	156,115	2,892	105,818	136,151	244,861	70%
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城 (原名稱：三毛地塊))	108,486	24,483	-	-	24,483	31%
Changzhou	Hong Yang Upper City Phase I-III (弘陽上城一-三期)	111,700	6,831	-	-	6,831	100%
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	17,798	-	-	17,798	35%
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	16,632	-	-	16,632	57%
Chengdu	Dujiangyan DJY2017-09 (都江堰 DJY2017-09)	26,393	2,741	-	-	2,741	95%
Chengdu	Dujiangyan DJY2017-10 (都江堰 DJY2017-10)	39,064	3,092	-	-	3,092	95%
Chengdu	Central Road Fanjin 108 (formerly: Central Road Project) (中環路梵錦 108(原名稱：中環路項目))	72,114	34,964	41,730	-	76,694	47%
Chengdu	Shuangliu Heyuan Project (雙流合園 項目)	19,794	853	-	-	853	48%
Chengdu	Qionglai Hong Yang Weilai Shiguang (邛崃弘陽未來時光)	39,809	4,886	-	-	4,886	94%
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔雲璟花園 (原名稱：天府新區42畝))	28,432	11,863	-	-	11,863	32%
Chuzhou	Metropolitan Art Atmosphere (都會藝境)	60,189	7,689	-	-	7,689	33%
Chuzhou	Hong Yang Garden (弘陽苑)	8,782	1,851	-	-	1,851	100%
Chuzhou	Glory Residence (正榮府)	80,867	3,611	-	-	3,611	30%

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	1,757	-	-	1,757	40%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	13,625	-	-	13,625	47%
Danyang	Phoenix Terrace (鳳熹台)	88,498	15,576	-	-	15,576	20%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	2,906	-	-	2,906	95%
Foshan	Benevolence Lake No.1 (博愛湖一號)	44,156	4,154	8,011	-	12,165	95%
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱:綠島湖))	51,240	16,074	-	129,706	145,780	31%
Foshan	Nanyou Park No.1 (南油公園一號)	67,582	-	-	176,419	176,419	31%
Foshan	Foshan Jihua North Joy River No.1 (佛山季華北悅江一號)	33,220	17,407	-	-	17,407	47%
Foshan	Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府)	17,059	8,174	-	-	8,174	48%
Fuyang	Yingzhou Hong Yang Residence (潁州弘陽府)	38,297	3,924	-	-	3,924	45%
Guangzhou	Guangzhou Wanjiang No.1 (廣州灣環壹號)	32,387	39,052	-	-	39,052	12%
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原名稱:江海路左岸公元))	75,028	5,616	-	-	5,616	67%
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品(原名稱:隆興路項目))	42,030	8,761	-	-	8,761	33%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	1,931	-	-	1,931	30%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	69,166	-	-	69,166	33%
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱:濱江浦樂項目))	44,633	8,595	-	-	8,595	26%
Hefei	Changfeng In Times (長豐時光里)	42,621	6,789	-	-	6,789	100%
Hefei	Yaohai Joy Residence (瑤海昕悅府)	37,254	2,133	-	-	2,133	80%
Hefei	Glance River Terrace (望江台)	139,536	24,103	-	-	24,103	25%
Hefei	Dongfangyin (東方印)	28,081	4,553	-	-	4,553	51%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	3,237	-	-	3,237	38%

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Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡翠東方 (原名稱：瑤海豐樂))	59,233	76,283	-	-	76,283	32%
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	10,593	-	-	10,593	29%
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔懋山)	161,263	67,228	-	270,343	337,571	48%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	26,044	-	-	26,044	95%
Huzhou	Ren Huang 43 Yan Lan Residence (仁皇43燕瀾府)	48,652	4,079	-	-	4,079	97%
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No.58#) (仁皇58燕瀾府(原名稱：湖州仁皇58#))	102,218	6,672	-	-	6,672	97%
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府(原名稱：湖州南太湖新區項目))	30,200	-	-	78,204	78,204	36%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	4,623	-	-	4,623	47%
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱：淮安豐登路))	41,476	-	-	129,626	129,626	32%
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	-	-	147,219	147,219	51%
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱：濟齊路項目))	34,290	-	-	82,370	82,370	43%
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂園樾府(原名稱：禮樂項目))	30,231	50,495	-	-	50,495	31%
Jiangyin	Yunting Joy Residence (雲亭昕悅府)	138,902	16,200	-	-	16,200	100%
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱：上品瓊苑))	203,609	28,212	-	-	28,212	20%

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Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱:雲亭小學 項目))	92,953	15,064	-	-	15,064	48%
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No.2018-J1-06) (句容C紫悅 府(原名稱:2018-J1-06號地塊))	72,609	34,896	-	-	34,896	31%
Jurong	Jurong B Project (formerly: Jurong Land Lot No.B) (句容B項目(原名稱: 句容B地塊))	38,731	-	-	74,274	74,274	18%
Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱: 開封燕瀾府))	63,533	21,605	-	13,429	35,034	44%
Ma'anshan	Hexian Peacock City (和縣孔雀城)	97,340	2,146	-	-	2,146	20%
Meishan	Renshou In Times (仁壽時光里)	68,107	11,433	-	34,394	45,827	95%
Nanchang	Nanchang Hong Yang Residence (南昌弘陽府)	43,410	10,382	-	-	10,382	44%
Nanchang	Yao Lake Times Sky Shade (瑤湖時 光天樾)	102,269	18,995	-	129,965	148,960	63%
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱:青雲譜))	29,452	24,275	-	-	24,275	47%
Nanchang	Wanli In Times (灣裡時光里)	13,717	3,442	-	-	3,442	95%
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	-	-	65,514	65,514	44%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	4,992	-	-	4,992	100%
Nanjing	Shiguang Chunxiao (時光春曉)	32,246	449	-	-	449	49%
Nanjing	Binhuli (濱湖里)	52,763	5,426	-	-	5,426	51%
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	448	-	-	448	33%
Nanjing	Yanlan Qijin (燕瀾七縉)	57,503	3,220	-	-	3,220	49%
Nanjing	Shiguang Yinxiang (時光印象)	61,145	119	-	-	119	48%
Nanjing	Gaoxin G27 Yinyue Residence (高新G27印悅府)	68,644	12,212	-	-	12,212	20%
Nanjing	Mountain and Lake View in Times (時光山湖)	14,338	826	-	-	826	25%

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Nanjing	Shidai Tianyue (formerly: Nanjing Land Lot No.2017G36) (時代天樾(原名稱：南京•2017G36地塊))	54,173	-	-	78,508	78,508	15%
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No.2017G57) (小龍灣悅禧苑(原名稱：2017G57地塊))	58,024	15,404	-	-	15,404	100%
Nanjing	Gaoxin Xingyuecheng Phase 2 (高新星悅城二期)	7,025	-	-	14,770	14,770	49%
Nanjing	Gaochun Pinglan Residence (formerly: Gaochun Land Lot No. 02-03) (高淳平瀾府(原名稱：高淳02-03地塊))	102,787	13,437	-	-	13,437	12%
Nanjing	Solaris Jingcheng Store (旭日景城商鋪)	1,371	-	4,450	-	4,450	100%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商鋪)	989	-	7,301	-	7,301	100%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	-	491,888	-	491,888	100%
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	-	4,964	-	4,964	100%
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悅府(原名稱：石湫項目))	131,964	34,912	-	-	34,912	48%
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱：祿口項目))	73,686	-	-	7,221	7,221	47%
Nanjing	Puzhu North Road Shangshang Joy Garden (浦珠北路尚上悅苑)	7,232	5,934	-	-	5,934	70%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	10,632	-	-	10,632	48%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	5,323	-	-	5,323	48%
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築(原名稱：時代大道項目))	60,138	-	-	123,497	123,497	15%

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Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園 (原名稱：溧水狀元坊項目))	67,192	9,510	-	90,211	99,721	31%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門棲堯美著)	14,670	4,080	-	-	4,080	83%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	26,580	-	-	26,580	47%
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai (南京江北核心區越江時代)	66,057	-	-	179,419	179,419	25%
Nanjing	Nanjing Dachang Top Cloud Mansion (南京大廠雲羽美著)	18,130	-	-	50,807	50,807	48%
Nanjing	Nanjing Tangshan Yunchen Yuanlu (南京湯山雲辰原麓)	68,029	-	-	141,810	141,810	33%
Nanjing	Nanjing Qinhuai Chengdong Atmosphere of Mind (南京秦淮城東 玖樾印象)	31,813	14,912	-	30,967	45,879	33%
Nantong	Yunyue Oriental (雲樾東方)	86,652	4,428	1,163	-	5,591	17%
Nantong	Upper Joy City (上悅城)	82,741	16,900	-	-	16,900	25%
Nantong	New Metropolitan (新都會)	109,890	8,154	-	-	8,154	13%
Nantong	Center Creation Metropolitan (中創大都會)	47,963	-	1,035	-	1,035	24%
Nantong	Sutong Yongjin Lanwan (蘇通雍錦瀾灣)	47,405	7,363	-	-	7,363	36%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	540	-	-	540	98%
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯 (原名稱：平潮高鐵新城))	84,022	45,974	-	101,707	147,681	57%
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海 (原名稱：南通富興路項目))	69,966	13,524	-	-	13,524	19%
Nantong	Antai Road Jingchen Residence (安泰路璟宸府)	53,761	-	-	116,056	116,056	29%
Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆渡湧潮 印府(原名稱：陳婆渡))	40,148	4,163	-	-	4,163	31%

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Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	-	-	186,366	186,366	50%
Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峯(原名稱：彭州50+55畝項目))	70,603	9,341	-	81,943	91,284	66%
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	-	-	40,185	40,185	28%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	-	-	190,754	190,754	35%
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集(原名稱：萬壽路項目))	89,669	11,035	-	-	11,035	29%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	2,599	-	-	2,599	50%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	95	-	-	95	100%
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰(原名稱：富元路項目))	154,101	56,099	-	227,496	283,595	76%
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	-	-	81,149	81,149	48%
Suqian	Wutaishan Heyue Garden (五台山和樾花園)	139,947	-	-	371,486	371,486	19%
Taizhou (泰州)	Taixing Jinjiang Residence (泰興襟江府)	56,230	6,289	-	-	6,289	100%
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠(原名稱：烏鎮龍翔大道項目))	42,811	2,013	-	-	2,013	95%
Weifang	Weifang Kuiwen North District Project (濰坊奎文北項目)	202,107	-	93,430	633,158	726,588	100%
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟四季(原名稱：會昌河B03項目))	25,721	23,898	-	-	23,898	48%

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Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07 項目))	19,967	23,832	-	-	23,832	48%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	446	-	-	446	47%
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	5,189	-	-	5,189	24%
Wuxi	Hong Yang Sanwan Qing (弘陽三萬頃)	800,000	9,174	-	-	9,174	100%
Wuxi	Huishan Sunrise Joy Court (惠山昕悅棠)	85,122	3,122	-	-	3,122	100%
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源長江映 (原名稱: 利源項目))	39,021	3,833	-	-	3,833	29%
Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鎊悅名邸 (原名稱: 羊尖項目))	63,050	1,775	-	-	1,775	98%
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境(原名稱: 惠山城鐵站))	15,017	10,508	-	-	10,508	25%
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光汎樾 (原名稱: 無錫慶源大道))	57,962	16,795	-	-	16,795	48%
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫錫山悅陽九璽(原名稱: 無錫 陽山))	28,166	-	-	44,427	44,427	29%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	13,074	-	-	13,074	38%
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅 (原名稱: 印月府))	106,207	-	-	163,514	163,514	95%
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍 山天璽尚院(原名稱: 小軍山))	128,129	-	-	370,338	370,338	45%
Wuhan	Wuhan Huangjia Hu Project (武漢黃家湖項目)	25,290	-	-	60,303	60,303	90%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	5,301	-	-	5,301	48%

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Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北宸天樾)	95,017	-	-	271,699	271,699	32%
Xiangyang	Prime Watery Court (襄禦瀾庭)	45,761	10,074	-	-	10,074	95%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	3,851	-	249,136	252,987	48%
Xiangyang	Taiziwan Lu Yun Ting (台子灣路雲庭)	29,569	7,122	-	-	7,122	100%
Xuzhou	Fengming Residence (鳳鳴府)	104,284	10,561	-	-	10,561	76%
Xuzhou	Jiawang District Commercial Building in Xuzhou (徐州賈汪區商辦樓)	2,474	-	-	2,134	2,134	80%
Xuzhou	Hong Yang Vanke Jielu (弘陽萬科結廬)	181,244	10,212	-	-	10,212	33%
Xuzhou	Beautiful Scenery Residence (麗景府)	26,646	2,214	-	-	2,214	33%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	8,888	-	-	8,888	100%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	6,576	-	-	6,576	96%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	3,277	-	465,977	469,254	51%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	-	-	182,340	182,340	48%
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河瓏胤(原名稱: 嵩山路項目))	142,721	-	-	364,266	364,266	25%
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公館(原名稱: 中天仕名路項目))	55,614	-	-	168,449	168,449	48%
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	-	-	63,517	63,517	48%
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	-	-	67,973	67,973	48%
Yancheng	Begonia View Residence in Yanzhen Road (鹽枕路觀棠府)	69,049	7,452	-	-	7,452	31%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	18,726	-	61,513	80,239	32%
Yancheng	Haikuo Road Fenglin Residence (海闊路鳳麟府)	100,491	41,596	-	-	41,596	33%
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳樾府(原名稱: 鹽城雁蕩山路項目))	104,088	448	-	124,441	124,889	14%

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Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅)	23,234	-	-	42,233	42,233	64%
Yizheng	Yizheng 38 Yuedi Bay (儀征38 悅堤灣)	69,788	12,061	-	-	12,061	50%
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀征39悅江灣 (原名稱：儀征39))	66,358	9,736	-	-	9,736	48%
Yizheng	Yizheng Yuelong Bay (儀征悅龍灣)	27,589	8,460	-	-	8,460	98%
Zhangjiagang	Tang Qiao Xing Tang Residence (塘橋星唐府)	36,829	3,369	-	-	3,369	50%
Zhangjiagang	Daxin Sunrise Joy Masterpiece Residence (大新昕悅名邸)	47,706	307	-	-	307	70%
Zhangjiagang	Jinfeng Beautiful in Ten (錦豐十里錦繡)	98,783	1,145	-	-	1,145	16%
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱：塘橋富民路 項目))	40,317	11,753	-	-	11,753	48%
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠 樾世家(原名稱：張家港蔣乘路))	44,590	22,024	-	45,814	67,838	43%
Changsha	Deyi In Times (德一時光里)	12,956	12,627	-	-	12,627	67%
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱：黑石項目))	32,684	9,156	-	3,402	12,558	95%
Changsha	Changsha Wanhou Residence (formerly: Wanhou Road) (長沙萬侯府 (原名稱：萬侯路))	21,967	126	-	1,546	1,672	95%
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠(原名稱： 瓦窯路))	34,269	6,060	-	1,105	7,165	48%
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟賦(原名稱： 興聯路))	16,111	-	-	52,124	52,124	48%
Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (鎮江周家莊京口時光)	16,168	2,370	-	-	2,370	48%
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	-	-	31,250	31,250	31%

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Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	5,682	-	-	5,682	33%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	-	-	318,326	318,326	95%
Chongqing	Taojia Times Billow (formerly: Cypress View•Seattle) (陶家時光瀾庭 (原名稱：柏景•西雅圖))	89,273	31,262	-	47,367	78,629	100%
Chongqing	Shiqiaopu Tianchen Yipin (石橋鋪天宸一品)	8,749	4,878	-	-	4,878	50%
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱： 璧山295))	106,259	589	-	28,593	29,182	45%
Chongqing	Guan Yin Tang Sunrise Joy Residence (觀音塘昕悅府)	14,785	5,962	-	-	5,962	48%
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚懋景臺(原名稱：北碚項目))	109,540	25,232	-	8,094	33,326	47%
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠(原名稱： 中央公園))	39,636	6,858	-	-	6,858	95%
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名稱： 巴濱路項目))	66,926	21,859	-	1,403	23,262	48%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南 71畝項目)	47,039	30,008	-	-	30,008	24%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南 141畝項目)	94,061	-	-	206,447	206,447	24%
		<u>12,509,266</u>	<u>1,929,760</u>	<u>966,596</u>	<u>7,947,510</u>	<u>10,843,866</u>	

3. Commercial Operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB560.1 million, representing a decrease of 13.5% as compared to the corresponding period last year. It was due to the decrease in the rentable area of some stores, and the reduction of the rental unit prices.

4. Hotel Operations

During the Reporting Period, the Group achieved sales revenue of approximately RMB35.7 million from its hotel operations, representing an increase of 28.8% as compared to the corresponding period last year. It was due to the increase in occupancy rate following the end of the COVID-19 pandemic.

FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB19,794.7 million, representing a decrease of 1.1% from approximately RMB20,013.4 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 decreased by 0.7% to approximately RMB19,198.9 million as compared to the same period last year, accounting for 97.0% of the total recognised revenue; (ii) commercial operations decreased by 13.5% to approximately RMB560.1 million as compared to the same period last year; and (iii) hotel operations increased by 28.8% to approximately RMB35.7 million as compared to the same period last year.

Details of recognised revenue are set out as follows:

	2023		2022		
	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	Year-on-year change (%)
Property sales	19,198,937	97.0	19,337,943	96.6	-0.7
Commercial operations	560,068	2.8	647,780	3.3	-13.5
Hotel operations	35,690	0.2	27,707	0.1	28.8
Total	<u>19,794,695</u>	<u>100.0</u>	<u>20,013,430</u>	<u>100.0</u>	<u>-1.1</u>

2. Cost of Sales

During the Reporting Period, the cost of sales of the Group was approximately RMB20,464.4 million, representing an increase of 11.5% as compared to that of approximately RMB18,347.9 million for the same period last year. The increase was primarily due to the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year. Several projects delivered during the year included Binyao Mansion (濱耀學府) project in Hangzhou, Xinglonghu Lakeside Yun Jing Garden (興隆湖湖畔雲璟花園) project in Chengdu, Haikuo Road Fenglin Residence (海闊路鳳麟府) project in Yancheng, and Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著) project in Wenzhou.

3. Gross Loss/Profit and Gross Loss/Profit Margin

During the Reporting Period, the Group's gross loss was approximately RMB669.7 million, representing a decrease from the gross profit of approximately RMB1,665.6 million for the corresponding period last year. During the Reporting Period, the gross loss margin was 3.4%, as compared to the gross profit margin of 8.3% for the corresponding period last year. The gross loss margin was mainly due to the decrease in the percentage of revenue recognised for products with higher gross profit margin as compared with the corresponding period last year, and the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

4. Changes in Fair Value of Investment Properties

During the Reporting Period, the Group recognised fair value loss on investment properties of approximately RMB2,083.8 million. The fair value loss on investment properties recorded were primarily due to a decrease of the overall capital value.

5. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB482.1 million, representing a decrease of 30.2% from approximately RMB690.8 million for the corresponding period last year. Such decrease was due to the decrease in the launch of new property projects of the Group in 2023.

6. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB388.3 million, representing a decrease of 43.8% from approximately RMB690.8 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

7. Share of Losses of Joint Ventures and Associates

During the Reporting Period, the Group's share of losses of joint ventures and associates amounted to approximately RMB663.3 million, representing an increase of 13.2% from approximately RMB586.1 million for the corresponding period last year, mainly due to the increase in losses incurred by the joint ventures and associates held by the Group. There were various cooperation projects with profit carried forward during the period, such as Glance River Joy Residence (望江悦府) project in Nanjing, Xiangcheng View Mansion (天境相城) project in Suzhou, Center of Bay Area (灣環壹號) project in Guangzhou and Fuxing Road Guanjianghai (富興路觀江海) project in Nantong.

8. Finance Costs

During the Reporting Period, the Group's finance costs expended amounted to approximately RMB1,880.3 million, representing a decrease of 4.7% from approximately RMB1,972.6 million for the corresponding period last year. Such change in finance costs was mainly due to the decrease of interest expense and the decrease of exchange loss on US\$-denominated borrowings of the Group during the Reporting Period.

9. Income Tax Expense

The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

During the Reporting Period, the Group's income tax amounted to approximately RMB448.2 million, representing a decrease of 1.8% from approximately RMB456.4 million for the corresponding period last year.

During the Reporting Period, the provision made for land appreciation tax by the Group was approximately RMB348.6 million, as compared with approximately RMB145.8 million for the corresponding period last year.

10. Loss for the Reporting Period

As a result of the aforementioned factors, the loss before tax of the Group during the Reporting Period was approximately RMB6,942.9 million, representing an increase of 108.1% from approximately RMB3,335.6 million for the corresponding period last year. During the Reporting Period, the net loss was RMB7,739.7 million, representing an increase of 96.5% as compared with the corresponding period last year.

LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 31 December 2023, the Group's cash and bank balances were approximately RMB2.75 billion (as at 31 December 2022: approximately RMB4.86 billion), of which, restricted cash amounted to approximately RMB1.62 billion (as at 31 December 2022: RMB1.82 billion), and pledged deposits amounted to approximately RMB0.06 billion (as at 31 December 2022: RMB0.58 billion).

2. Borrowings and Pledged Assets

As at 31 December 2023, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB21.44 billion (as at 31 December 2022: approximately RMB24.29 billion), of which, interest-bearing bank and other borrowings were approximately RMB10.99 billion (as at 31 December 2022: approximately RMB13.88 billion) and senior notes were approximately RMB10.45 billion (as at 31 December 2022: approximately RMB10.41 billion).

The Group's total borrowings were repayable as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Interest-bearing bank loans and other borrowings:		
Repayable within one year or on demand	6,751,056	6,155,668
Repayable in the second year	2,031,925	4,794,753
Repayable within third to fifth years	1,610,140	2,149,150
Repayable beyond five years	597,500	782,500
Sub-total	10,990,621	13,882,071
Senior notes:		
Repayable on demand	10,453,896	10,409,067
Total borrowings	21,444,517	24,291,138

As at 31 December 2023, except for the borrowings in the amount of RMB11,410.1 million (as at 31 December 2022: RMB11,327.9 million) denominated in US\$, the remaining borrowings of the Group were denominated in RMB.

As at 31 December 2023, except for certain interest-bearing bank and other borrowings of RMB3,705,249,000 (as at 31 December 2022: RMB4,143,080,000) with fixed interest rates, all of the Group's interest-bearing bank and other borrowings bear interest at floating interest rates.

As at 31 December 2023, assets with an aggregate value of approximately RMB23,378.7 million (as at 31 December 2022: approximately RMB39,762.1 million) have been pledged to interest-bearing banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. Gearing Ratio

As at 31 December 2023, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 126.1%, as compared with approximately 81.7% as at 31 December 2022. As at 31 December 2023, the Group's debt to asset ratio (total debts divided by total assets) was approximately 80.2%, as compared with approximately 76.6% as at 31 December 2022. As at 31 December 2023, the Group's current ratio (current assets divided by current liabilities) was approximately 0.98 times, as compared with approximately 1.11 times as at 31 December 2022.

As of 31 December 2023, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.16 times, as compared with approximately 0.29 times as at 31 December 2022.

4. Capital and Property Development Expenditure Commitments

As at 31 December 2023, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB5.32 billion (as at 31 December 2022: approximately RMB6.08 billion).

OUTLOOK FOR 2024

Looking ahead to 2024, the growth momentum of the world economy will be insufficient. China's economy further picked up, but it still needs to overcome difficulties and challenges. In December 2023, the Central Economic Work Conference pointed out that the economic development in 2024 should adhere to “seeking progress while maintaining stability, promoting stability through progress, and breaking down after the start (穩中求進、以進促穩、先立後破)”, which will accelerate the construction of a new development pattern, focus on promoting high-quality development, and comprehensively deepen reforms. In 2024, it is expected to intensify macroeconomic control, form policy synergy, strengthen the counter-cyclical and cross-cyclical adjustment of macro policies, continue to implement active fiscal policies and prudent monetary policies, and continue to promote mild economic improvement.

In 2024, China's real estate market is expected to remain in a period of deep adjustment and low-level consolidation. The state proposes to actively and steadily resolve real estate risks, promote the policy directions such as affordable housing construction, public infrastructure construction and urban village transformation, and take this as the starting point to build a new model of real estate development. It is expected to implement the supply-side financial policy, and focus on reducing the cost of housing transactions to further promote the release of demand.

In 2024, in the face of the complex and volatile internal and external environment, the Group needs to have the unswerving spirit in the face of difficulties. We should face the obstacles and be grounded and work together to overcome difficulties.

Looking forward to the future, in 2024, the Group will actively, bravely and objectively face the reality, face up to problems and make efforts, continue to explore the development path of enterprises under the new real estate model, uphold the philosophy of “customer-oriented” and stable operation, and achieve quality development.

In terms of business development, the Company will continue to focus on deep cultivation, penetrate the Greater Jiangsu Region, insist on quality and sustainable development, clarify the development keynote of “seeking progress while maintaining stability”, continue to improve the quality of products and services, and focus on profit and quality to achieve quality development.

In terms of business development, it is necessary to face the rapidly changing preferences of consumers, continuously iterate and upgrade brand categories, and adapt to market changes and competitive product adjustments. We should have innovative thinking, follow the new trend of consumption, embrace new media, and take the initiative to make breakthroughs. On the premise of stabilising the occupancy rate, income and profit, combined with the changes in consumption trends, we have carried out improvement and upgrading to increase the competitiveness in the industry.

In terms of development strategy, the financial strategy should ensure cash flow operation, reduce leverage costs, focus on asset management, safeguard asset liquidity and stabilise value appreciation, and reduce costs through financing replacement, continuous reduction and restructuring. The business strategy should adhere to the idea of “ensuring delivery, protecting assets, reducing fee rates and resolving risks in an orderly manner” to ensure the successful completion of the delivery work this year. The personnel strategy will be focused on the retention of outstanding talents, and at the same time increase the training of internal talents to maintain the vitality of the organisation and the flat and efficient management.

In 2024, the Group will continue to take the unswerving spirit and responsibility to make achievements, so as to let the second entrepreneurial spirit of “three dares and three cooperations” lead us to move forward courageously, unite our efforts and achieve our mission with a courageous attitude.

The future is still full of hope, which requires us to take a down-to-earth approach to achieve stable and long-term development. Let the original intention of making good products and good services become our internal driving force for sustainable development. Live up to customers, live up to partners, and work together to overcome difficulties.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Material Investments, Acquisitions and Disposals

On 9 August 2023, Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司) (an indirect non-wholly-owned subsidiary of the Company) (“**Hongzong Real Estate**”), Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠實地產有限公司) (“**PRI Real Estate**”) and Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司) (“**Project Company**”) entered into the equity and debt transfer agreement, pursuant to which Hongzong Real Estate agreed to sell and PRI Real Estate agreed to purchase the 34% equity interests in the Project Company held by Hongzong Real Estate (the “**Sale Shares**”) and the shareholder’s loan owed by the Project Company to Hongzong Real Estate in the amount of RMB479.3885 million (the “**Sale Loan**”) for an aggregate consideration of RMB295 million (the “**Disposal**”). Upon completion of the Disposal, the Group will cease to hold any interest in the Project Company.

For details, please refer to the announcement of “MAJOR TRANSACTION – DISPOSAL OF 34% EQUITY INTERESTS IN PROJECT COMPANY” issued by the Company on 9 August 2023.

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 31 December 2023, the Group had a total of 1,497 employees, of which 997 employees were engaged in the real estate development business, 414 employees were engaged in the commercial property operation business and 86 employees were engaged in the hotel operation business.

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

3. Events after the Reporting Period

- (1) On 23 January 2024, the Company was informed by Hong Yang Group Company Limited, its controlling shareholder, that Serica Agency Limited filed a winding up petition dated 19 January 2024 (the “**First Petition**”) against Hong Yang Group Company Limited in the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) for an order that Hong Yang Group Company Limited be wound up by the High Court under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) on the ground that Hong Yang Group Company Limited was unable to repay Serica Agency Limited in the sum of USD288,578,125, being the amount of payment under the USD275,000,000 9.875% guaranteed senior notes due 2022 issued by Hong Seng Limited, inclusive of interest up to August 2022 (the “**2022 Senior Notes**”). Hong Seng Limited is a direct wholly-owned subsidiary of Hong Yang Group Company Limited. Hong Yang Group Company Limited is the guarantor of the 2022 Senior Notes.

For details, please refer to the announcement of the Company dated 23 January 2024.

- (2) A winding-up petition against the Company (the “**Second Petition**”) dated 14 February 2024 was filed by The Bank of New York Mellon, London Branch in the High Court, in connection with a financial obligation in the amount of not less than USD228,500,000, being the amount of payment under the USD200,000,000 9.50% guaranteed notes due 2023 issued by the Company. The Company is seeking legal advice in respect of its appropriate response to the Second Petition.

For details, please refer to the announcement of the Company dated 16 February 2024.

Saved as disclosed, the Group had no other significant events after the Reporting Period.

4. Payment of Dividends

The Board does not recommend payment of any dividend in respect of the year ended 31 December 2023 (2022: Nil).

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

The Group has not purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

6. Currency Risk

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

7. Corporate Governance

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 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.

Saved as disclosed below, to the knowledge of the Directors, the Group has complied with all applicable code provisions under Part 2 of the CG Code during the Reporting Period. The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

The Board of the Company comprised only one single gender which does not comply with the requirement under Rule 13.92 of the Listing Rule. The Company will propose to appoint an additional director of a different gender to the Board as soon as reasonably practicable, who genuinely possesses the necessary skills, experience and caliber appropriate to the Company's business for the forthcoming year for the purpose of fulfilling and complying with the requirement under Rule 13.92 of the Listing Rule.

8. Annual General Meeting

The forthcoming annual general meeting (“**AGM**”) will be held on Friday, 28 June 2024 and its notice and all other relevant documents will be published and despatched to the Shareholders in April 2024.

9. Closure of Register of Members

For the purpose of determining the rights to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, 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, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F Central Tower, 28 Queen's Road Central, Central, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 June 2024.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code for dealing in securities of the Company by the Directors.

After specific enquiries made to all Directors, Directors have confirmed their compliance with the required standards set out in the Model Code for the Reporting Period.

11. Review of Annual Results by the Audit Committee

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

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

Our audit committee has reviewed the Company's consolidated financial statements during the Reporting Period and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. Our audit committee has also discussed the matters of audit and financial reporting.

12. Extract of Independent Auditor's Report

The following is an extract of the report from Ernst & Young, the auditor of the Company, on the Group's consolidated financial statements for the Reporting Period:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for disclaimer of opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion these consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB7,739,675,000 for the year ended 31 December 2023. As at 31 December 2023, (i) the Group's current liabilities exceeded its current assets by RMB983,365,000; (ii) the Group's total interest-bearing bank and other borrowings and senior notes amounted to RMB21,444,517,000, out of which RMB17,204,952,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,074,049,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB7,536,849,000 for certain senior notes and an aggregate amount of interest of RMB508,606,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for the corresponding senior notes amounted to RMB4,044,052,000; (iv) an aggregate amount of principal of RMB1,478,348,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain interest-bearing bank and other borrowings amounting to RMB907,878,000 becoming repayable on demand. A winding-up petition was filed by certain senior note holders against the Company on 14 February 2024. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking restructuring plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the holistic restructuring of its offshore debts; (ii) successfully dismissing the winding-up petition; (iii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings; (iv) successfully securing project development loans for qualified project development; (v) successfully obtaining additional new sources of financing as and when needed; (vi) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties; (vii) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (viii) successfully disposing of the Group's equity interests in project development companies when suitable.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

13. Publication of Annual Results and Annual Report on the Websites of the Stock Exchange and the Company

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

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my wholehearted gratitude to all parties for their unfailing support and to all employees for their contribution and hard work to the Company in year 2023.

By order of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong, 3 April 2024

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