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SUNac 融創中國
SUNAC CHINA HOLDINGS LIMITED
融創中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01918)

**AUDITED RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

RESULTS HIGHLIGHTS

For the year ended 31 December 2021:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB597.36 billion;
- As at 31 December 2021, attributable land bank of the Group and its joint ventures and associates was approximately 160 million sq.m., and expected saleable resources of attributable land bank were approximately RMB1.77 trillion;
- Revenue of the Group was approximately RMB198.39 billion, representing a decline of approximately 14.0% as compared to last year;
- Gross loss of the Group was approximately RMB1.79 billion, representing a decline of approximately 103.7% as compared to last year;
- Loss attributable to owners of the Company was approximately RMB38.26 billion, representing a decline of approximately 207.4% as compared to last year;

- Core net loss¹ was approximately RMB25.30 billion, representing a decline of approximately 183.6% as compared to last year; and core operating profit excluding impairment provision² was approximately RMB12.57 billion;
- As at 31 December 2021, cash balance of the Group was approximately RMB69.20 billion, and cash balance of the Group and its joint ventures and associates was approximately RMB160.80 billion;
- The Board did not recommend the payment of any final dividend for the year ended 31 December 2021.

Notes:

1. *Core net loss refers to loss attributable to owners of the Company, after excluding the impact of gains from business combination and its effect on fair value adjustments, gains or losses on changes in fair value of financial assets, derivative financial instruments and investment properties, disposal gains or losses on financial assets and investments in joint ventures and associates, exchange gain or loss, charitable donations and loss on project demolition.*
2. *Core operating profit excluding impairment provision refers to core net loss, after excluding the impact of impairment provision of properties under development, completed properties held for sale, trade and other receivables, investments in joint ventures and associates, goodwill and related long-term assets and others. The impairment provision above was approximately RMB52.00 billion in total, of which impairment provision attributable to owners of the Company was approximately RMB37.88 billion in total.*

The board (the “Board”) of directors (the “Directors”) of Sunac China Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	Year ended 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	198,386,734	230,587,337
Cost of sales	9	(200,179,597)	(182,183,976)
Gross (loss)/profit		(1,792,863)	48,403,361
Other income and gains	10	6,174,020	19,791,110
Selling and marketing costs	9	(8,766,324)	(8,044,455)
Administrative expenses	9	(8,428,019)	(8,474,388)
Other expenses and losses	11	(26,394,608)	(2,196,658)
Net impairment losses on financial and contract assets	9	(6,890,928)	(235,056)
Operating (loss)/profit		(46,098,722)	49,243,914
Finance income	12	3,196,332	5,452,162
Finance expenses	12	(2,100,002)	(1,160,669)
Finance income – net		1,096,330	4,291,493
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	4	1,328,811	4,000,018
(Loss)/profit before income tax		(43,673,581)	57,535,425
Income tax credits/(expenses)	13	1,673,623	(17,985,996)
(Loss)/profit and total comprehensive (loss)/income for the year		(41,999,958)	39,549,429

		Year ended 31 December	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
Total comprehensive (loss)/ income attributable to:			
– Owners of the Company		(38,264,659)	35,643,778
– Holders of perpetual capital securities		–	206,256
– Other non-controlling interests		(3,735,299)	3,699,395
		<u>(41,999,958)</u>	<u>39,549,429</u>
(Loss)/earnings per share attributable to owners of the Company (expressed in RMB per share):			
– Basic	<i>14</i>	<u>(8.27)</u>	<u>7.82</u>
– Diluted		<u>(8.27)</u>	<u>7.74</u>
Dividends	<i>15</i>	<u>–</u>	<u>7,694,257</u>

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	As at 31 December	
		2021	2020
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		87,221,505	85,741,042
Investment properties		30,619,994	28,933,847
Right-of-use assets		16,811,547	16,395,822
Intangible assets		4,704,255	9,134,838
Deferred tax assets		27,092,067	12,237,271
Investments accounted for using the equity method	4	79,555,170	86,543,135
Financial assets at fair value through profit or loss		13,546,259	27,923,387
Other receivables	5	104,904	54,000
Prepayments	6	3,498,580	6,503,350
Derivative financial instruments		79,049	—
		<u>263,233,330</u>	<u>273,466,692</u>
Current assets			
Properties under development		619,172,767	504,147,025
Completed properties held for sale		60,583,750	64,536,564
Inventories		835,020	775,381
Trade and other receivables	5	67,477,719	61,000,686
Contract costs		6,439,589	3,840,346
Amounts due from related companies		59,703,461	38,928,928
Prepayments	6	16,335,014	16,842,720
Prepaid income tax		12,556,005	8,761,882
Financial assets at fair value through profit or loss		1,015,444	3,458,725
Restricted cash		54,858,788	33,935,611
Cash and cash equivalents		14,344,001	98,710,644
		<u>913,321,558</u>	<u>834,938,512</u>
Total assets		<u>1,176,554,888</u>	<u>1,108,405,204</u>

		As at 31 December	
	<i>Notes</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		429,113	400,938
Other reserves		25,977,044	28,025,584
Retained earnings		56,063,172	97,200,984
		<u>82,469,329</u>	<u>125,627,506</u>
Non-controlling interests		42,204,917	52,202,977
Total equity		<u>124,674,246</u>	<u>177,830,483</u>
LIABILITIES			
Non-current liabilities			
Borrowings	8	86,557,898	211,831,470
Derivative financial instruments		182,008	196,883
Lease liabilities		535,311	447,794
Deferred tax liabilities		26,563,862	33,878,924
Other payables	7	129,906	304,205
		<u>113,968,985</u>	<u>246,659,276</u>
Current liabilities			
Trade and other payables	7	269,323,553	202,075,006
Contract liabilities		341,867,335	273,759,529
Amounts due to related companies		37,648,739	68,896,873
Current tax liabilities		53,454,925	47,285,517
Borrowings	8	235,147,248	91,607,425
Lease liabilities		197,836	212,051
Derivative financial instruments		36,254	23,336
Provisions		235,767	55,708
		<u>937,911,657</u>	<u>683,915,445</u>
Total liabilities		<u>1,051,880,642</u>	<u>930,574,721</u>
Total equity and liabilities		<u>1,176,554,888</u>	<u>1,108,405,204</u>

NOTES

1 GENERAL INFORMATION

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the businesses of property development and investment, cultural and tourism city construction and operation, property management services and other services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”), derivative financial instruments and investment properties that are measured at fair value.

(iii) Going concern

The Group incurred a net loss of RMB42.00 billion and had net cash used in operating activities of RMB40.05 billion for the year ended 31 December 2021 and, as at 31 December 2021, the Group had net current liabilities of RMB24.59 billion.

As at 31 December 2021, the Group’s current and non-current borrowings amounted to RMB235.15 billion and RMB86.56 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to RMB69.20 billion. As at 31 December 2021, the Group had not repaid borrowings of RMB1.21 billion in aggregate according to their scheduled repayment dates, and had borrowings of RMB1.81 billion in aggregate not meeting certain financial covenants and as a result, borrowings of RMB158.39 billion in aggregate might be demanded for early repayment. Up to the date of approval of these consolidated financial statements, the Group had not repaid borrowings in principal amount of RMB68.53 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of RMB151.80 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

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

In light of the above, the Directors of the Company have carefully considered the Group's expected cash flow projections for the next 18 months from 31 December 2021 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to alleviate the liquidity pressure. The Group has developed the following plans and measures:

- The Group has been actively negotiating with offshore creditors and onshore open market bond investors on the extension of debts and has agreed to an extension of approximately RMB4.97 billion; the Group has appointed Houlihan Lokey (China) Limited as its offshore debt financial adviser, and China International Capital Corporation Limited and CSC Financial Co., Ltd. as its onshore bond financial advisers to assist the Group in formulating a practical and feasible offshore debt restructuring plan (the "Proposed Offshore Restructuring Plan") and onshore open market bond restructuring plan (the "Proposed Onshore Bond Restructuring Plan", collectively referred to as the "Proposed Restructuring Plan", together with the Proposed Offshore Restructuring Plan) respectively. The Group, together with its financial advisers, has always maintained active communication with the offshore creditors and the onshore open market bond investors and endeavored to reach agreements with the relevant creditors on the offshore debt and onshore restructuring proposals as soon as possible. The Directors are confident in obtaining the support from the relevant creditors and completing the Proposed Restructuring Plan;
- The Group has been actively negotiating with other onshore lenders on the extension of borrowings and has agreed to an extension of approximately RMB25.96 billion; due to the diverse lender base and changing market conditions, time is still required to determine the extension plans on a case-by-case basis; the Directors believe that given the successful extension cases completed in 2022, the Group's credit history and long-standing relationships with the relevant lenders, the Group will be able to complete the signing of the relevant extension agreements for the existing borrowings step by step;
- The Group will actively seek cooperation with asset management companies or financial institutions to obtain additional financing by utilising its own high-quality assets to push forward various cooperation proposals in a continuous and orderly manner; at the same time, the Group is actively applying for special borrowings for guaranteed home delivery and up to the date of this announcement, certain projects of the Group have been approved by local governments to obtain special borrowings for guaranteed home delivery; the Group will also make disposals of assets to obtain additional inflows of funds when appropriate; the Group will strive to engage in certain business cooperation to seek additional financing or additional inflow of funds;

- The Group will actively face the current situation and seek various ways to resolve the pending litigations of the Group. The Group is positive that it will be able to reach an amicable solution to the litigations which have not yet reached a definite outcome at the current stage;
- The Group has adjusted organizational structure to be flatter to reduce the management levels, enhance management efficiency and effectively control costs and expenses; and
- In response to the Government's call to ensure delivery, the Group will continue to ensure the safety of its operations and attach importance to its products and services, and continue to focus on the completion and delivery of property projects and the improvement of sales performance to ensure the stability and sustainable operation of the Group's business.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of at least 18 months from 31 December 2021. In their opinion, in view of the above plans and measures, the Group will be able to adequately fund its operations and meet its financial obligations as and when they fall due within the next 18 months from 31 December 2021. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2021 on a going concern basis is appropriate.

Although the management has formulated a number of plans and taken a number of measures, there are still significant uncertainties as to whether the Group will be able to achieve the above plans and measures. The Group's ability to continue as a going concern is dependent on the following matters:

- Successful completion of the Proposed Restructuring Plan;
- Successful negotiation with lenders on the extension or deferral of the repayment of the Group's borrowings;
- The Group's ability to successfully obtain additional new financing or/and other sources of funding as and when needed;
- The Group's ability to maintain ongoing normal business relationships with the Group's creditors; and
- The Group's ability to ensure the safety of operations and the successful implementation and delivery of all projects.

If the Group is unable to achieve the above plans and measures and unable to continue as a going concern, adjustments must be made to reduce the carrying amount of the Group's assets to recoverable amounts, to provide for any future liabilities that may arise, and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(iv) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2 – Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16*

The Group early applied the *Amendment to HKFRS 16 Covid-19-Related Rent Concessions* in 2020 and the Group early applied the *Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021* in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
<i>Reference to the Conceptual Framework – Amendments to HKFRS 3</i>	1 January 2022
<i>Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16</i>	1 January 2022
<i>Onerous contracts – costs of fulfilling a contract – Amendments to HKAS 37</i>	1 January 2022
<i>Annual improvements to HKFRSs Standards 2018-2020</i>	1 January 2022
<i>Merger Accounting for Common Control Combination – Revised Accounting Guideline 5</i>	1 January 2022
<i>Classification of liabilities as current or non-current – Amendments to HKAS 1</i>	1 January 2023
<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)</i>	1 January 2023
<i>Insurance contracts – HKFRS 17</i>	1 January 2023
<i>Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2</i>	1 January 2023
<i>Definition of Accounting Estimates – Amendments to HKAS 8</i>	1 January 2023
<i>Deferred tax related to assets and liabilities arising from a single transaction – Amendments to HKAS 12</i>	1 January 2023
<i>Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 and HKAS 28</i>	To be determined

3 SEGMENT INFORMATION

The executive Directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive Directors of the Company have determined the operating segments based on these reports.

The executive Directors assess the performance of the Group organised as follows:

- Property development
- Cultural and tourism city construction and operation
- Property management
- All other segments

Other segments mainly include fitting and decoration services, film and culture investment and office building rentals. The results of these operations are included in the "all other segments" column.

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, finance expenses and income tax expenses, defined as segment results. The segment results exclude the fair value gains or losses on financial assets at FVPL and derivative financial instruments and disposal gains or losses on financial assets at FVPL, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, prepaid income tax, financial assets at FVPL and derivative financial instruments, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding deferred tax liabilities, current tax liabilities and derivative financial instruments.

The Group's revenue is mainly attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment results are as follows:

	Year ended 31 December 2021				
	Property development	Cultural and tourism city construction and operation	Property management	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment revenue	178,877,717	5,722,730	7,903,674	26,118,939	218,623,060
<i>Recognised at a point in time</i>	136,959,914	2,421,624	721,891	1,026,071	141,129,500
<i>Recognised over time</i>	41,917,803	3,301,106	7,181,783	25,092,868	77,493,560
Inter-segment revenue	-	-	(2,263,970)	(17,972,356)	(20,236,326)
Revenue from external customers	178,877,717	5,722,730	5,639,704	8,146,583	198,386,734
Segment gross (loss)/profit	(5,349,898)	2,467,254	1,767,708	2,171,839	1,056,903
Net impairment losses on financial and contract assets	(6,709,590)	-	(54,652)	(126,686)	(6,890,928)
Net fair value gains/(losses) on investment properties	-	681,431	-	(6,000)	675,431
Interest income	3,689,396	-	10,082	-	3,699,478
Finance income	3,051,620	-	144,712	-	3,196,332
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	1,196,440	26,313	10,501	95,557	1,328,811
Segment results	(20,857,452)	(10,800,457)	1,238,259	1,662,440	(28,757,210)
Other information					
Capital expenditure	2,624,460	11,429,203	128,081	629,325	14,811,069

As at 31 December 2021

	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment assets	937,633,192	114,325,193	10,394,377	59,913,302	1,122,266,064
Investments accounted for using the equity method	78,780,367	88,275	77,601	608,927	79,555,170
Total segment liabilities	903,054,954	27,612,092	4,180,710	36,795,837	971,643,593

Year ended 31 December 2020

	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	218,883,813	3,879,005	4,622,509	23,103,248	250,488,575
<i>Recognised at a point in time</i>	166,641,894	1,437,110	305,210	–	168,384,214
<i>Recognised over time</i>	52,241,919	2,441,895	4,317,299	23,103,248	82,104,361
Inter-segment revenue	–	–	(1,286,044)	(18,615,194)	(19,901,238)
Revenue from external customers	218,883,813	3,879,005	3,336,465	4,488,054	230,587,337
Segment gross profit	46,161,674	1,630,198	908,281	1,507,445	50,207,598
Net impairment losses on financial and contract assets	(220,102)	–	(14,954)	–	(235,056)
Net fair value losses on investment properties	–	(176,250)	–	(409,638)	(585,888)
Interest income	4,479,021	–	–	–	4,479,021
Finance income	5,441,692	–	10,470	–	5,452,162
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	3,905,197	26,193	8,573	60,055	4,000,018
Segment results	50,652,110	376,432	494,532	490,133	52,013,207
Other information					
Capital expenditure	2,072,766	18,780,485	87,127	897,851	21,838,229

As at 31 December 2020

	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment assets	<u>876,757,138</u>	<u>125,071,155</u>	<u>11,819,376</u>	<u>42,376,270</u>	<u>1,056,023,939</u>
Investments accounted for using the equity method	<u>85,931,973</u>	<u>177,632</u>	<u>58,263</u>	<u>375,267</u>	<u>86,543,135</u>
Total segment liabilities	<u>797,822,173</u>	<u>26,996,446</u>	<u>2,793,931</u>	<u>21,577,511</u>	<u>849,190,061</u>

Reportable segment results are reconciled to total (loss)/profit for the year as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Total segment results	(28,757,210)	52,013,207
Depreciation and amortisation	(3,781,902)	(2,726,127)
Finance expenses	(2,100,002)	(1,160,669)
Other income and gains	–	9,656,342
Other expenses and losses	(9,034,467)	(247,328)
Income tax credits/(expenses)	1,673,623	(17,985,996)
(Loss)/profit for the year	<u>(41,999,958)</u>	<u>39,549,429</u>

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Total segment assets	1,122,266,064	1,056,023,939
Deferred tax assets	27,092,067	12,237,271
Other assets	27,196,757	40,143,994
Total assets	<u>1,176,554,888</u>	<u>1,108,405,204</u>
Total segment liabilities	971,643,593	849,190,061
Deferred tax liabilities	26,563,862	33,878,924
Other liabilities	53,673,187	47,505,736
Total liabilities	<u>1,051,880,642</u>	<u>930,574,721</u>

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Joint ventures	61,603,834	64,478,669
Associates	17,951,336	22,064,466
	<u>79,555,170</u>	<u>86,543,135</u>

The share of profits from investments accounted for using the equity method recognised in the comprehensive income were as follows:

	2021 RMB'000	2020 RMB'000
Share of profits of joint ventures, net	701,489	3,319,803
Share of profits of associates, net	627,322	680,215
	<u>1,328,811</u>	<u>4,000,018</u>

4.1 Investments in joint ventures

An analysis of the movement of equity investments in joint ventures is as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	64,478,669	60,049,425
Increasing:		
– New investments in joint ventures	12,089,792	13,549,741
– Subsidiaries becoming joint ventures	–	382,179
– Acquisition from business combination	–	26,099
Decreasing:		
– Disposal and capital decreasing of joint ventures	(4,562,702)	(2,315,564)
– Impact on assets acquisition transactions	(8,078,683)	(4,971,562)
Share of profits of joint ventures, net	701,489	3,319,803
Dividends from joint ventures	(3,024,731)	(5,561,452)
At end of year	<u>61,603,834</u>	<u>64,478,669</u>

4.2 Investments in associates

An analysis of the movement of equity investments in associates is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	22,064,466	28,944,867
Increasing:		
– New investments in associates	3,257,088	4,002,534
– Acquisition from business combination	–	21,099
Decreasing:		
– Disposal and capital decreasing of associates	(1,293,866)	(10,208,026)
– Impact on asset acquisition transactions	(5,308,259)	–
Share of profits of associates, net	627,322	680,215
Dividends from associates	(1,395,415)	(1,376,223)
At end of year	<u>17,951,336</u>	<u>22,064,466</u>

5 TRADE AND OTHER RECEIVABLES

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Non-current –		
Lease receivables	54,904	–
Amounts due from construction customers (i)	48,000	48,000
Other receivables (iv)	2,000	6,000
	<u>104,904</u>	<u>54,000</u>
Current –		
Trade receivables from contracts with customers (ii)	3,355,269	2,790,035
Amounts due from non-controlling interests and their related parties (iii)	33,957,944	32,804,732
Notes receivables	64,163	29,734
Deposits receivables	9,944,787	9,470,270
Other receivables (iv)	25,279,593	16,459,435
	<u>72,601,756</u>	<u>61,554,206</u>
Less: loss allowance	(5,124,037)	(553,520)
	<u>67,477,719</u>	<u>61,000,686</u>

As at 31 December 2021 and 2020, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

Notes:

- (i) The balance carries interest rate at 8% per annum and is repayable within five years.
- (ii) Trade receivables mainly arise from sales of properties and rendering of property management services. The consideration in respect of sales of properties is paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income is received in accordance with the term of the relevant property service agreements and is due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 90 days	1,866,228	1,540,308
91–180 days	168,035	54,492
181–365 days	422,643	377,650
Over 365 days	898,363	817,585
	<u>3,355,269</u>	<u>2,790,035</u>

- (iii) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.
- (iv) Other receivables mainly included the receivables from disposal of equity interests, the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

6 PREPAYMENTS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current –		
Prepayments for equity transactions	3,466,015	6,458,240
Prepayments for purchases of property, plant and equipment	32,565	45,110
	<u>3,498,580</u>	<u>6,503,350</u>
Current –		
Prepayments for land use rights acquisitions	7,331,929	11,039,614
Prepaid value added taxes and other taxes	6,045,159	3,613,616
Prepayments for construction costs	1,371,507	1,218,431
Others	1,586,419	971,059
	<u>16,335,014</u>	<u>16,842,720</u>

As at 31 December 2021 and 2020, the carrying amounts of the Group's prepayments were all denominated in RMB.

7 TRADE AND OTHER PAYABLES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current –		
Un-paid considerations for acquisition of equity investments	–	169,624
Other payables (<i>iv</i>)	129,906	134,581
	129,906	304,205
Current –		
Trade payables (<i>i</i>)	95,951,743	100,532,085
Notes payables	39,271,758	22,765,780
Amounts due to non-controlling interests and their related parties (<i>ii</i>)	36,269,544	13,630,355
Un-paid considerations for acquisition of equity investments	11,689,193	7,108,469
Other taxes payable	6,166,548	5,203,316
Interests payable	5,174,922	3,865,838
Payroll and welfare payables	1,556,368	3,807,306
Consideration payables arising from non-controlling shareholders' put option (<i>iii</i>)	1,305,001	–
Other payables (<i>iv</i>)	71,938,476	45,161,857
	269,323,553	202,075,006

Notes:

- (i) At 31 December 2021, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 90 days	35,886,336	43,914,917
91–180 days	8,953,762	17,504,436
181–365 days	22,649,962	17,375,621
Over 365 days	28,461,683	21,737,111
	95,951,743	100,532,085

- (ii) The amounts due to non-controlling interests and their related parties are unsecured and have no fixed repayment date.
- (iii) Several put options were granted to the non-controlling shareholders of certain subsidiaries of the Group which they have the right to sell their remaining equity interests in the relevant subsidiaries to the Group at any time. The financial liabilities being the present value of the redemption amount for the acquisition of the remaining equity interest upon the exercise of the put option were recognised and included in other payables.
- (iv) As at 31 December 2021, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB17,558 million (as at 31 December 2020: RMB13,848 million). The remaining balances mainly included deposits from customers, deed tax and maintenance funds received on behalf of customers, cash advanced for potential equity investments and amounts due to equity investment partners.

8 BORROWINGS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current		
Secured,		
– Bank and other institution borrowings	224,968,774	214,597,482
– Senior notes	49,081,294	47,072,708
	274,050,068	261,670,190
Unsecured,		
– Bank and other institution borrowings	14,079,985	1,949,050
– Corporate bonds	11,620,725	11,265,506
– Private domestic corporate bonds	7,094,232	15,391,031
	32,794,942	28,605,587
	306,845,010	290,275,777
Less: current portion of non-current borrowings	(220,287,112)	(78,444,307)
	86,557,898	211,831,470
Current		
Secured,		
– Bank and other institution borrowings	14,149,304	12,668,110
Unsecured,		
– Bank and other institution borrowings	710,832	495,008
	14,860,136	13,163,118
Current portion of non-current borrowings	220,287,112	78,444,307
	235,147,248	91,607,425
Total borrowings	321,705,146	303,438,895

9 EXPENSES BY NATURE

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Costs of properties sold	152,234,565	168,573,083
Value-added tax surcharges	1,208,605	1,043,373
Staff costs	7,468,384	7,591,589
Provision for impairment of properties	31,062,431	3,180,072
Net impairment losses on financial and contract assets	6,890,928	235,056
Advertisement and promotion costs	4,353,128	4,397,741
Professional service expenses	1,178,519	872,251
Depreciation and amortisation*	3,781,902	2,726,127
Auditors' remunerations**		
– Audit services	20,610	22,000
– Non-audit services	1,660	2,000
	<u>20,610</u>	<u>22,000</u>
	<u>1,660</u>	<u>2,000</u>

* Depreciation and amortisation expense of RMB2,850 million (2020: RMB1,804 million) has been charged to “cost of sales”.

** Included auditor’s remuneration paid/payable to BDO Limited amounting to RMB17.78 million and RMB220,000 for audit services and non-audit services respectively.

10 OTHER INCOME AND GAINS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	3,699,478	4,479,021
Net fair value gains on investment properties	675,431	–
Gains from disposal of joint ventures and associates	51,731	2,578,243
Gains from disposal of subsidiaries	783	–
Net fair value gains on financial assets at FVPL	–	9,656,342
Gains from business combination	–	616,384
Others	1,746,597	2,461,120
	<u>6,174,020</u>	<u>19,791,110</u>

11 OTHER EXPENSES AND LOSSES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Losses on disposal of financial assets at FVPL	8,613,479	–
Impairment provision for property, plant and equipment	7,213,206	–
Impairment provision for goodwill and other intangible assets	5,184,889	137,394
Loss on project demolition (i)	2,033,807	–
Losses from disposal of joint ventures and associates	1,248,573	–
Donations	467,980	452,174
Losses on derivative financial instruments	287,639	247,328
Net fair value losses on financial assets at FVPL	133,349	–
Losses from disposals of subsidiaries	9,494	32,504
Net fair value losses on investment properties	–	585,888
Others	1,202,192	741,370
	<u>26,394,608</u>	<u>2,196,658</u>

- (i) In September 2021, a subsidiary of the Group entered into the compensation agreements with Kunming Jinning District Land Reserve Center in relation to return of the land use right and therefore recognised the loss on project demolition amounting to RMB2,033 million.

12 FINANCE INCOME AND EXPENSES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance expenses:		
Interest expenses for borrowings	31,122,930	28,898,895
Interest expenses for lease liabilities	66,701	63,378
Less: capitalised finance costs	<u>(29,089,629)</u>	<u>(27,801,604)</u>
	<u>2,100,002</u>	<u>1,160,669</u>
Finance income:		
Interest income on bank deposits	(1,517,103)	(1,287,797)
Net exchange gains	<u>(1,679,229)</u>	<u>(4,164,365)</u>
	<u>(3,196,332)</u>	<u>(5,452,162)</u>
	<u>(1,096,330)</u>	<u>(4,291,493)</u>

13 INCOME TAX (CREDITS)/EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Corporate income tax		
<i>Current income tax</i>	10,752,537	13,405,071
<i>Deferred income tax</i>		
– Increase in deferred tax assets	(12,139,348)	(2,792,921)
– (Decrease)/increase in deferred tax liabilities	(4,422,095)	238,593
	(5,808,906)	10,850,743
Land appreciation tax	4,135,283	7,135,253
	(1,673,623)	17,985,996

14 (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year, excluding shares purchased for the share award scheme.

	2021	2020
(Loss)/profit attributable to owners of the Company (RMB'000)	(38,264,659)	35,643,778
Weighted-average number of ordinary shares in issue (thousand)	4,704,582	4,646,371
Adjusted for shares repurchased for share award scheme (thousand)	(79,363)	(89,981)
Weighted-average number of ordinary shares for basic earnings per share (thousand)	4,625,219	4,556,390

(b) Diluted

For the year ended 31 December 2021, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from share options and awarded shares were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

For the year ended 31 December 2020, diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2020
Profit attributable to owners of the Company (RMB'000)	<u>35,643,778</u>
Weighted-average number of ordinary shares in issue (thousand)	4,646,371
Adjusted for shares repurchased for share award scheme (thousand)	(89,981)
Adjusted for share options and awarded shares (thousand)	<u>46,935</u>
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	<u><u>4,603,325</u></u>

15 DIVIDENDS

The dividends paid in 2021 and 2020 were RMB7,694 million (RMB1.650 per share) and RMB5,726 million (RMB1.232 per share) respectively. No final dividend was recommended in respect of the year ended 31 December 2021.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Proposed final dividend of RMB nil (2020: RMB1.650) per ordinary share	<u>–</u>	<u>7,694,257</u>

16 EVENTS AFTER THE BALANCE SHEET DATE

(a) Placing of existing shares and subscription of new shares

On 12 January 2022, the Company entered into a placing and subscription agreement, pursuant to which the placing agent agreed to place, on a fully underwritten basis, 452 million placing shares at a price of HK\$10 per share on behalf of Sunac International Investment Holdings Ltd (the “Vender”), and the Vender conditionally agreed to subscribe for 452 million subscription shares at the placing price of HK\$10 per share (the “Subscription”). The placing shares and the subscription shares represent approximately 9.05% of the then issued share capital of the Company and approximately 8.30% of the issued share capital of the Company as enlarged by the Subscription, respectively. The gross proceeds from the Subscription were HK\$4.520 billion (equivalent to approximately US\$580 million).

(b) The winding-up petition and its latest progress

On 8 September 2022, the Company received a winding-up petition against the Company (the “Petition”) filed by Chen Huaijun at the High Court of the Hong Kong Special Administrative Region (the “High Court”) in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US\$22 million and accrued interests. At the hearing of the High Court on 16 November 2022, the High Court ordered the hearing of the Petition to be adjourned to 14 June 2023. Since the receipt of the Petition, the Company has been actively pursuing legal measures to resolutely oppose the Petition, and taking all necessary actions to protect its legal rights. The Company does not believe the Petition will have a meaningful impact on the restructuring plan or timetable.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the independent auditor’s report by BDO Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2021:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulated effects on the consolidated financial statements as described in the “Basis for Disclaimer of Opinion” section of our report. In all other respects, in our opinion, the 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 disclosed in note 2.1(iii) to the consolidated financial statements, the Group incurred a net loss of RMB42.00 billion and had net cash used in operating activities of RMB40.05 billion for the year ended 31 December 2021 and, as at 31 December 2021, the Group had net current liabilities of RMB24.59 billion. The Group’s current and non-current borrowings amounted to RMB235.15 billion and RMB86.56 billion as at 31 December 2021 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to RMB69.20 billion. As further disclosed in note 2.1(iii) and note 24 to the consolidated financial statements, as at 31 December 2021, the Group had not repaid borrowings of RMB1.21 billion in aggregate according to their scheduled repayment dates, and had borrowings of RMB1.81 billion in aggregate not meeting certain financial covenants and as a result, borrowings of RMB158.39 billion in aggregate might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of RMB68.53 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of RMB151.80 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as disclosed in note 36(b) to the consolidated financial statements. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

Nevertheless, the consolidated financial statements have been prepared on a going concern basis. The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and have developed debt restructuring plans (the "Proposed Restructuring Plan") which is set out in note 2.1(iii) to the consolidated financial statements. The validity of going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these measures, which are subject to multiple uncertainties, including (i) the successful completion of Proposed Restructuring Plan; (ii) the successful negotiation with lenders on the extension of borrowings or the deferral of the repayment of the Group's borrowings; (iii) the Group's ability to successfully obtain additional new financing or/and other sources of funding as and when needed; (iv) the Group's ability to maintain ongoing normal business relationships with the Group's creditors; and (v) the Group's ability to ensure the safety of operations and the successful implementation and delivery of all projects.

As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, 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 intended effects resulting from the plans and measures to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1 REVENUE

For the year ended 31 December 2021, most of the Group's revenue came from sales of residential and commercial properties business, with a small proportion of revenue from cultural and tourism city construction and operation, property management and other businesses.

As at 31 December 2021, the Group's real estate development business completed national strategic layout consisting of core cities in the Yangtze River Delta, Bohai Rim, South China, Central regions and Western regions, which are divided into 7 major regional groups for management, namely the Beijing Group (including Beijing, Ji'nan and Qingdao, etc.), North China Group (including Tianjin, Zhengzhou and Xi'an, etc.), Shanghai Group (including Shanghai, Nanjing and Suzhou, etc.), Southwestern China Group (including Chongqing, Chengdu and Kunming, etc.), Southeastern China Group (including Hangzhou, Xiamen and Hefei, etc.), Central China Group (including Wuhan, Changsha and Nanchang, etc.) and South China Group (including Guangzhou, Shenzhen and Sanya, etc.).

Total revenue of the Group for the year ended 31 December 2021 amounted to approximately RMB198.39 billion, representing a decrease of approximately 14.0% compared with the total revenue of approximately RMB230.59 billion for the year ended 31 December 2020.

For the year ended 31 December 2021, the total revenue of the Group and its joint ventures and associates was approximately RMB389.53 billion, representing an increase of approximately RMB8.52 billion (approximately 2.2%) as compared with the total revenue of approximately RMB381.01 billion for the year ended 31 December 2020, of which approximately RMB258.80 billion was attributable to owners of the Company, representing a decrease of approximately RMB13.18 billion (approximately 4.8%) as compared to approximately RMB271.98 billion for the year ended 31 December 2020.

The following table sets forth certain details of the revenue:

	Year ended 31 December			
	2021		2020	
	<i>RMB billion</i>	<i>%</i>	<i>RMB billion</i>	<i>%</i>
Revenue from sales of properties	178.88	90.2%	218.88	94.9%
Cultural and tourism city construction and operation income	5.72	2.9%	3.88	1.7%
Property management income	5.64	2.8%	3.34	1.5%
Revenue from other business	8.15	4.1%	4.49	1.9%
Total	<u>198.39</u>	<u>100.0%</u>	<u>230.59</u>	<u>100.0%</u>
Total gross floor area delivered during the year (<i>in million sq.m.</i>)	16.151		18.186	

For the year ended 31 December 2021, revenue from sales of properties decreased by approximately RMB40.00 billion (approximately 18.3%) as compared with that for the year ended 31 December 2020. Total area of delivered properties decreased by approximately 2.035 million square meters (“sq.m.”) (approximately 11.2%) as compared with that for the year ended 31 December 2020, mainly due to the decrease in delivered areas and average selling price of property projects sold in some areas for the year ended 31 December 2021 as compared with that for the year ended 31 December 2020 under such a grim environment for the real estate industry in the second half of 2021.

2 COST OF SALES

Cost of sales mainly includes the Group’s costs incurred in respect of properties sold in the process of property development.

For the year ended 31 December 2021, the Group’s cost of sales was approximately RMB200.18 billion, representing an increase of approximately RMB18.00 billion (approximately 9.9%) as compared to the cost of sales of approximately RMB182.18 billion for the year ended 31 December 2020, mainly due to the provision for property impairment of approximately RMB31.06 billion made during the year, which significantly increased as compared to last year.

3 GROSS (LOSS)/PROFIT

For the year ended 31 December 2021, the Group's gross loss was approximately RMB1.79 billion, representing a decrease of approximately RMB50.19 billion as compared with the gross profit of approximately RMB48.40 billion for the year ended 31 December 2020. Decrease in gross profit was mainly due to a combination of decreased sales revenue and lower gross profit margin recorded by the Group for the year.

For the year ended 31 December 2021, the Group's gross profit margin was approximately minus 0.9%, representing a significant decrease as compared to approximately 21.0% for the year ended 31 December 2020.

For the year ended 31 December 2021, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of approximately RMB11.02 billion. The Group's gross profit would have been approximately RMB40.29 billion and gross profit margin would have been approximately 20.3% for the year ended 31 December 2021 without taking into account such impact of fair value adjustments and provision for impairment of properties on gross profit.

For the year ended 31 December 2021, total gross profit of the Group and its joint ventures and associates was approximately RMB18.94 billion, with a gross profit margin of approximately 4.9%, of which approximately RMB10.97 billion was gross profit attributable to owners of the Company. For the year ended 31 December 2020, total gross profit of the Group and its joint ventures and associates was approximately RMB73.49 billion, with a gross profit margin of approximately 19.3%, of which approximately RMB56.50 billion was gross profit attributable to owners of the Company.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs increased by approximately 9.1% from approximately RMB8.04 billion for the year ended 31 December 2020 to approximately RMB8.77 billion for the year ended 31 December 2021. The Group's administrative expenses decreased by approximately 0.5% from approximately RMB8.47 billion for the year ended 31 December 2020 to approximately RMB8.43 billion for the year ended 31 December 2021. The increase in selling and marketing costs was mainly due to the continued expansion of the Group's business scale in the operation of the Culture & Tourism City and a slight increase in commission costs for property projects.

5 OTHER INCOME AND GAINS

For the year ended 31 December 2021, the Group recognised other income and gains of approximately RMB6.17 billion, which mainly comprised income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB3.70 billion and net fair value gains on investment properties of approximately RMB0.68 billion. The Group recorded a decrease in other income and gains of approximately RMB13.62 billion as compared with that for the year ended 31 December 2020 of approximately RMB19.79 billion, mainly because the other income and gains for the year ended 31 December 2020 consisted of the fair value gains of approximately RMB9.66 billion on shares of Beike and a gain from disposal of joint ventures and associates of approximately RMB2.80 billion from the disposal of the shares of Jinke Property Group Co., Ltd. held by the Group, while such income of above transaction is absent in the other income and gains for the year ended 31 December 2021.

6 OTHER EXPENSES AND LOSSES

Other expenses of the Group increased by approximately RMB24.19 billion from approximately RMB2.20 billion for the year ended 31 December 2020 to approximately RMB26.39 billion for the year ended 31 December 2021, mainly due to the combined effect of the investment losses recorded by the Group during the year from disposal of the shares of Beike, the provision made for the impairment of

assets of the Culture & Tourism City and the investment loss recorded on disposal of property projects. For the year ended 31 December 2021, other expenses and losses mainly comprised the loss on disposal of financial assets at FVPL of approximately RMB8.61 billion, the impairment losses on property, plant and equipment, goodwill and other intangible assets of approximately RMB12.40 billion, the net losses on disposal of joint ventures and associates of approximately RMB1.25 billion and the loss on project demolition of approximately RMB2.03 billion.

7 NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

For the year ended 31 December 2021, the net impairment losses on financial and contract assets recognised by the Group were approximately RMB6.89 billion, representing an increase of approximately RMB6.65 billion as compared to the year ended 31 December 2020, mainly due to the further provisions made by the Group for expected credit losses on other receivables such as amounts due from related companies and amounts due from non-controlling interests considering the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments.

8 OPERATING (LOSS)/PROFIT

Concluding from the above analysis, the Group's operating profit decreased by approximately RMB95.34 billion from approximately RMB49.24 billion for the year ended 31 December 2020 to operating loss of approximately RMB46.10 billion for the year ended 31 December 2021, mainly due to the following reasons:

- (i) gross profit decreased by approximately RMB50.19 billion;
- (ii) net impairment losses on financial and contract assets increased by approximately RMB6.65 billion; and
- (iii) other income and gains decreased by approximately RMB13.62 billion and other expenses and losses increased by approximately RMB24.19 billion.

9 FINANCE INCOME AND EXPENSES

The Group's finance expenses increased by approximately RMB0.94 billion from approximately RMB1.16 billion for the year ended 31 December 2020 to approximately RMB2.10 billion for the year ended 31 December 2021, and finance income decreased by approximately RMB2.25 billion from approximately RMB5.45 billion for the year ended 31 December 2020 to approximately RMB3.20 billion for the year ended 31 December 2021 at the same time, mainly due to the following reasons:

- (i) Reason for the movement in finance expenses: the total interest costs of the Group increased while the proportion of capitalised interest in total interest costs of the Group decreased as compared to the year ended 31 December 2020, which led to an increase of approximately RMB0.94 billion in interest expenses from approximately RMB1.16 billion for the year ended 31 December 2020 to approximately RMB2.10 billion for the year ended 31 December 2021; and
- (ii) Reason for the movement in finance income: due to the change in trend of foreign exchange rates fluctuations, the exchange gain of the Group decreased by approximately RMB2.48 billion from approximately RMB4.16 billion for the year ended 31 December 2020 to approximately RMB1.68 billion for the year ended 31 December 2021.

10 SHARE OF POST-TAX PROFITS OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD, NET

Share of post-tax profits of associates and joint ventures accounted for using the equity method, net recognised by the Group decreased by approximately 66.8% from approximately RMB4.00 billion for the year ended 31 December 2020 to approximately RMB1.33 billion for the year ended 31 December 2021, mainly due to the decrease in gross margin of sales of properties of the Group's joint ventures and associates as compared with the year ended 31 December 2020, and the increase in the provision for impairment of properties of approximately RMB7.64 billion as compared with the year ended 31 December 2020.

11 (LOSS)/PROFIT

Profit of the Group attributable to owners of the Company decreased by approximately RMB73.90 billion from approximately RMB35.64 billion for the year ended 31 December 2020 to loss of approximately RMB38.26 billion for the year ended 31 December 2021. After excluding the impact of gains from business combination and its effect on fair value adjustments, gains or losses on changes in fair value of financial assets, derivative financial instruments and investment properties, disposal gains or losses on financial assets and investments in joint ventures and associates, exchange gain or loss, charitable donations and loss on project demolition, profit attributable to owners of the Company (the “core net (loss)/profit”, a non-GAAP financial measure) decreased by approximately RMB55.56 billion from core net profit of approximately RMB30.26 billion for the year ended 31 December 2020 to core net loss of RMB25.30 billion for the year ended 31 December 2021.

The table below sets out (loss)/profit attributable to owners of the Company, the holders of perpetual capital securities and other non-controlling interests for the stated periods:

	For the year ended 31 December	
	2021	2020
	<i>RMB billion</i>	<i>RMB billion</i>
(Loss)/profit during the year	<u>(42.00)</u>	<u>39.55</u>
Attributable to:		
Owners of the Company	(38.26)	35.64
Holders of perpetual capital securities	–	0.21
Other non-controlling interests	<u>(3.74)</u>	<u>3.70</u>
	<u>(42.00)</u>	<u>39.55</u>

12 CASH STATUS

The Group operates in a capital-intensive industry and the Group's liquidity requirements relate to meeting its working capital requirements, funding the development of its new property projects and servicing its debt. The funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, and to a lesser extent, capital contributions from shareholders, share issuances and loans.

The Group's cash balances (including restricted cash) decreased to approximately RMB69.20 billion as at 31 December 2021 from approximately RMB132.65 billion as at 31 December 2020, of which non-restricted cash decreased to approximately RMB14.34 billion as at 31 December 2021 from approximately RMB98.71 billion as at 31 December 2020.

Decrease in non-restricted cash was mainly due to:

- (i) approximately RMB40.05 billion of net cash outflow from operating activities;
- (ii) approximately RMB32.87 billion of net cash outflow used in investing activities; and
- (iii) approximately RMB11.45 billion of net cash outflow used in financing activities.

Currently, the Group is taking the initiative in mitigating risks, and will continue to focus on completion and delivery of its property projects and the improvement of sales performance, so as to secure the steady business growth and sustainable operation of the Group.

13 BORROWINGS AND SECURITIES

As at 31 December 2021, the total borrowings of the Group were approximately RMB321.71 billion. Approximately RMB288.20 billion (as at 31 December 2020: approximately RMB274.34 billion) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, etc. (total amount was approximately RMB254.30 billion (as at 31 December 2020: approximately RMB215.46 billion)) and equities of certain of the Group's subsidiaries.

14 GEARING RATIO

Net debt to total capital ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash and cash equivalents (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 31 December 2021, the Group's net debt to total capital ratio was approximately 67.0%, representing an increase as compared to approximately 49.1% as at 31 December 2020.

The Group's gearing ratio experienced fluctuations this year. The Group will proactively deal with debt situation, continue to accelerate sales, release operating cash flow so as to improve the gearing ratio.

15 INTEREST RATE RISK

As the Group has no material interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Long-term borrowings consist of variable rate borrowings and fixed rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities stated at carrying amounts, categorised by maturity dates.

	As at 31 December 2021 RMB billion	As at 31 December 2020 RMB billion
Floating interests		
Less than 12 months	45.22	15.53
1-5 years	18.44	41.49
Over 5 years	3.31	10.98
Subtotal	66.97	68.00
Fixed interests		
Less than 12 months	189.93	76.08
1-5 years	59.48	155.13
Over 5 years	5.33	4.23
Subtotal	254.74	235.44
Total	321.71	303.44

As at 31 December 2021, the Group has implemented certain interest rate swap arrangements to hedge its exposure to interest rate risk. The Group will continue to pay attention to and monitor interest rate risks.

16 FOREIGN EXCHANGE RISKS

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at fair value through profit or loss and senior notes are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. For the year ended 31 December 2021, the Group recorded an

exchange gain in the amount of approximately RMB1.68 billion due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group managed its exposure to fluctuations in foreign exchange rates through the implementation of certain foreign exchange swap arrangements, and will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign exchange risks.

17 CONTINGENT LIABILITIES

(a) Financial guarantee

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was approximately RMB156.72 billion as at 31 December 2021 as compared with approximately RMB139.14 billion as at 31 December 2020. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

(b) Litigation

Up to the date of this announcement, various parties have filed litigation against the Group for the settlement of the unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters. The Directors have assessed the impact of the above litigation matters on the consolidated financial statements for the year ended 31 December 2021 and accrued provision on the consolidated financial statements of the Group. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

CHAIRMAN’S STATEMENT

Dear Shareholders and Investors:

On behalf of the Board of Directors of the Company (the “Board”), I would like to present the business review of the Group for the year ended 31 December 2021 and the situation in 2022 and future outlook.

REVIEW OF 2021

Since the second half of 2021, the real estate industry environment in the PRC has undergone dramatic changes. Many real estate developers were facing increasing pressure on their cash flows. In response to the extremely unusual market environment, the Company actively took necessary measures, including stepped-up efforts to sell properties, strict control of expenses for acquisition of land, disposal of assets, and equity financing. At the same time, as the controlling shareholder of the Company, I also supported the Company by providing an interest-free loan of USD450 million to the Group. The Company through its continuous efforts, has ensured the security of cash flow and the basic stability of the Company’s operations and credit system.

In 2021, the Group achieved a revenue of approximately RMB198.39 billion. Affected by the impairment of inventories, the gross loss was approximately RMB1.79 billion, and the gross profit margin excluding the impact of provision for impairment of inventories was approximately 14.8%. The loss attributable to owners of the Company was approximately RMB38.26 billion, the core net loss was approximately RMB25.30 billion, and the core operating profit excluding impairment provision was approximately RMB12.57 billion. As at 31 December 2021, the consolidated cash balance of the Group was approximately RMB69.20 billion, and the cash balance would be RMB160.80 billion if that of the joint ventures and associates of the Group was included. Most of such cash was held in monitoring accounts at the project-level, which properly ensured the subsequent normal operation of projects and guaranteed home delivery.

In 2021, the Group maintained a steady growth in sales, and together with its joint ventures and associates, achieved contract sales of approximately RMB597.36 billion (attributable sales amounted to approximately RMB361.57 billion), representing a year-on-year increase of approximately 3.8%, and ranking third in the industry. The Group also continued to consolidate its leading position in core cities. It recorded sales of more than RMB10 billion in 20 cities such as Shanghai, Wuhan, Hangzhou, Beijing, Chongqing, Guangzhou, Xi’ an, Tianjin and Nanjing, and even more than RMB30 billion in five cities: Shanghai, Wuhan, Hangzhou, Beijing and Chongqing.

In 2021, the Group upheld its pursuit of high-quality products and delivered 277,000 houses with high quality in 89 cities. The Group has all along adhered to its product concept of “home” as the basis for a better life for over 18 years since its establishment, and, as at the end of 2021, had cumulatively delivered 2,000,000 houses. In 2021, the Group further promoted product innovation and upgrading and maintained a leading position in the industry in terms of product competitiveness. After being consecutively granted the TOP 1 Product Power (產品力TOP1) by CRIC¹ and EH Consulting², the Group was again awarded the “Top 1 Outstanding Enterprises in China’s Real Estate Products (房地產產品力優秀企業TOP1)” by CIA³.

In 2021, the Group swiftly adjusted the land acquisition momentum in response to industry and market changes, and has basically suspended land acquisition since the second half of the year. In 2021, the Group recorded increase in attributable land bank of approximately 17.74 million sq.m., raising saleable resources of attributable land bank by approximately RMB194.40 billion. As at 31 December 2021, the attributable land bank of the Group, together with its joint ventures and associates, was approximately 160 million sq.m. and the saleable resources of the attributable land bank were estimated to be approximately RMB1.77 trillion.

In 2021, Sunac Services Holdings Limited (“Sunac Services”, stock code: 01516.HK), the property management segment of the Group, continued to maintain high-quality and steady growth, with significant increase in revenue and continuous optimisation of business structure. In 2021, Sunac Services recorded a revenue of approximately RMB7.9 billion, representing a year-on-year increase of approximately 70.9%, and profit attributable to owners of approximately RMB1.36 billion, representing a significant year-on-year increase of approximately 118.5%. Meanwhile, its business structure was further optimised. The gross profit of the community living services increased by 184% year-on-year, the proportion of which increased to 9.3%, the proportion of gross profit of the newly added commercial operational services was 5.6% and the proportion of gross profit of the value-added services to non-property owners decreased by 8.3 percentage points. In 2021, Sunac Services maintained rapid growth of the gross floor area (“GFA”) under management, and market expansion has become the primary way to increase GFA under management, where approximately 36.12 million sq.m. of the newly contracted GFA were acquired through market expansion, representing a year-on-year increase of approximately 210.8%. As at the end of 2021, the GFA under management of Sunac Services reached approximately 215 million sq.m. and the contracted GFA reached approximately 358 million sq.m.. The GFA from third parties accounted for approximately 34.6% of total GFA under management, representing an increase of 10.5 percentage points as compared with the end of last year.

In 2021, the ice and snow segment of the Group underwent rapid development. The Group accelerated the layout of new ski resorts, and new businesses such as ski training centers, camps and membership also recorded rapid growth. Currently, the ice and snow business has become a world-leading one-stop operation and service provider covering ski sports, education and entertainment in the new spending environment. Initial result has been achieved in the light-asset management model under the ice and snow segment, which has been successfully implemented in outdoor benchmark ski resorts including Jilin Beida Lake Ski Resort (吉林北大湖雪場) and Chengde Jinshan Mountain Ski Resort (承德金山嶺雪場). At the same time, three new ski resorts including Wuhan Dream Time Indoor Ski Resorts (武漢夢時代室內雪場) and Xinjiang Sayram Lake (新疆賽里木湖) will be managed and operated by the ice and snow company of the Group in 2022.

SITUATION IN 2022 AND FUTURE OUTLOOK

Entering the year of 2022, with the exacerbation of the COVID-19 epidemic and the exposure of debt issues in more listed real estate enterprises, financing activities in the industry became more difficult. Despite the unremitting efforts made, the Group experienced dramatic fall in sales since March. Meanwhile, financing plans which the Group vigorously implemented to meet the liquidity requirements in March and the second quarter, including disposal of assets and targeted financing, also encountered difficulties due to changes to the circumstances. These led to the periodical liquidity issues of the Group.

At present, with the optimization of the national COVID-19 control measures, the Political Bureau also emphasized that fiscal policy needs to be strengthened and stable monetary policy needs to be precise and effective. Meanwhile, the relevant ministries and commissions are introducing policies to support the return to stability of the real estate industry in a comprehensive, systematic and intensive manner. It is believed that China's economy will continue to pick up and the real estate market will also rapidly recover and stabilize in 2023, which will help to alleviate the tremendous pressure currently faced by the real estate industry. The Group will actively seize the policy opportunities to support and ensure the development construction and smooth completion and delivery of the property projects by making good use of special borrowings for guaranteed home delivery and securing support financing for guaranteed home delivery from banks, and continuing to promote the revitalisation of quality projects in collaboration with asset management companies and other financial institutions, with a view to achieving the primary objective of guaranteed home delivery and fulfilling the primary responsibility, while helping the Group gradually resume stable operations.

At the same time, the Group is continuing to address the debt issues under liquidity pressure. It has appointed Houlihan Lokey (China) Limited as the financial adviser for the offshore debts and China International Capital Corporation Limited and China Securities Co., Ltd. as the financial advisers for the onshore open market debts, which will assist the Group in formulating practicable overall restructuring plans for the offshore debts and restructuring plans for the onshore open market debts, respectively. The Group will maintain active communication with its creditors and endeavour to reach an agreement with relevant creditors on the onshore and offshore debt restructuring plans as soon as possible.

Over the past year or so, the Group has faced unprecedented challenges and operational pressures since its inception. On behalf of the Board, I would like to take this opportunity to express my sincerest apology to our shareholders, creditors, customers, partners and other stakeholders. Meanwhile, on behalf of the Board, I would also like to take this opportunity to express my heartfelt gratitude to stakeholders who have understood and supported the Group, and to our management team and staff who have persevered, overcome difficulties constantly and made continuous efforts under the long-time pressure. The Group will have a full review of its past development to reflect upon our shortcomings and problems, and will make adjustment resolutely based on experiences and lessons learned. We believe that with the continuous positive growth of China's economy, intensive implementation of supporting policies for stabilizing the industry from the government and relying on our solid asset quality and competitive advantages accumulated over the years, the Group will make persistent efforts to complete the debt restructuring and resume its operations, thereby returning to the benign and healthy development track in 2023.

Sunac China Holdings Limited

SUN Hongbin

Chairman of the Board

8 December 2022

Notes:

1. CRIC is 上海克而瑞信息技術有限公司;
2. EH Consulting is 上海億翰商務諮詢股份有限公司;
3. CIA is China Index Academy Limited (中指研究院有限公司).

Summary of Land Bank

As at 31 December 2021, the Group and its joint ventures and associates were engaged in a total of 955 property development projects, and the Group and its joint ventures and associates had a total land bank of approximately 254 million sq.m. and attributable land bank of approximately 160 million sq.m.. The breakdown of land bank by city is as follows:

Urban circle	City	Attributable land bank '000 sq.m	Total land bank '000 sq.m
Yangtze River Delta	Hangzhou	4,483.3	7,426.3
	Wenzhou	2,896.0	3,604.4
	Shanghai	2,442.6	3,618.2
	Wuxi	2,231.6	3,703.4
	Shaoxing	1,874.6	2,620.3
	Jiaxing	1,734.2	1,792.3
	Xuzhou	1,474.1	2,037.3
	Changzhou	1,246.8	1,764.1
	Hefei	1,093.8	1,224.4
	Nantong	1,000.8	1,581.9
	Ningbo	973.3	2,101.3
	Suzhou	902.1	2,141.8
	Nanjing	901.1	2,176.8
	Others	3,600.8	7,517.0
	Subtotal	26,855.1	43,309.5

Urban circle	City	Attributable land bank '000 sq.m	Total land bank '000 sq.m
Bohai Rim	Qingdao	9,902.9	13,796.2
	Tianjin	7,280.1	8,834.1
	Ji'nan	4,484.0	6,972.7
	Harbin	2,584.8	3,839.8
	Taiyuan	2,404.8	3,788.8
	Dalian	2,159.9	2,232.1
	Shenyang	1,460.4	2,797.7
	Beijing	1,330.6	2,225.3
	Shijiazhuang	1,298.4	2,249.8
	Yantai	1,091.7	1,884.7
	Tangshan	1,048.5	1,274.4
	Changchun	988.4	988.4
	Langfang	945.1	1,556.4
	Others	2,684.5	3,600.4
		Subtotal	39,664.1
Southern China	Jiangmen	3,621.3	4,426.3
	Qingyuan	1,715.2	1,849.8
	Hainan Province	1,602.7	2,685.4
	Guangzhou	1,552.2	2,994.3
	Fuzhou	1,035.7	1,754.4
	Zhongshan	735.9	859.8
	Huizhou	706.4	740.7
	Shenzhen	676.7	1,292.2
	Zhaoqing	667.3	797.2
	Foshan	664.8	1,151.3
	Zhuhai	663.7	782.0
	Others	2,613.6	5,080.0
	Subtotal	16,255.5	24,413.4

Urban circle	City	Attributable land bank '000 sq.m	Total land bank '000 sq.m
Core Western China	Chongqing	12,371.7	19,439.6
	Meishan	6,865.7	13,327.0
	Xi'an	6,180.5	11,175.9
	Chengdu	5,857.7	7,717.2
	Kunming	3,396.1	7,580.1
	Xishuangbanna	3,230.8	3,784.2
	Guiyang	3,125.7	4,627.4
	Nanning	2,190.1	4,060.1
	Guilin	2,116.7	4,020.1
	Dali	1,486.1	2,496.9
	Yinchuan	1,212.7	1,399.1
	Liuzhou	1,044.1	2,401.6
	Beihai	739.0	1,803.0
	Others	5,772.2	12,370.7
		Subtotal	55,589.1
Core Central China	Wuhan	8,781.7	14,543.2
	Zhengzhou	4,916.8	7,355.5
	Changsha	2,653.4	3,441.0
	Nanchang	1,138.9	1,583.1
	Xianning	926.3	1,323.2
	Yueyang	827.1	1,687.9
	Ezhou	703.4	1,532.7
	Others	1,503.5	2,782.8
		Subtotal	21,451.1
	Total	159,814.9	254,216.0

OTHER INFORMATION

Annual General Meeting and Closure of Register of Members

The Company's annual general meeting (the "AGM") is expected to be held on Tuesday, 7 February 2023, and the notice of the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in due course.

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Saturday, 4 February 2023 to Tuesday, 7 February 2023 (both days inclusive), during which period no transfer of shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 3 February 2023.

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: RMB1.650 per Share).

Senior Notes Issued during the Year

On 26 January 2021, the Company issued (i) the US\$600 million 5.95% senior notes due 2024, and (ii) the US\$500 million 6.5% senior notes due 2026.

On 2 March 2021, the Company issued (i) an additional US\$342 million 5.95% senior notes due 2024 (consolidated and form a single series with the US\$600 million 5.95% senior notes due 2024), and (ii) an additional US\$210 million 6.5% senior notes due 2025 (consolidated and form a single series with the US\$540 million 6.5% senior notes due 2025).

On 20 July 2021, the Company issued (i) the US\$400 million 6.8% senior notes due 2024, and (ii) an additional US\$100 million 6.5% senior notes due 2026 (consolidated and form a single series with the US\$500 million 6.5% senior notes due 2026).

The aforesaid senior notes had been listed and traded on the Singapore Exchange Securities Trading Limited, the details of which are set out in the announcements of the Company published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn).

Placing of Existing Shares and Subscription of New Shares and Placing of Existing Sunac Services Shares during the Year

Placing of Existing Shares and Subscription of New Shares

On 13 November 2021, the Company, Sunac International Investment Holdings Ltd (the “Vendor”), Morgan Stanley & Co. International plc (the “Placing Agent”) and Citigroup Global Markets Limited (as the Joint Bookrunner) entered into the Placing and Subscription Agreement, pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 335 million Shares at a price of HK\$15.18 per Share on behalf of the Vendor. The Vendor conditionally agreed to subscribe for 335 million Shares at the placing price of HK\$15.18 per Share (the “Subscription”). The gross proceeds from the Subscription were approximately HK\$5.085 billion (equivalent to approximately US\$653 million).

Placing of Existing Sunac Services Shares

On 13 November 2021, Sunac Services Investment Limited (融創服務投資有限公司) (“Sunac Services Investment”) and the Placing Agent entered into the Sunac Services Shares Placing Agreement, pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 158 million Sunac Services shares at a price of HK\$14.75 per share. The gross proceeds from the Sunac Services shares placing were approximately HK\$2.331 billion (equivalent to approximately US\$299 million).

The aggregate gross proceeds from the placing of existing Shares and the subscription of new Shares and the placing of existing Sunac Services shares were approximately HK\$7.416 billion (equivalent to approximately US\$952 million) and the net proceeds therefrom were approximately HK\$7.343 billion (equivalent to approximately US\$942 million). Out of the net proceeds from the Subscription, the Company has used in accordance with its plan of (1) approximately 50% for general corporate purposes; and (2) approximately 50% for repayment of loans. Details of the placing of existing Shares and the subscription of new Shares and the placing of existing Sunac Services shares are set out in the announcements of the Company dated 14 November 2021 and 17 November 2021.

Purchase, Sale or Redemption of Company's Listed Securities

The Company adopted a share award scheme (the "Share Award Scheme") with effect from 8 May 2018, details of which are set out in the announcement of the Company dated 8 May 2018. During the year ended 31 December 2021, the trustee of the Share Award Scheme did not purchase any of the Shares. As at 31 December 2021, the trustee of the Share Award Scheme has purchased on the open market a total of 94,653,000 Shares at the total consideration of approximately HK\$2.57 billion.

The Company has repurchased on the open market part of the 7.5% senior notes due February 2024 in aggregate principal amount of US\$33.6 million during the year ended 31 December 2021. The Company cancelled the repurchased notes in accordance with the terms of the notes and indentures.

On 22 January 2021, the Company announced to redeem all of the outstanding balance of the US\$800 million 7.875% senior notes due on 15 February 2022 in full on 21 February 2021 (the "Redemption Date") at a redemption price equal to 102.0% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the Redemption Date. The Company cancelled the notes early redeemed in accordance with the terms of the notes and indentures. Details of the redemption are set out in the announcements of the Company dated 22 January 2021 and 23 February 2021.

Save as the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

Repurchase of the Shares of the Company during the Year

During the year ended 31 December 2021, the Company has repurchased on open market a total of 13,400,000 Shares. All the repurchased Shares have been cancelled. Details of the repurchased Shares during the year are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration (excluding expenses) HK\$
		Highest HK\$	Lowest HK\$	
July 2021	13,400,000	23.75	21.75	303,315,860

Subsequent Events

Placing of Existing Shares and Subscription of New Shares

On 12 January 2022, the Company, Sunac International Investment Holdings Ltd (the “Vendor”) and Morgan Stanley & Co. International plc (the “Placing Agent”) entered into the Placing and Subscription Agreement, pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 452 million Shares at a price of HK\$10 per Share on behalf of the Vendor, and the Vendor conditionally agreed to subscribe for 452 million Shares at the placing price of HK\$10 per Share (the “Subscription”). The gross proceeds from the Subscription were HK\$4.520 billion (equivalent to approximately US\$580 million) and the net proceeds therefrom were HK\$4.484 billion (equivalent to approximately US\$575 million). Out of the net proceeds from the Subscription, the Company has used in accordance with its plan of (1) approximately 50% for general corporate purposes; and (2) approximately 50% for repayment of loans. Details of the placing of existing Shares and the subscription of new Shares are set out in the announcement of the Company dated 13 January 2022.

The Winding-up Petition and Its Latest Progress

On 8 September 2022, the Company received a winding-up petition against the Company (the “Petition”) filed by Chen Huaijun at the High Court of the Hong Kong Special Administrative Region (the “High Court”) in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US\$22 million and accrued interests. At the hearing of the High Court on 16 November 2022, the High Court ordered the hearing of the Petition to be adjourned to 14 June 2023. Since the receipt of the Petition, the Company has been actively pursuing legal measures to resolutely oppose the Petition, and taking all necessary actions to protect its legal rights. The Company does not believe the Petition will have a meaningful impact on the restructuring plan or timetable.

Employee and Remuneration Policy

As at 31 December 2021, the Group had a total of 72,147 employees (as at 31 December 2020: 64,436 employees). The Group’s employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts two performance appraisals for its employees every year, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in Mainland China in accordance with the relevant PRC regulations. The Group also operates insurance and mandatory provident fund schemes for Hong Kong employees. The Group also makes contributions to social security or other retirement schemes for its overseas employees in accordance with local regulations.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries of all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code in relation to their securities dealings during the year ended 31 December 2021, if any.

Compliance with the Corporate Governance Code

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2021, complied with all applicable code provisions under the Corporate Governance Code.

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the business strategies and performance of the Group. They, together with the relevant senior executives of the Group, have also attended regular training on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice throughout the Group in order to monitor the operation and business development of the Group.

Audit Committee

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Listing Rules. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang, and is chaired by Mr. Poon Chiu Kwok who possesses the qualification of professional accountant. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and practices of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group’s results for the year ended 31 December 2021.

Review of Results Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this results announcement have been agreed by the Group's auditor, BDO Limited, to the figures set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

Publication of the Annual Results Announcement and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's 2021 annual report will be despatched to the Shareholders along with the AGM circular, the notice of AGM, the proxy form for use at the AGM and relevant documents and such documents will be published on the aforementioned websites in due course.

Continued Suspension of Trading

References are made to the announcements of the Company dated 28 March 2022 and 1 April 2022. At the request of the Company, the trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the Shares of the Company will remain suspended until further notice.

Holders of securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Sunac China Holdings Limited
SUN Hongbin
Chairman

Hong Kong, 8 December 2022

As at the date of this announcement, the executive Directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive Directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. MA Lishan and Mr. YUAN Zhigang.