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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 2022**

**RESULTS HIGHLIGHTS**

For the year ended 31 December 2022:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB169.33 billion;
- As at 31 December 2022, attributable land bank of the Group and its joint ventures and associates was approximately 130 million sq.m., and expected saleable resources of attributable land bank were approximately RMB1.41 trillion;
- Revenue of the Group was approximately RMB96.75 billion, representing a decline of approximately 51.2% as compared to last year;
- Gross loss of the Group was approximately RMB0.82 billion, representing a decline in loss of approximately RMB0.97 billion (approximately 54.2%) as compared to last year;
- Loss attributable to owners of the Company was approximately RMB27.67 billion, representing a decline in loss of approximately RMB10.59 billion (approximately 27.7%) as compared to last year;
- Core net loss<sup>1</sup> was approximately RMB13.86 billion, representing a decline in loss of approximately RMB11.44 billion (approximately 45.2%) as compared to last year;
- As at 31 December 2022, cash balance of the Group was approximately RMB37.54 billion (cash balance of the Group and its joint ventures and associates was approximately RMB100.26 billion);

- As at 31 December 2022, total borrowings of the Group were approximately RMB298.42 billion, representing a decline of approximately RMB23.29 billion as compared to approximately RMB321.71 billion at the end of last year (total borrowings of the Group and its joint ventures and associates were approximately RMB404.25 billion, representing a decline of approximately RMB64.17 billion as compared to approximately RMB468.42 billion at the end of last year); and
- The Board did not recommend the payment of any final dividend for the year ended 31 December 2022.

Currently, significant progress has been made in the Company's offshore debt restructuring. On 28 March 2023, the Company and AHG entered into the restructuring support agreement. The Company is proactively making efforts to meet the resumption guidance and, subject to the Stock Exchange's approval, expects that trading in the shares of the Company will be resumed in April 2023.

*Note:*

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, subsidiaries and investments in joint ventures and associates, exchange gain or loss, charitable donations and losses on project demolition.*

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 2022 with comparative figures for the year ended 31 December 2021, as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>96,751,764</b>	198,386,734
Cost of sales	9	<b>(97,570,939)</b>	(200,179,597)
<b>Gross loss</b>		<b>(819,175)</b>	(1,792,863)
Other income and gains	10	<b>5,787,747</b>	6,174,020
Selling and marketing costs	9	<b>(5,790,188)</b>	(8,766,324)
Administrative expenses	9	<b>(6,982,670)</b>	(8,428,019)
Other expenses and losses	11	<b>(11,758,191)</b>	(26,394,608)
Net impairment losses on financial and contract assets	9	<b>(2,470,295)</b>	(6,890,928)
<b>Operating loss</b>		<b>(22,032,772)</b>	(46,098,722)
Finance income	12	<b>781,485</b>	3,196,332
Finance expenses	12	<b>(12,784,216)</b>	(2,100,002)
Finance (expenses)/income – net		<b>(12,002,731)</b>	1,096,330
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	4	<b>2,731,900</b>	1,328,811
<b>Loss before income tax</b>		<b>(31,303,603)</b>	(43,673,581)
Income tax credits	13	<b>1,411,624</b>	1,673,623
<b>Loss and total comprehensive loss for the year</b>		<b>(29,891,979)</b>	(41,999,958)

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		<b>(27,669,007)</b>	(38,264,659)
– Other non-controlling interests		<b>(2,222,972)</b>	(3,735,299)
		<b><u>(29,891,979)</u></b>	<b><u>(41,999,958)</u></b>
<b>Loss per share attributable to owners of the</b>			
<b>Company (expressed in RMB per share):</b>			
	<i>14</i>		
– Basic		<b><u>(5.16)</u></b>	<b><u>(8.27)</u></b>
– Diluted		<b><u>(5.16)</u></b>	<b><u>(8.27)</u></b>

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	<i>Note</i>	As at 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>80,423,788</b>	87,221,505
Investment properties		<b>27,048,652</b>	30,619,994
Right-of-use assets		<b>14,935,066</b>	16,811,547
Intangible assets		<b>4,095,373</b>	4,704,255
Deferred tax assets		<b>33,401,631</b>	27,092,067
Investments accounted for using the equity method	4	<b>75,702,996</b>	79,555,170
Financial assets at fair value through profit or loss		<b>13,006,130</b>	13,546,259
Other receivables	5	<b>61,171</b>	104,904
Prepayments	6	<b>2,283,415</b>	3,498,580
Derivative financial instruments		–	79,049
		<b>250,958,222</b>	263,233,330
<b>Current assets</b>			
Properties under development		<b>587,120,002</b>	619,172,767
Completed properties held for sale		<b>53,915,786</b>	60,583,750
Inventories		<b>990,898</b>	835,020
Trade and other receivables	5	<b>59,441,113</b>	67,477,719
Contract costs		<b>6,298,764</b>	6,439,589
Amounts due from related companies		<b>63,422,584</b>	59,703,461
Prepayments	6	<b>15,877,428</b>	16,335,014
Prepaid income tax		<b>13,491,155</b>	12,556,005
Financial assets at fair value through profit or loss		<b>1,109,845</b>	1,015,444
Restricted cash		<b>25,940,546</b>	54,858,788
Cash and cash equivalents		<b>11,601,128</b>	14,344,001
		<b>839,209,249</b>	913,321,558
<b>Total assets</b>		<b>1,090,167,471</b>	1,176,554,888

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>466,030</b>	429,113
Other reserves		<b>30,354,373</b>	25,977,044
Retained earnings		<b>27,648,059</b>	56,063,172
		<b>58,468,462</b>	82,469,329
Other non-controlling interests		<b>27,934,375</b>	42,204,917
<b>Total equity</b>		<b>86,402,837</b>	124,674,246
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	<b>44,943,017</b>	86,557,898
Derivative financial instruments		–	182,008
Lease liabilities		<b>516,050</b>	535,311
Deferred tax liabilities		<b>22,959,345</b>	26,563,862
Other payables	7	<b>67,950</b>	129,906
		<b>68,486,362</b>	113,968,985
<b>Current liabilities</b>			
Trade and other payables	7	<b>256,967,051</b>	269,323,553
Contract liabilities		<b>318,845,924</b>	341,867,335
Amounts due to related companies		<b>42,876,511</b>	37,648,739
Current tax liabilities		<b>61,789,903</b>	53,454,925
Borrowings	8	<b>253,476,200</b>	235,147,248
Lease liabilities		<b>130,608</b>	197,836
Derivative financial instruments		–	36,254
Provisions		<b>1,192,075</b>	235,767
		<b>935,278,272</b>	937,911,657
<b>Total liabilities</b>		<b>1,003,764,634</b>	1,051,880,642
<b>Total equity and liabilities</b>		<b>1,090,167,471</b>	1,176,554,888

## 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 approximately RMB29.89 billion for the year ended 31 December 2022 and, as at 31 December 2022, the Group had net current liabilities of approximately RMB96.07 billion.

As at 31 December 2022, the Group’s current and non-current borrowings amounted to approximately RMB253.48 billion and RMB44.94 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB37.54 billion. As at 31 December 2022, the Group had not repaid borrowings of approximately RMB80.89 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings of approximately RMB85.50 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 approximately RMB100.52 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of approximately RMB83.55 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 have carefully considered the Group's expected cash flow projections for the next 18 months from 31 December 2022 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 continued to implement the following plans and measures:

- Sunac Real Estate Co., Ltd. ("Sunac Real Estate"), a wholly-owned subsidiary of the Company, had issued 5 corporate bonds and 4 non-publicly issued corporate bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. On 30 December 2022, a modified repayment arrangement was made in respect of the principal and related interests RMB14.12 billion in aggregate, where the repayment period has been extended 3 to 4 years with the interest rates remaining unchanged. The modified arrangement was approved by the bondholders' meeting. Therefore, the Company's domestic open market bond restructuring plan has been successfully completed;
- The Group has been actively negotiating with other onshore lenders on the extension of borrowings, and up to the date of approval of these financial statements extension of loans of approximately RMB18.17 billion in aggregate principal amount has been agreed. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans with individual lenders case-by-case. Having considered the successful extension of loans during the year 2022, the Group's credit history and longstanding relationships with the relevant lenders, the Directors believe that the Group will be able to complete the signing of the relevant extension agreements for the remaining borrowings progressively;
- The Group has been actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special borrowings and supporting borrowings for guaranteed home delivery, business cooperation with business partners, and assets disposals. Up to the date of approval of these financial statements, the Group has achieved certain business cooperations, and has obtained new financing or additional capital for certain projects through the above channels. The Group will also continue to seek new financing or additional capital;
- The Group has been actively communicating with creditors to resolve the pending lawsuits. Up to the date of approval of these financial statements, the Group has completed the settlement arrangements with certain creditors. The Group is positive that it can continue to reach an amicable solution to the litigations which have not yet reached a definite outcome at the current stage;
- The Group has further flattened the organizational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses; and
- In response to the local Government's call to ensure delivery, the Group will continue to focus on the completion and delivery of property projects to ensure the stability and sustainable operation of the Group's business.

At the same time, the Group will continue to follow up on the offshore debt restructuring that has not yet been completed. As of the date of approval of these financial statements, the progress is as follows:

- The Company has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the “AHG”), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring of the Company’s offshore indebtedness (the “Restructuring”);
- On 28 March 2023, the Company and the AHG entered into the restructuring support agreement (the “RSA”) in relation to the terms of the Restructuring. The contemplated Restructuring is intended to (i) provide the Company with a longterm, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible;
- The restructuring plan includes: (1) de-leveraging plan, where creditors will exchange US\$1.0 billion in aggregate of their existing debt claims into US\$1.0 billion of convertible bonds with a nine-year maturity (which are convertible into shares of the Company during the first 12 months after the restructuring effective date, following which the convertible bonds shall no longer have any conversion rights and will be redeemed at its maturity date); creditors may voluntarily elect to exchange their existing debt claims into zero-coupon, five-year mandatory convertible bonds of the Company, subject to an aggregate cap of US\$1.75 billion (which may be increased by the Company); and creditors may voluntarily elect to exchange their existing debt claims into existing shares of Sunac Services Holdings Limited (“Sunac Services Shares”), subject to an aggregate cap of approximately 14.7% of the total issued Sunac Services Shares as of the date of approval of these financial statements; (2) creditors exchanging their remaining existing debt claims into up to eight series of new US\$ denominated senior notes (the “New Notes”). The New Notes will mature between two to up to nine years from the earlier of restructuring effective date or 30 September 2023; (3) providing part of the net income from disposal of assets as an additional source of funds for repaying the New Notes; while intending to provide consent fees to the creditors who support the restructuring plan before the relevant deadline (“Proposed Offshore Debt Restructuring Plan”);
- Together with the financial adviser, the Group has always maintained active communication with offshore creditors, and strived to obtain support from a sufficient number of relevant creditors to join and sign the restructuring support agreement as soon as possible, so as to complete the relevant legal procedures for implementing the Proposed Offshore Debt Restructuring Plan as soon as possible. The Directors are positive in obtaining the support of relevant creditors and completing the Proposed Offshore Debt Restructuring Plan.

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 2022. 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 2022. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2022 on a going concern basis is appropriate.

The management has formulated a number of plans and taken a number of measures, but the Group's ability to continue as a going concern still depends on (i) whether it can successfully complete the Proposed Offshore Debt Restructuring Plan and (ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings.

If the Group is unable to complete the Proposed Offshore Debt Restructuring Plan 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 amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16;*
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37;*
- *Annual Improvements to HKFRS Standards 2018-2020;*
- *Reference to the Conceptual Framework – Amendments to HKFRS 3; and*
- *Amendments to AG 5 Merger Accounting for Common Control Combinations.*

These amendments and improvements 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 2022 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.

	<b>Effective for the financial year beginning on or after</b>
<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>Classification of liabilities as current or non-current – Amendments to HKAS 1</i>	1 January 2024
<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 2024
<i>Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16</i>	1 January 2024
<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 of the Company 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, which is defined as segment results. The segment results exclude the fair value and disposal gains or losses on financial assets at FVPL and derivative financial instruments, 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 2022				
	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	82,841,791	4,765,158	7,126,161	5,483,505	100,216,615
<i>Recognised at a point in time</i>	53,456,932	1,868,907	395,000	569,705	56,290,544
<i>Recognised over time</i>	29,384,859	2,896,251	6,731,161	4,913,800	43,926,071
Inter-segment revenue	-	-	(862,818)	(2,602,033)	(3,464,851)
<b>Revenue from external customers</b>	<b>82,841,791</b>	<b>4,765,158</b>	<b>6,263,343</b>	<b>2,881,472</b>	<b>96,751,764</b>
<b>Segment gross (loss)/profit</b>	<b>(2,102,069)</b>	<b>1,585,957</b>	<b>1,635,050</b>	<b>440,429</b>	<b>1,559,367</b>
Net impairment losses on financial and contract assets	(2,228,184)	-	(116,578)	(125,533)	(2,470,295)
Net fair value (losses)/gains on investment properties	-	(362,000)	1,027	(222,226)	(583,199)
Interest income	2,797,283	-	32,059	-	2,829,342
Finance income	697,807	-	83,678	-	781,485
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	2,698,799	(2,135)	11,447	23,789	2,731,900
<b>Segment results</b>	<b>(13,427,304)</b>	<b>(1,399,764)</b>	<b>883,436</b>	<b>(1,554,589)</b>	<b>(15,498,221)</b>
<b>Other information</b>					
Capital expenditure	399,729	1,689,220	132,950	94,587	2,316,486

As at 31 December 2022

	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>
<b>Total segment assets</b>	<b>865,988,001</b>	<b>107,922,725</b>	<b>13,179,246</b>	<b>42,068,738</b>	<b>1,029,158,710</b>
Investments accounted for using the equity method	<b>74,960,868</b>	<b>22,000</b>	<b>60,291</b>	<b>659,837</b>	<b>75,702,996</b>
<b>Total segment liabilities</b>	<b>868,995,221</b>	<b>25,352,677</b>	<b>4,289,008</b>	<b>20,378,480</b>	<b>919,015,386</b>
Year ended 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 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)
<b>Revenue from external customers</b>	<b>178,877,717</b>	<b>5,722,730</b>	<b>5,639,704</b>	<b>8,146,583</b>	<b>198,386,734</b>
<b>Segment gross (loss)/profit</b>	<b>(5,349,898)</b>	<b>2,467,254</b>	<b>1,767,708</b>	<b>2,171,839</b>	<b>1,056,903</b>
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
<b>Segment results</b>	<b>(20,857,452)</b>	<b>(10,800,457)</b>	<b>1,238,259</b>	<b>1,662,440</b>	<b>(28,757,210)</b>
<b>Other information</b>					
Capital expenditure	<b>2,624,460</b>	<b>11,429,203</b>	<b>128,081</b>	<b>629,325</b>	<b>14,811,069</b>

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>
<b>Total segment assets</b>	<u>937,633,192</u>	<u>114,325,193</u>	<u>10,394,377</u>	<u>59,913,302</u>	<u>1,122,266,064</u>
Investments accounted for using the equity method	<u>78,780,367</u>	<u>88,275</u>	<u>77,601</u>	<u>608,927</u>	<u>79,555,170</u>
<b>Total segment liabilities</b>	<u>903,054,954</u>	<u>27,612,092</u>	<u>4,180,710</u>	<u>36,795,837</u>	<u>971,643,593</u>

Reportable segment results are reconciled to total loss as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Total segment results	<b>(15,498,221)</b>	(28,757,210)
Depreciation and amortisation	<b>(3,189,150)</b>	(3,781,902)
Finance costs	<b>(12,784,216)</b>	(2,100,002)
Other income and gains	<b>354,870</b>	–
Other expenses and losses	<b>(186,886)</b>	(9,034,467)
Income tax credits	<b>1,411,624</b>	1,673,623
<b>Loss for the year</b>	<u><b>(29,891,979)</b></u>	<u>(41,999,958)</u>

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

	<b>31 December</b> <b>2022</b> <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Total segment assets	<b>1,029,158,710</b>	1,122,266,064
Deferred tax assets	<b>33,401,631</b>	27,092,067
Other assets	<b>27,607,130</b>	27,196,757
<b>Total assets</b>	<u><b>1,090,167,471</b></u>	<u>1,176,554,888</u>
Total segment liabilities	<b>919,015,386</b>	971,643,593
Deferred tax liabilities	<b>22,959,345</b>	26,563,862
Other liabilities	<b>61,789,903</b>	53,673,187
<b>Total liabilities</b>	<u><b>1,003,764,634</b></u>	<u>1,051,880,642</u>

#### 4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Joint ventures	<b>58,327,840</b>	61,603,834
Associates	<b>17,375,156</b>	17,951,336
	<b><u>75,702,996</u></b>	<u>79,555,170</u>

The share of profits/(losses) from investments accounted for using the equity method recognised in the income statement were as follows:

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Share of profits of joint ventures	<b>2,768,521</b>	701,489
Share of (losses)/profits of associates	<b>(36,621)</b>	627,322
	<b><u>2,731,900</u></b>	<u>1,328,811</u>

##### 4.1 Investments in joint ventures

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

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	<b>61,603,834</b>	64,478,669
Increasing:		
– New investments in joint ventures	<b>1,044,791</b>	12,089,792
– Subsidiaries becoming joint ventures	<b>414,125</b>	–
Decreasing:		
– Disposal and capital decreasing of joint ventures	<b>(3,636,419)</b>	(4,562,702)
– Impact on assets acquisition transactions	<b>(1,871,038)</b>	(8,078,683)
Share of profits of joint ventures, net	<b>2,768,521</b>	701,489
Dividends from joint ventures	<b>(1,995,974)</b>	(3,024,731)
At end of year	<b><u>58,327,840</u></b>	<u>61,603,834</u>

## 4.2 Investments in associates

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	17,951,336	22,064,466
Increasing:		
– New investments in associates	899,499	3,257,088
– Subsidiaries becoming associates	1,664,758	–
Decreasing:		
– Disposal and capital decreasing of associates	(2,009,238)	(1,293,866)
– Impact on asset acquisition transactions	–	(5,308,259)
Share of (losses)/profits of associates, net	(36,621)	627,322
Dividends from associates	(1,094,578)	(1,395,415)
At end of year	<u>17,375,156</u>	<u>17,951,336</u>

## 5 TRADE AND OTHER RECEIVABLES

	31 December 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Non-current –		
Lease receivables	59,171	54,904
Other receivables (iii)	2,000	2,000
Amounts due from construction customers	–	48,000
	<u>61,171</u>	<u>104,904</u>
Current –		
Trade receivables from contracts with customers (i)	3,992,793	3,355,269
Amounts due from non-controlling interests and their related parties (ii)	29,729,420	33,957,944
Notes receivables	48,532	64,163
Deposits receivables	7,372,925	9,944,787
Other receivables (iii)	23,260,903	25,279,593
	<u>64,404,573</u>	<u>72,601,756</u>
Less: loss allowance	(4,963,460)	(5,124,037)
	<u>59,441,113</u>	<u>67,477,719</u>

As at 31 December 2022 and 2021, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

Notes:

- (i) 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:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Within 90 days	<b>1,954,481</b>	1,866,228
91–180 days	<b>333,652</b>	168,035
181–365 days	<b>405,619</b>	422,643
Over 365 days	<b>1,299,041</b>	898,363
	<b><u>3,992,793</u></b>	<u>3,355,269</u>

- (ii) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.
- (iii) 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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Non-current –		
Prepayments for equity transactions	<b>2,227,644</b>	3,466,015
Prepayments for purchases of property, plant and equipment	<b>55,771</b>	32,565
	<b><u>2,283,415</u></b>	<u>3,498,580</u>
Current –		
Prepayments for land use rights acquisitions	<b>6,622,671</b>	7,331,929
Prepaid value added taxes and other taxes	<b>6,153,693</b>	6,045,159
Prepayments for construction costs	<b>1,437,815</b>	1,371,507
Others	<b>1,663,249</b>	1,586,419
	<b><u>15,877,428</u></b>	<u>16,335,014</u>

## 7 TRADE AND OTHER PAYABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Non-current –		
Other payables (iv)	<b>67,950</b>	129,906
Current –		
Trade payables (i)	<b>91,868,352</b>	95,951,743
Notes payables	<b>30,427,842</b>	39,271,758
Amounts due to non-controlling interests and their related parties (ii)	<b>27,628,868</b>	36,269,544
Interests payable	<b>13,296,068</b>	5,174,922
Un-paid considerations for acquisition of equity investments	<b>11,413,930</b>	11,689,193
Other taxes payable	<b>7,892,560</b>	6,166,548
Payroll and welfare payables	<b>1,454,061</b>	1,556,368
Consideration payables arising from non-controlling shareholders' put option (iii)	<b>1,305,001</b>	1,305,001
Other payables (iv)	<b>71,680,369</b>	71,938,476
	<b>256,967,051</b>	269,323,553

### Notes:

- (i) As at 31 December 2022, 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:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Within 90 days	<b>36,497,276</b>	35,886,336
91-180 days	<b>8,403,980</b>	8,953,762
181-365 days	<b>16,511,770</b>	22,649,962
Over 365 days	<b>30,455,326</b>	28,461,683
	<b>91,868,352</b>	95,951,743

- (ii) The amounts due to non-controlling interests and their related parties were unsecured and had 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 2022, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB17.98 billion (as at 31 December 2021, RMB17.56 billion). The remaining balances mainly included deposits from customers, deed tax and maintenance funds received on behalf of customers, cash advanced for potential equity investment and amount due to equity investment partners.

## 8 BORROWINGS

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current</b>		
Secured,		
– Bank and other institution borrowings	<b>203,213,820</b>	224,968,774
– Senior notes	<b>53,531,981</b>	49,081,294
– Corporate bonds	<b>10,896,803</b>	–
– Private domestic corporate bonds	<b>3,191,882</b>	–
	<b>270,834,486</b>	274,050,068
Unsecured,		
– Bank and other institution borrowings	<b>15,996,152</b>	14,079,985
– Corporate bonds	–	11,620,725
– Private domestic corporate bonds	<b>971,580</b>	7,094,232
	<b>16,967,732</b>	32,794,942
	<b>287,802,218</b>	306,845,010
Less: current portion of non-current borrowings	<b>(242,859,201)</b>	(220,287,112)
	<b>44,943,017</b>	86,557,898
<b>Current</b>		
Secured,		
– Bank and other institution borrowings	<b>7,601,521</b>	14,149,304
Unsecured,		
– Bank and other institution borrowings	<b>3,015,478</b>	710,832
	<b>10,616,999</b>	14,860,136
Current portion of non-current borrowings	<b>242,859,201</b>	220,287,112
	<b>253,476,200</b>	235,147,248
Total borrowings	<b>298,419,217</b>	321,705,146

## 9 EXPENSES BY NATURE

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Costs of properties sold	<b>72,209,201</b>	152,234,565
Value-added tax surcharges	<b>896,767</b>	1,208,605
Staff costs	<b>6,017,696</b>	7,468,384
Provision for impairment of properties	<b>11,905,530</b>	31,062,431
Net impairment losses on financial and contract assets	<b>2,470,295</b>	6,890,928
Advertisement and promotion costs	<b>3,056,373</b>	4,353,128
Professional service expenses	<b>618,758</b>	1,178,519
Depreciation and amortisation*	<b>3,189,150</b>	3,781,902
Auditors' remunerations		
– Audit services	<b>21,690</b>	20,610
– Non-audit services	<b>160</b>	1,660

\* Depreciation and amortisation expense of RMB2.38 billion (2021: RMB2.85 billion) has been charged to “cost of sales”.

## 10 OTHER INCOME AND GAINS

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	<b>2,829,342</b>	3,699,478
Gains from disposal of subsidiaries	<b>534,781</b>	783
Gains from disposal of joint ventures and associates	<b>466,278</b>	51,731
Net fair value gains on financial assets at FVPL	<b>354,870</b>	–
Net fair value gains on investment properties	–	675,431
Others	<b>1,602,476</b>	1,746,597

## 11 OTHER EXPENSES AND LOSSES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Losses on disposal of joint ventures and associates	4,161,174	1,248,573
Losses from disposal of subsidiaries	3,963,282	9,494
Provision for litigation	913,731	169,216
Losses on disposal of property, plant and equipment, investment properties and land used rights	861,371	307,867
Net fair value losses on investment properties	583,199	–
Impairment provision for goodwill and other intangible assets	472,167	5,184,889
Losses on project demolition	126,261	2,033,807
Losses on disposal of financial assets at FVPL	108,903	8,613,479
Losses on derivative financial instruments	77,983	287,639
Donations	16,546	467,980
Impairment provision for property, plant and equipment	–	7,213,206
Others	473,574	858,458
	<u>11,758,191</u>	<u>26,394,608</u>

## 12 FINANCE INCOME AND EXPENSES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Finance expenses:		
Interest expenses	24,784,091	31,122,930
Interest expenses for lease liabilities	56,936	66,701
Less: capitalised finance costs	<u>(18,904,659)</u>	<u>(29,089,629)</u>
	5,936,368	2,100,002
Net exchange losses	<u>6,847,848</u>	<u>–</u>
	<u>12,784,216</u>	<u>2,100,002</u>
Finance income:		
Interest income on bank deposits	(781,485)	(1,517,103)
Net exchange gains	–	(1,679,229)
	<u>(781,485)</u>	<u>(3,196,332)</u>
	<u>12,002,731</u>	<u>(1,096,330)</u>

### 13 INCOME TAX CREDITS

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Corporate income tax		
<i>Current income tax</i>	4,851,022	10,752,537
<i>Deferred income tax</i>		
– Increase in deferred tax assets	(8,193,350)	(12,139,348)
– Decrease in deferred tax liabilities	(654,289)	(4,422,095)
	<u>(3,996,617)</u>	<u>(5,808,906)</u>
Land appreciation tax	2,584,993	4,135,283
	<u>(1,411,624)</u>	<u>(1,673,623)</u>

### 14 LOSS PER SHARE

#### (a) Basic

Basic loss per share is calculated by dividing the loss 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.

	2022	2021
Loss attributable to owners of the Company (RMB'000)	<u>(27,669,007)</u>	<u>(38,264,659)</u>
Weighted-average number of ordinary shares in issue (thousand)	5,434,024	4,704,582
Adjusted for shares repurchased for share award scheme (thousand)	<u>(76,325)</u>	<u>(79,363)</u>
Weighted-average number of ordinary shares for basic loss per share (thousand)	<u>5,357,699</u>	<u>4,625,219</u>

#### (b) Diluted

For the years ended 31 December 2022 and 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.

## **15 DIVIDENDS**

The dividends paid in 2021 were RMB7.69 billion (RMB1.650 per share) and no dividend was paid in 2022. No final dividend was recommended in respect of the year ended 31 December 2022.

## **16 EVENTS AFTER THE BALANCE SHEET DATE**

Except for the latest progress of the offshore debt restructuring as disclosed in Note 2(iii) to this announcement, the Group had no material subsequent events after 31 December 2022.

## **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 2022:

### **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 approximately RMB29.89 billion for the year ended 31 December 2022 and, as at 31 December 2022, the Group had net current liabilities of approximately RMB96.07 billion. The Group’s current and non-current borrowings amounted to approximately RMB253.48 billion and RMB44.94 billion as at 31 December 2022 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB37.54 billion. As at 31 December 2022, the Group had not repaid borrowings of approximately RMB80.89 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings of approximately RMB85.50 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 approximately RMB100.52 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of approximately RMB83.55 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 Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and have developed debt solutions which are 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 plans and measures, which are subject to multiple uncertainties, including (i) the successful completion of Proposed Offshore Debt Restructuring Plan (defined in note 2.1(iii) to the consolidated financial statements); and (ii) the successful negotiation with lenders on the extension of borrowings or the deferral of the repayment of the Group's borrowings.

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 as mentioned in note 2.1(iii) 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.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2021 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *1 Revenue*

For the year ended 31 December 2022, most of the Group's revenue came from sales of residential and commercial properties business, and the other revenue came from cultural and tourism city construction and operation, property management and other businesses.

As at 31 December 2022, the Group's national strategic layout of real estate development business consisted of core cities in the Yangtze River Delta, Bohai Rim, South China, Central regions and Western regions, which are divided into 9 major regional groups for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Shenyang, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou, Shenzhen and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Cheng Yu region (including Chongqing and Chengdu, etc.) and Yun Gui region (including Kunming and Guiyang, etc.).

Total revenue of the Group for the year ended 31 December 2022 amounted to approximately RMB96.75 billion, representing a decrease of approximately 51.2% compared with the total revenue of approximately RMB198.39 billion for the year ended 31 December 2021.

For the year ended 31 December 2022, the total revenue of the Group and its joint ventures and associates was approximately RMB265.54 billion, representing a decrease of approximately RMB123.99 billion (approximately 31.8%) as compared with the total revenue of approximately RMB389.53 billion for the year ended 31 December 2021, of which approximately RMB159.49 billion was attributable to owners of the Company, representing a decrease of approximately RMB99.31 billion (approximately 38.4%) as compared to approximately RMB258.80 billion for the year ended 31 December 2021.

The following table sets forth certain details of the revenue:

	<b>Year ended 31 December</b>			
	<b>2022</b>		<b>2021</b>	
	<i>RMB billion</i>	<i>%</i>	<i>RMB billion</i>	<i>%</i>
Revenue from sales of properties	<b>82.84</b>	<b>85.6%</b>	178.88	90.2%
Cultural and tourism city construction and operation income	<b>4.77</b>	<b>4.9%</b>	5.72	2.9%
Property management income	<b>6.26</b>	<b>6.5%</b>	5.64	2.8%
Revenue from other business	<b>2.88</b>	<b>3.0%</b>	8.15	4.1%
<b>Total</b>	<b><u>96.75</u></b>	<b><u>100.0%</u></b>	<b><u>198.39</u></b>	<b><u>100.0%</u></b>
Total gross floor area delivered during the year (in million sq.m.)	<b>8.096</b>		16.151	

For the year ended 31 December 2022, revenue from sales of properties decreased by approximately RMB96.04 billion (approximately 53.7%) as compared with that for the year ended 31 December 2021. Total area of delivered properties decreased by approximately 8.055 million square meters (“sq.m.”) (approximately 49.9%) as compared with that for the year ended 31 December 2021, mainly due to the decrease in delivered areas and average selling price of property projects delivered in some areas for the year ended 31 December 2022 as compared with that for the year ended 31 December 2021 under such a grim environment caused by the downturn in the real estate industry and the COVID-19 epidemic in 2022.

## **2** *Cost of Sales*

Cost of sales mainly includes the costs incurred directly in the course of property development for the Group's properties sold.

For the year ended 31 December 2022, the Group's cost of sales was approximately RMB97.57 billion, representing a decrease of approximately RMB102.61 billion (approximately 51.3%) as compared to the cost of sales of approximately RMB200.18 billion for the year ended 31 December 2021, mainly due to the decrease in the delivery area of the properties.

## **3** *Gross Loss*

For the year ended 31 December 2022, the Group's gross loss was approximately RMB0.82 billion, representing a decrease of approximately RMB0.97 billion as compared with the gross loss of approximately RMB1.79 billion for the year ended 31 December 2021.

For the year ended 31 December 2022, the Group's gross profit margin was approximately minus 0.8%, almost equal to approximately minus 0.9% for the year ended 31 December 2021.

For the year ended 31 December 2022, 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 RMB3.08 billion. The Group's gross profit would have been approximately RMB9.10 billion and gross profit margin would have been approximately 9.4% for the year ended 31 December 2022 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 2022, total gross profit of the Group and its joint ventures and associates was approximately RMB19.01 billion, with a gross profit margin of approximately 7.2%, of which approximately RMB7.93 billion was gross profit attributable to owners of the Company. 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.

#### **4 *Selling and Marketing Costs and Administrative Expenses***

The Group's selling and marketing costs decreased by approximately 34.0% from approximately RMB8.77 billion for the year ended 31 December 2021 to approximately RMB5.79 billion for the year ended 31 December 2022. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the year ended 31 December 2022.

The Group's administrative expenses decreased by approximately 17.2% from approximately RMB8.43 billion for the year ended 31 December 2021 to approximately RMB6.98 billion for the year ended 31 December 2022.

#### **5 *Other Income and Gains***

For the year ended 31 December 2022, the Group recognised other income and gains of approximately RMB5.79 billion, which mainly comprised income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB2.83 billion and the gain from the disposal of subsidiaries, joint ventures and associates of approximately RMB1.00 billion. The Group recorded a decrease in other income and gains of approximately RMB0.38 billion as compared with that for the year ended 31 December 2021 of approximately RMB6.17 billion, mainly due to the decrease in capital utilisation fees received from joint ventures and associates, etc.

#### **6 *Other Expenses and Losses***

For the year ended 31 December 2022, other expenses and losses recognised by the Group amounted to approximately RMB11.76 billion, mainly including the loss of approximately RMB8.12 billion from the disposal of subsidiaries, joint ventures and associates and the loss of approximately RMB0.86 billion from the disposal of property, plant and equipment, investment properties and land used rights. The Group recorded a decrease in other expenses and losses of approximately RMB14.63 billion as compared with that for the year ended 31 December 2021 of approximately RMB26.39 billion, mainly because the Group recorded an investment loss of approximately RMB8.34 billion from the disposal of shares of Beike during the year ended 31 December 2021 and made an impairment provision of approximately RMB12.40 billion for the assets and goodwill of the Culture & Tourism City while there were no losses in the other expenses and losses for the year ended 31 December 2022; and losses from disposal of property projects and certain other assets increased during the year.

## **7 *Net Impairment Losses on Financial and Contract Assets***

Given the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, for the year ended 31 December 2021, the Group made provisions for expected credit losses of approximately RMB6.89 billion on amounts due from related companies, amounts due from non-controlling interests and other receivables, and made further provisions for expected credit losses of approximately RMB2.47 billion during the year ended 31 December 2022.

## **8 *Operating Loss***

Concluding from the above analysis, the Group's operating loss decreased by approximately RMB24.07 billion from approximately RMB46.10 billion for the year ended 31 December 2021 to approximately RMB22.03 billion for the year ended 31 December 2022, mainly due to the following reasons:

- (i) gross loss decreased by approximately RMB0.97 billion;
- (ii) selling and marketing costs and administrative expenses decreased by approximately RMB4.43 billion;
- (iii) net impairment losses on financial and contract assets decreased by approximately RMB4.42 billion; and
- (iv) other income and gains decreased by approximately RMB0.38 billion and other expenses and losses decreased by approximately RMB14.63 billion.

## **9 Finance Income and Expenses**

The Group's finance expenses increased by approximately RMB10.68 billion from approximately RMB2.10 billion for the year ended 31 December 2021 to approximately RMB12.78 billion for the year ended 31 December 2022, and finance income decreased by approximately RMB2.42 billion from approximately RMB3.20 billion for the year ended 31 December 2021 to approximately RMB0.78 billion for the year ended 31 December 2022 at the same time, mainly due to the following reasons:

- (i) due to the downturn in the real estate industry and the COVID-19 epidemic, construction progress of the Group's projects slowed down, resulting in a decrease in delivered areas and proportion of capitalized interests in total interest expenses as compared to that of the year ended 31 December 2021, which led to an increase of approximately RMB3.84 billion in expensed interest from approximately RMB2.10 billion for the year ended 31 December 2021 to approximately RMB5.94 billion for the year ended 31 December 2022; and
- (ii) due to the change in trend of foreign exchange rates fluctuations, the exchange gain or loss of the Group turned from a net exchange gain of approximately RMB1.68 billion for the year ended 31 December 2021 to a net exchange loss of approximately RMB6.85 billion for the year ended 31 December 2022.

## **10 Share of Post-Tax Profits of Investments Accounted for Using the Equity Method, Net**

Share of post-tax profits of investments accounted for using the equity method, net recognised by the Group increased by approximately RMB1.40 billion from approximately RMB1.33 billion for the year ended 31 December 2021 to approximately RMB2.73 billion for the year ended 31 December 2022, mainly due to the decrease in the provision for impairment of properties made by associates and joint ventures of the Group as compared with the year ended 31 December 2021.

## 11 Loss

Loss of the Group attributable to owners of the Company decreased by approximately RMB10.59 billion from approximately RMB38.26 billion for the year ended 31 December 2021 to approximately RMB27.67 billion for the year ended 31 December 2022. 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, subsidiaries and investments in joint ventures and associates, exchange gain or loss, charitable donations and losses on project demolition, loss attributable to owners of the Company (the “core net loss”, a non-GAAP financial measure) decreased by approximately RMB11.44 billion from approximately RMB25.30 billion for the year ended 31 December 2021 to approximately RMB13.86 billion for the year ended 31 December 2022.

The table below sets out loss attributable to owners of the Company and other non-controlling interests for the stated periods:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB billion</i></b>	<b><i>RMB billion</i></b>
Loss during the year	<b><u>(29.89)</u></b>	<b><u>(42.00)</u></b>
Attributable to:		
Owners of the Company	<b>(27.67)</b>	<b>(38.26)</b>
Other non-controlling interests	<b><u>(2.22)</u></b>	<b><u>(3.74)</u></b>
	<b><u>(29.89)</u></b>	<b><u>(42.00)</u></b>

## *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 RMB37.54 billion as at 31 December 2022 from approximately RMB69.20 billion as at 31 December 2021, of which non-restricted cash decreased to approximately RMB11.60 billion as at 31 December 2022 from approximately RMB14.34 billion as at 31 December 2021.

Decrease in non-restricted cash was mainly due to:

- (i) approximately RMB20.74 billion of net cash inflow from operating activities;
- (ii) approximately RMB5.57 billion of net cash inflow from investing activities;  
and
- (iii) approximately RMB29.11 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 2022, the total borrowings of the Group were approximately RMB298.42 billion, representing a decline of approximately RMB23.29 billion as compared to approximately RMB321.71 billion as at 31 December 2021. Approximately RMB278.44 billion (as at 31 December 2021: approximately RMB288.20 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 RMB231.85 billion (as at 31 December 2021: approximately RMB254.30 billion)) and equities or disposal gains of certain of the Group's subsidiaries.

As at 31 December 2022, the total borrowings of the Group and its joint ventures and associates were approximately RMB404.25 billion, representing a decline of approximately RMB64.17 billion as compared to approximately RMB468.42 billion as at 31 December 2021, of which the total borrowings of joint ventures and associates were approximately RMB105.83 billion, representing a decline of approximately RMB40.88 billion as compared to approximately RMB146.71 billion as at 31 December 2021.

### **14 Gearing Ratio**

The gearing 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 balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 31 December 2022, the Group's gearing ratio was approximately 75.2%, representing an increase as compared to approximately 67.0% as at 31 December 2021.

The Group's gearing ratio experienced fluctuations this year. The Group will proactively deal with debt situation, continue to accelerate sales, and 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 of changes in market interest rates.

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

	<b>As at 31 December 2022 RMB billion</b>	As at 31 December 2021 RMB billion
Floating interests		
Less than 12 months	<b>56.77</b>	45.22
1-5 years	<b>4.13</b>	18.44
Over 5 years	—	3.31
	<hr/>	<hr/>
Subtotal	<b>60.90</b>	66.97
	<hr/>	<hr/>
Fixed interests		
Less than 12 months	<b>196.71</b>	189.93
1-5 years	<b>37.22</b>	59.48
Over 5 years	<b>3.59</b>	5.33
	<hr/>	<hr/>
Subtotal	<b>237.52</b>	254.74
	<hr/>	<hr/>
Total	<b>298.42</b>	321.71
	<hr/> <hr/>	<hr/> <hr/>

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 2022, the Group recorded an exchange loss in the amount of approximately RMB6.85 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 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 RMB102.09 billion as at 31 December 2022 as compared with approximately RMB156.72 billion as at 31 December 2021. 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 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 2022 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,

Since the fourth quarter of 2021, the industry environment has been constantly changing. A number of situations went beyond the Group's expectation. The Group has proactively taken all necessary measures to ensure stable cash flow. However, sales have declined precipitously since March 2022, and various funding proposals such as asset disposals and targeted financing, which were aggressively promoted to satisfy the liquidity requirements in the second quarter of 2022, could not be implemented due to the unfavorable changes in the external environment, resulting in the Group encountering liquidity issues and facing unprecedented operating pressure in the past year. On behalf of the Board, I would like to express my sincere apologies to the stakeholders for any inconvenience that has been caused. At the same time, I am also very grateful for your patience, understanding and trust in the Group.

On the one hand, the Group continuously reflects on and summarizes its own problems, on the other hand, the management and employees are working in unity and making every effort to find a way out of the difficult situation. Since 2022, the Group has made positive progress in the main risk mitigation work.

The Group has been actively pushing forward the restructuring process of onshore and offshore public bonds. With the support of all parties, the onshore open market bond restructuring had been completed by the end of 2022, and significant progress has been made in the offshore debt restructuring. On 28 March 2023, the Group and the AHG entered into the restructuring support agreement in relation to the offshore debt restructuring plan. The Group will strive to complete the necessary legal procedures for the offshore debt restructuring within 2023. The Group believes that the successful restructuring of onshore and offshore public bonds, and the release of this annual results announcement are critical milestones for the Group to resume normal operations, and also lay a solid foundation to support the continuous business recovery of the Group.

The Group has been working closely with asset-management companies to raise capital for its high-quality projects and to revitalize its assets. Benefiting from the Group's good asset quality and market reputation, the cooperation between the Group and major asset-management companies has progressed smoothly. At present, the Group has, amongst others, revitalized the Shanghai Dongjiadu project and the Wuhan Tao Hua Yuan project, with an aggregate fundraising of over RMB20 billion. Currently, several other

projects are in progress. Through the collaboration with asset-management companies, the Group will hopefully be able to revitalize more high-quality projects and drive the overall recovery of the Group's business.

A majority of the Group's onshore project level loans remain normal, particularly for projects in core cities or those in cooperation with strong joint venture partners. For those project loans that require extension due to the market downturn, the Group has been actively seeking support from the financial institutions. For bank loans, reasonable extension is being sought through the negotiations between headquarters. For certain trust loans that are subject to more constraints on extension, the Group is also actively liaising with relevant financial institutions to formulate holistic resolutions, such as bringing in third-party financing from asset management companies, or AMCs. Overall speaking, the Group has quality assets, and a majority of the Group's project loans are secured by sufficient underlying assets. In future, the Group will continue to actively communicate with financial institutions to resolve financing issues at project level.

The Group regarded ensuring property project delivery as its primary operational objective while actively responding to the government's requirement of property project delivery, and fulfilled its primary responsibility. The Group has been actively applying for special funds for guaranteed home delivery, ancillary financing and other types of supportive financing, in order to ensure the development and construction and the smooth completion and delivery of the property projects. Currently, the Group has received the first batch of special funds for guaranteed home delivery in the aggregate amount of approximately RMB11 billion. At the same time, the Group has made significant progress in the application for the second batch of special funds, and, so far, additional special funds have been approved by the relevant government departments for dozens of projects. Furthermore, the Group is also actively discussing with banks for guaranteed home delivery ancillary financing, and has so far received such financing for a number of projects. As it still takes time for the financing market and contracted sales to recover, such special funds are crucial for resumption of project work and construction and project delivery as well as for future recovery. In 2022, the Group achieved the delivery of over 180,000 houses in 84 cities. The Group will strive to take full advantage of the policy opportunities to support and ensure the development, construction, completion and delivery of its property projects by applying for guaranteed home delivery special borrowings, securing guaranteed home delivery ancillary financing from banks, and continuing its efforts to revitalize quality projects in collaboration with asset management companies and other financial institutions.

In 2022, the Group, together with its joint ventures and associates, recorded contracted sales of approximately RMB169.33 billion, representing a significant decline as compared with last year. Currently, the real estate sales market is in the process of gradual recovery following a series of supportive policies. With the recovery of the overall economy and the restoration of market confidence, the Group believes that contracted sales will continue to improve in the second half of 2023. The Group will increase its supply during this recovery window to facilitate the recovery of contracted sales in the second half of 2023, which will in turn support the improvement of confidence of all parties, and better promote the recovery of the operation.

In 2022, Sunac Services Holdings Limited (“Sunac Services”, stock code: 01516.HK), the property management segment of the Group, maintained stable core business, responded proactively to changes in the industry and achieved remarkable improvements in receivables, cash flow and profit in the second half of the year. At the same time, it maintained a rising trend for its business management scale and made achievements in market exploration in terms of quantity and quality. In 2022, the ice and snow segment of the Group maintained good development trend with accelerated layout of new ski resorts, and new businesses such as ski training centers and membership also recorded steady growth. As at the end of 2022, the number of operating ski resorts under the management of the ice and snow segment reached 12 (including 7 indoor and 5 outdoor ski resorts). Currently, it has developed into a world-leading one-stop operation and service provider covering ski sports, education and entertainment in the new spending environment, the leading brand in sports education, and the No.1 trading and operating platform in China’s skiing industry.

Looking into the future, I strongly believe in the gradual recovery of the business of the Group, on the basis of, on the one hand, the many favorable policies that have been rolled out by the government to support the overall economic growth and stabilize the real estate industry, as a result of which the external environment will continue to improve, and, on the other hand, the solid asset quality and strong brand, and the resilient and hardworking team of the Group. With the assistance and support from all parties, the Group will be able to orderly resolve problems, overcome difficulties and restore the normal course of operations to come back on track for a healthy business development.

## Summary of Land Bank

As at 31 December 2022, the Group and its joint ventures and associates were engaged in a total of 890 property development projects, and the Group and its joint ventures and associates had a total land bank of approximately 218 million sq.m. and attributable land bank of approximately 130 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	2,930.6	6,129.2
	Wenzhou	2,466.7	3,029.6
	Wuxi	1,615.3	2,676.4
	Shaoxing	1,549.3	3,000.7
	Shanghai	1,395.9	3,227.0
	Xuzhou	1,371.9	1,858.7
	Jiaxing	1,193.9	1,483.8
	Ningbo	920.5	1,716.4
	Suzhou	865.5	1,752.6
	Nanjing	704.3	1,676.7
	Nantong	690.6	1,303.0
	Changzhou	602.9	975.2
	Others	2,503.7	6,002.7
		<b>Subtotal</b>	<b>18,811.1</b>

<b>Urban circle</b>	<b>City</b>	<b>Attributable land bank '000 sq.m.</b>	<b>Total land bank '000 sq.m.</b>
Bohai Rim	Qingdao	8,238.8	12,140.0
	Tianjin	6,638.5	7,748.1
	Ji'nan	4,032.3	6,277.9
	Taiyuan	2,376.0	3,741.3
	Dalian	2,042.2	2,123.9
	Harbin	1,796.9	3,203.4
	Shijiazhuang	1,188.6	2,014.9
	Beijing	1,140.6	1,904.6
	Shenyang	1,059.5	2,425.1
	Yantai	946.7	1,601.2
	Tangshan	877.4	1,075.1
	Langfang	839.9	1,521.5
	Daqing	546.1	546.1
	Others	1,837.8	2,479.1
		<b>Subtotal</b>	<b>33,561.3</b>
Southern China	Jiangmen	3,303.3	4,097.2
	Qingyuan	1,587.8	1,722.4
	Hainan Province	1,526.5	2,562.4
	Guangzhou	1,397.6	2,842.2
	Zhongshan	728.2	852.4
	Huizhou	699.4	733.7
	Shenzhen	659.8	1,272.7
	Zhuhai	640.0	690.3
	Zhaoqing	634.5	762.4
	Foshan	559.7	956.1
	Fuzhou	523.2	1,291.8
	Others	1,621.9	3,622.9
	<b>Subtotal</b>	<b>13,881.9</b>	<b>21,406.5</b>

<b>Urban circle</b>	<b>City</b>	<b>Attributable land bank '000 sq.m.</b>	<b>Total land bank '000 sq.m.</b>
Core Western China	Chongqing	11,072.3	16,782.4
	Meishan	6,262.3	12,028.3
	Xi'an	6,028.9	11,000.2
	Kunming	3,310.0	6,486.6
	Xishuangbanna	2,505.1	3,162.8
	Chengdu	2,445.6	6,319.4
	Guiyang	2,413.6	4,517.9
	Guilin	1,960.7	3,598.0
	Nanning	1,465.5	2,958.8
	Dali	1,235.2	2,058.7
	Yinchuan	1,196.1	1,380.7
	Liuzhou	933.2	2,131.7
	Beihai	702.3	1,706.3
	Others	4,727.3	10,465.4
		<b>Subtotal</b>	<b>46,258.1</b>
Core Central China	Wuhan	7,112.6	12,545.4
	Zhengzhou	4,906.5	6,481.2
	Changsha	1,990.1	2,599.9
	Yueyang	656.0	1,338.8
	Nanchang	611.6	968.1
	Ezhou	572.4	1,244.6
	Xianning	569.3	813.3
	Others	1,150.6	2,209.3
	<b>Subtotal</b>	<b>17,569.1</b>	<b>28,200.6</b>
	<b>Total</b>	<b>130,081.5</b>	<b>217,838.5</b>

## **OTHER INFORMATION**

### **Final Dividend**

The Board did not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

### **Placing of Existing Shares and Subscription of New Shares during the Year**

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 of the Company (the “Shares”) at a price of HK\$10 per Share on behalf of the Vendor, 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 for new Shares are set out in the announcement of the Company dated 13 January 2022.

### **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 2022, the trustee of the Share Award Scheme did not purchase any of the Shares. As at 31 December 2022, 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.

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 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.

## **Subsequent Events**

### ***Lasted Progress of the Offshore Debt Restructuring***

The Company has been working closely with its legal and financial advisors to formulate a viable offshore debt restructuring plan aimed at addressing current liquidity pressure of the Company, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the “AHG”), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring for the Company’s offshore indebtedness (the “Restructuring”).

On 28 March 2023, the Company and the AHG entered into the restructuring support agreement (the “RSA”) in relation to the terms of the Restructuring. The contemplated Restructuring is intended to (i) provide the Company with a long-term, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible. Further information on the RSA and the terms of the Restructuring are set out in the announcement of the Company dated 28 March 2023.

## **Employee and Remuneration Policy**

As at 31 December 2022, the Group had a total of 44,959 employees (as at 31 December 2021: 72,147 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 2022, 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 2022, 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 2022.

## **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 2022 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](http://www.hkexnews.hk)) as well as the website of the Company ([www.sunac.com.cn](http://www.sunac.com.cn)). The Company’s 2022 annual report, the AGM circular, the notice of AGM, the proxy form for use at the AGM and relevant 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 on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the Shares 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, 31 March 2023

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