Sunkwan Properties Group Limited
上坤地產集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6900)

(1) DELAY IN PUBLICATION OF THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022; AND (2) ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

(1) DELAY IN PUBLICATION OF THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Pursuant to Rule 13.49(1) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Sunkwan Properties Group Limited (the "**Company**", "**we**", "**our**" or "**us**", together with its subsidiaries, collectively, the "**Group**") is required to publish an announcement in relation to its preliminary results in respect of the year ended 31 December 2022 (the "**2022 Annual Results**") not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2022. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2022 Annual Results shall be based on the Company's financial statements for the year ended 31 December 2022 which shall have been agreed with the auditor of the Company.

The board (the "**Board**") of directors (the "**Director(s)**") of the Company wishes to announce that the publication of the 2022 Annual Results will be delayed as additional time is required for assisting the auditor to complete audit work. Such delay was primarily due to the lack of manpower following recent resignations of key personnel of the Group. The Board acknowledges that any delay in publishing the 2022 Annual Results will constitute non-compliance with Rule 13.49(1) of the Listing Rules. The Board and the management of the Company have been working to expedite the publication of the announcement of 2022 Annual Results (the "**2022 Annual Results Announcement**") as soon as practicable.

(2) ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board hereby announces that the unaudited consolidated results of the Group for the year ended 31 December 2022 (the "**Year**"), together with comparative figures for the preceding financial year are as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Audited)
REVENUE	*3*	**3,034,126**	**8,340,071**
Cost of sales		**(3,614,816)**	**(7,167,914)**
GROSS (LOSS)/PROFIT		**(580,690)**	1,172,157
Finance income		**11,400**	83,849
Other income and gains	*3*	**7,868**	96,891
Selling and distribution expenses		**(193,481)**	(267,339)
Administrative expenses		**(185,270)**	(323,303)
Impairment losses on financial assets		**(117,784)**	(1,286)
Other expenses		**(370,572)**	(13,523)
Fair value (losses)/gains on investment properties		**(76,584)**	48,448
Fair value losses on financial assets at fair value through profit or loss		**(2,446)**	(74,220)
Finance costs	*4*	**(385,981)**	(322,520)
Share of profits and losses of:			
Joint ventures		**(130,527)**	34,465
Associates		**(8,398)**	(11,710)
(LOSS)/PROFIT BEFORE TAX	*5*	**(2,032,465)**	421,909
Income tax (expense)/credit	*6*	**(210,913)**	161,597
(LOSS)/PROFIT FOR THE YEAR		**(2,243,378)**	583,506
(Loss)/Profit attributable to:			
Owners of the parent		**(1,937,003)**	250,057
Non-controlling interests		**(306,375)**	333,449
		(2,243,378)	583,506
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings/(loss) per share	*8*	**RMB(0.93)**	RMB0.12

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**130,747**	137,837
Right-of-use assets		**329**	2,438
Investment properties		**2,148,600**	2,483,200
Intangible assets		**789**	1,321
Investments in joint ventures		**210,400**	612,502
Investments in associates		**1,972,202**	1,972,217
Deferred tax assets		**377,512**	616,919
Total non-current assets		**4,840,579**	5,826,434
CURRENT ASSETS			
Properties under development	*9*	**19,051,139**	19,739,521
Completed properties held for sale		**497,271**	784,269
Trade receivables	*10*	**33,631**	23,879
Due from related companies		**3,401,340**	4,909,111
Contract cost assets		**261,730**	174,931
Prepayments, other receivables and other assets		**3,385,078**	4,031,040
Tax recoverable		**226,468**	292,665
Financial assets at fair value through profit or loss		**20,865**	110,597
Restricted cash		**1,148,500**	1,471,491
Pledged deposits		**21,000**	64,828
Cash and cash equivalents		**221,134**	2,946,780
Total current assets		**28,268,156**	34,549,112
CURRENT LIABILITIES			
Trade and bills payables	*11*	**1,778,221**	2,101,183
Other payables and accruals		**2,896,954**	3,184,260
Contract liabilities		**12,215,815**	13,741,819
Due to related companies		**664,223**	695,846
Interest-bearing bank and other borrowings		**4,547,374**	3,147,335
Provision for financial guarantee contracts		**57,232**	35,303
Senior notes		**2,643,363**	2,633,520
Tax payables		**877,636**	1,297,608
Lease liabilities		**51,609**	30,014
Total current liabilities		**25,732,427**	26,866,888
NET CURRENT ASSETS		**2,535,729**	7,682,224
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,376,308**	13,508,658

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**3,213,234**	5,444,218
Deferred tax liabilities	**141,551**	187,165
Lease liabilities	**–**	25,169
Total non-current liabilities	**3,354,785**	5,656,552
Net assets	**4,021,523**	7,852,106
EQUITY		
Equity attributable to owners of the parent		
Share capital	**14**	14
Reserves	**511,687**	2,501,209
	511,701	2,501,223
Non-controlling interests	**3,509,822**	5,350,883
Total equity	**4,021,523**	7,852,106

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 21 August 2018. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 November 2020. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing and providing project management services in the People's Republic of China (the "**PRC**").

In the opinion of the directors, the holding company and the ultimate holding company of the Company is FULVA Holdings Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

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

Going Concern Basis

The Group recorded a net loss of RMB2,243,378,000 for the year ended 31 December 2022. As at 31 December 2022, the Group's total bank and other borrowings and senior notes amounted to RMB10,403,971,000, out of which RMB7,190,737,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB221,134,000. As at 31 December 2022, the Group had not repaid an aggregate amount of principal and interest of RMB1,487,000 for senior notes due July 2022, an aggregate amount of principal of RMB89,317,000 for senior notes due July 2023, triggering events of default for certain senior notes amounted to RMB2,552,559,000. As at 31 December 2022, an aggregate amount of principal of RMB1,258,026,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering interest-bearing bank and other borrowings of RMB441,530,000 repayable on demand for early repayment by the debt holders.

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

(i) The Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's bank and other borrowings.

(ii) The Group will continue to actively communicate with banks to timely secure relevant project development loans for qualified project development.

(iii) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

(iv) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties.

(v) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;

(ii) successfully securing project development loans for qualified project development timely;

(iii) successfully obtaining additional new sources of financing as and when needed;

(iv) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;

(v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) successfully disposing of the Group's equity interests in project development companies when suitable.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. The amendment did not have significant impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

Notes:

1. Effective for annual periods beginning on or after 1 January 2023
2. Effective for annual periods beginning on or after 1 January 2024
3. No mandatory effective date yet determined but available for adoption
4. As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.
5. As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6. An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17.

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment,the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognised a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 *RMB'000* (Unaudited)	2021 *RMB'000* (Audited)
Revenue from contracts with customers	**2,981,655**	8,279,845
Revenue from other sources		
Gross rental income from investment property operating leases	**52,471**	60,226
	3,034,126	8,340,071

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022 *RMB'000* (Unaudited)	2021 *RMB'000* (Audited)
Types of goods or services:		
Sale of properties	**2,966,236**	8,158,783
Project management services	**15,419**	121,062
Total revenue from contracts with customers	**2,981,655**	8,279,845
Timing of revenue recognition:		
Properties transferred at a point in time	**2,966,236**	8,158,783
Services transferred over time	**15,419**	121,062
Total revenue from contracts with customers	**2,981,655**	8,279,845

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of respective periods and recognised from performance obligations satisfied in previous periods:

	2022 *RMB'000* (Unaudited)	2021 *RMB'000* (Audited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sale of properties	**2,596,516**	5,688,892

(ii) Performance obligations

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

Sales of properties

The performance obligation is satisfied when the purchaser obtains the physical possession or the legal title of the completed property and the Group has the right to payment and collection of the consideration if probable.

Project management services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sales of properties as at the end of the year are as follows:

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Amounts expected to be recognised as revenue:		
Within one year	**7,007,857**	7,657,472
After one year	**5,076,677**	8,177,546
	12,084,534	15,835,018

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income and gains		
Exchange gains	**–**	39,175
Gain on disposal of subsidiaries	**–**	27,157
Gain on disposal of a joint venture	**3,170**	–
Gain on disposal of items of property, plant and equipment	**253**	–
Remeasurement gain on an investment in a joint venture held before business combination	**–**	23,907
Government grants	**692**	3,402
Forfeiture of deposits	**2,450**	1,939
Others	**1,303**	1,311
	7,868	96,891

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 *RMB'000* (Unaudited)	2021 *RMB'000* (Audited)
Interest on interest-bearing bank and other borrowings	**1,370,985**	1,324,321
Interest on lease liabilities	**2,795**	2,649
Interest expense arising from revenue contracts	**427,094**	394,903
Total interest expense on financial liabilities not at fair value through profit or loss	**1,800,874**	1,721,873
Less: Interest capitalised	**(1,414,893)**	(1,399,353)
	385,981	322,520

5. (LOSS)/PROFIT BEFORE TAX

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

	2022 *RMB'000* (Unaudited)	2021 *RMB'000* (Audited)
Cost of properties sold	**2,531,438**	6,999,276
Impairment losses recognised for properties under development and completed properties held for sales	**1,074,615**	126,998
Impairment losses recognised/(reversed) for financial assets	**117,784**	1,286
Depreciation of property, plant and equipment	**7,221**	7,611
Depreciation of right-of-use assets	**2,109**	3,437
Losses/(gains) on disposal of subsidiaries, net	**105,632**	(27,157)
Lease payments not included in the measurement of lease liabilities	**1,868**	5,903
Foreign exchange difference, net	**242,430**	(35,425)
Changes in provision for financial guarantee contracts	**21,929**	–
Auditor's remuneration	**4,500**	5,250
Amortisation of intangible assets	**532**	845
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**140,771**	180,931
Pension scheme contributions and social welfare	**17,985**	41,846
Employee share-based compensation expense	**18,250**	11,000

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong for the year ended 31 December 2022.

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

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

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax:		
Corporate income tax	**86,031**	318,463
LAT	**34,617**	(428,596)
Deferred tax	**90,265**	(51,464)
Total tax (credit)/charge for the year	**210,913**	(161,597)

7. DIVIDENDS

The recommendation and payment of a final dividend for the year ended 31 December 2022 will be announced in the 2022 Annual Results Announcement, if any.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,072,940,000 (2021: 2,072,940,000) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2022 and 2021 was based on 2,072,940,000 shares of the Company as at 1 January 2021.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

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

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**(1,937,003)**	250,057

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	**2,072,940,000**	2,072,940,000
Earnings per share		
Basic and diluted	**RMB (0.93)**	RMB0.12

9. PROPERTIES UNDER DEVELOPMENT

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At the beginning of the year	**19,739,521**	12,495,168
Additions	**6,440,496**	13,541,849
Acquisition of subsidiaries	**–**	2,373,586
Disposal of subsidiaries	**(3,684,302)**	(2,617,737)
Transferred from investment properties	**–**	1,281,200
Transferred to completed properties held for sale	**(2,430,668)**	(7,179,525)
Transferred to investment properties	**–**	(160,143)
Impairment losses recognised	**(1,044,865)**	(126,998)
Impairment losses transferred to completed properties held for sale	**30,957**	132,121
At the end of the year	**19,051,139**	19,739,521

The Group's properties under development are situated on leasehold land in Mainland China.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB12,490,671,000 (2021: RMB11,672,587,000) as at 31 December 2022 have been pledged to secure bank and other borrowings granted to the Group.

10. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**34,684**	24,481
Less: Impairment	**(1,053)**	(602)
	33,631	23,879

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the afore mentioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**33,854**	24,118
Over 1 year	**830**	363
	34,684	24,481

11. TRADE AND BILLS PAYABLES

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

	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**1,703,735**	2,059,070
Over 1 year	**74,486**	42,113
	1,778,221	2,101,183

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction. As at 31 December 2022, approximately RMB60,077,000 commercial acceptance bills issued by the Group's subsidiaries were overdue and unpaid.

The fair values of trade and bills payables as at the end of the year approximated to their corresponding carrying amounts due to their relatively short maturity terms.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND OUTLOOK

2022 Review

In 2022, China's economy moved to a new stage as its economic aggregate surpassed RMB120 trillion and the annual value of imports and exports exceeded RMB40 trillion for the first time, amidst the shocks from multiple factors such as slowing economic growth, recurrent and sporadic outbreaks of the epidemic and more complex and volatile external environment.

During the Year, signs of improvement were emerge as the real estate industry navigated through the hard time. According to the statistics, in 2022, the total investment in China's real estate development sector recorded a year-on-year decrease of 10.0% to approximately RMB13.29 trillion, and the sales revenue of commercial properties was RMB13.33 trillion, representing a year-on-year decrease of 26.7%. Under the guidance of the policy that "housing is for living in, not for speculation", the room for implementation of localised policy was gradually expanded in various cities. More than 300 cities (counties) across China introduced over a thousand of new policies for property market, the peak of frequency of optimization in recent years. As the effect of relaxed policy is gradually emerging, the market will slowly rebound from the bottom.

Despite the challenges, the Group, adhering to the mission of "coming for livable", continued to dig into the three core economic circles with focusing on "stabilizing operation and ensuring delivery", successfully proving its resistance to the market. In 2022, the Group was awarded the "Leading Enterprise in Naturalistic Product Power" (自然主義產品力引領企業), the "Enterprise in Value Delivery of the Year" (年度價值交付力企業) and "ESG Best Enterprise in Environmental Responsibility Practice" (ESG最佳環境責任實踐企業). The Group maintained solid fundamentals in property development with key macro indicators generally within a reasonable range and development resilience continued to grow, achieving high quality development led by productiveness and driven by operation.

Ensure Quality Delivery and Fulfill Responsibilities

In 2022, the Group focused on "stabilizing operation and ensuring delivery" and delivered projects such as Foshan • Hanlin Lake No. 1, Wenzhou • West Lakeside Seasons, Foshan • Jinping Mountain No. 1, Shanghai • Mindcloud Mountainview, Changzhou • Mindcloud Peakview and Jieshou • Majestic Mansion throughout the Year, fulfilling our commitment to more than 5,000 property owners.

To accomplish our annual target and secure a decisive victory in "house delivery", the Group has set higher delivery standards. In addition to strengthening delivery control measures, a "delivery task force" was established at the Group level, with the executive president in charge of resources coordination to ensure the completion of delivery tasks; an "engineering customer service department" was also consolidated to provide centralized and rapid responses on a many-to-one basis. During the delivery period of Shanghai • Mindcloud Mountainview, to provide better services and ensure a comfortable delivery to customers, the Group has sent more than 120 staff members from the headquarters as "customer service ambassadors" to receive and listen to customers' demands on a one-on-one basic, check property owners' feedback on site, and keep records and track of them. At the same time, the Group controlled every link and every detail of projects through the "456" (4 samples, 5 plans and 6 stops) engineering management actions, so as to ensure the housing safety.

Growing Community 3.0 Upgrade and Continuous Enhancement of Product Strength

The Group has been sustaining and improving a product-oriented concept. In 2020, the Company firstly put forward a concept of Growing Community, hoping to keep up with a life growth through a development in multiple dimensions. In 2022, the Growing Community upgraded again with iterations from 1.0 to 3.0, demonstrating a return back to the essence of life. In the face of an uncertain environment at the moment, people are long for interacting in the community, getting close to nature and communicating in a sincere manner. The Company launched the Growing Community 3.0 in Wuxi project upon its insight into customers' need. In the community, the finely divided gardens were improved to a coherent and open space accommodating more activities for leisure time; and the function of children's playground was expanded with more availability for interaction between children and their parents, spatial collaboration between people and mutual enjoyment for all ages. As a "third space" beyond work and family, the customized "Mindcloud Club (雲上會所)" in the community provides a place for everyone to exercise and chat. Diversified ecological garden is built for the owners to create more happiness in the community along with the cultivation of various plants.

Meanwhile, the Group has comprehensively considered the functional, life and social needs of all ages in the community from the dimensions of aesthetics, smartness, ecology, and humanities and continuously optimized and improved its local projects under four major product series, aiming to provide customers with service for their better lives in all aspect.

Relying on its outstanding product strength, the Group won the "Leading Enterprise in Naturalistic Product Power". Sunkwan Landscape and Livable System – R&D of Kids Zone bagged the silver award in the 2022 MENGQI Kids and Teens Design Awards. Product strength also helps the Group in project sales, among which Suzhou • Lakeview Seasons, Shantou • Tanyue Mansion, Xinyang • Yunhu No. 1 and other projects ranked TOP3 in the respective regions in terms of transaction volumes.

To demonstrate our practice in green development to create a better urban life, the Group released its second report on sustainable development and corporate social responsibility last year, disclosing the Company's practice and achievements in the fields of environment, society and corporate governance. The Group strives to shape its competitiveness in green development in long run and spreads the "livable" culture of Sunkwan among the public as much as possible.

OUTLOOK FOR 2023

As 2022 passed, the real estate industry is embracing the turning point, marking the prior development model of "high debt, high leverage and high turnover" coming to an end. The real estate market is recovering gradually with changes, among which, changes in the macro environment and the market will lead to significant structural changes of real estate enterprises.

In terms of policy, the attitude of supporting the financing for property enterprises has changed fundamentally, and the task of relief has changed from "high-quality projects" to "coexistence of projects and enterprises". After "16 Financial Measures" jointly issued by the the People's Bank of China and the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission issued "5 New Measures" to support real estate equity financing, following which another policy by the China Securities Regulatory Commission to allow qualified property enterprises carrying out backdoor listing through listed property enterprises. In practice, supports from credit, bond and equity financing were released simultaneously, such that more property enterprises are expected to conduct business restructuring and asset exchange.

In the era of market restructuring and industry business model reconstruction for real estate, only the fittest can survive. Therefore, the Group announced the commencement of upgrading development strategy, focusing on incremental business, and officially stepping into a new business of co-construction and management. In the future, a two-wheel driven development model of "property development + co-construction and management" will be formed for the Company to further enhance its competitiveness.

In the new year, the property industry will continue to be a stabilizer of the social economy and a "pillar industry" in China. Thus, the Group has clarified six core management objectives in 2023, namely: adapt to the new era through strategic adjustment; adapt to the new business through organizational change; adapt to the new model through cultural values; adapt to the new cycle through capability iteration; improve the new strategy through optimization of business process and authorization; and optimize the resource distribution mechanism to develop new capabilities.

PERFORMANCE HIGHLIGHTS

	Year ended December 31, 2022	2021
Contracted sales[1] attributable to the Group (in RMB million)	**5,191**	14,593
Contracted gross floor area ("**GFA**") sold attributable to the Group (sq.m.)	**438,123**	1,148,585
Contracted average selling price ("**ASP**") attributable to the Group (RMB/sq.m.)	**11,848**	12,714
Revenue (in RMB million)	**3,034**	8,340
Gross (loss)/profit (in RMB million)	**(581)**	1,172
(Loss)/profit for the year		
– Including non-controlling interests (in RMB million)	**(2,243)**	584
– Attributable to owner of the parent (in RMB million)	**(1,937)**	250
Gross (loss)/profit margin (%)[2]	(19.1)	14.1
Net (loss)/profit margin (%)	(73.9)	7.0
Current ratio (times)[3]	1.1	1.3
Net gearing ratio (%)[4]	224.1	85.9
The cash and bank balances to current borrowings ratio (times)[5]	0.2	0.8
Assets to liabilities ratio after excluding receipts in advance (%)[6]	80.8	70.5

Notes:

(1) Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

(2) Equal to gross (loss)/profit for the year divided by revenue and multiplied by 100.

(3) Equal to total current assets divided by total current liabilities as at the respective dates.

(4) Equal to interest – bearing bank loans, other borrowings and senior notes less cash and bank balances divided by total equity at the end of the year and multiplied by 100.

(5) Equal to cash and bank balances divided by current portion of interest – bearing bank loans, other borrowings and senior notes.

(6) Equal to total liabilities less contract liabilities divided by total assets less contract liabilities and multiplied by 100.

BUSINESS REVIEW

For the year ended 31 December 2022, the principal business activity of the Group is property development.

Contracted Sales

For the year ended 31 December 2022, the contracted sales attributable to the Group were approximately RMB5,191 million, representing a decrease of approximately 64.4% as compared with the corresponding period in 2021.

For the year ended 31 December 2022, the contracted GFA sold attributable to the Group of approximately 438,123 sq.m., representing a decrease of approximately 61.8% as compared with the corresponding period in 2021 and the contracted ASP attributable to the Group of approximately RMB11,848 per sq.m..

The following table sets forth the summary of the contracted sales attributable to the Group by economic regions for the year ended 31 December 2022:

Economic Regions	**Contracted sales attributable to the Group** *in RMB million*	**Percentage of contracted sales attributable to the Group** *%*	**Contracted GFA sold attributable to the Group** *sq.m.*	**Contracted ASP attributable to the Group** *RMB/sq.m.*
Yangtze River Delta Economic Region	3,293	63.5	230,304	14,301
Pearl River Delta Economic Zone	584	11.2	53,872	10,834
Mid-China Core Economic Region	1,314	25.3	153,947	8,534
Total	**5,191**	**100.0**	**438,123**	**11,848**

The following table sets forth the summary of the contracted sales attributable to the Group by cities for the year ended 31 December 2022:

City	Contracted sales attributable to the Group	Percentage of contracted sales attributable to the Group	Contracted GFA sold attributable to the Group	Contracted ASP attributable to the Group
	in RMB million	*%*	*sq.m.*	*RMB/sq.m.*
Suzhou	1,013	19.5	58,482	17,327
Xinyang	704	13.6	65,980	10,665
Shangrao	450	8.7	67,954	6,623
Jinhua	465	9.0	36,194	12,860
Foshan	289	5.6	22,032	13,095
Hefei	269	5.2	25,387	10,606
Zhuji	263	5.1	14,165	18,571
Jiaxing	211	4.1	12,286	17,192
Nanjing	203	3.9	8,708	23,324
Wenzhou	191	3.7	9,714	19,686
Suzhou	174	3.4	19,902	8,736
Shaoxing	128	2.5	11,887	10,792
Fuyang	121	2.3	20,788	5,818
Shantou	120	2.3	11,938	10,077
Wuxi	117	2.3	7,010	16,669
Bengbu	72	1.4	7,774	9,213
Others	400	7.7	37,923	12,078
Total	**5,191**	**100.0**	**438,123**	**11,848**

Note: Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

The Group's properties under development decreased by approximately 3.5% from approximately RMB19,739.5 million as at 31 December 2021 to approximately RMB19,051.1 million as at 31 December 2022.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or estimates based on prevailing marketing conditions.

The Group's completed properties held for sale decreased by approximately 36.6% from approximately RMB784.3 million as at 31 December 2021 to approximately RMB497.3 million as at 31 December 2022. The decrease was mainly due to part of those properties were sold and delivered to the customers for the year ended 31 December 2022.

Investment Properties

As at 31 December 2022, the Group had 8 investment properties (primarily include retail spaces adjacent to the Group's residential properties, commercial district shopping plazas and office buildings) with a total GFA of approximately 86,031 sq.m..

Land Bank

As at 31 December 2022, the planned gross floor area of land bank of the Group, together with its joint ventures and associates, was approximately 5,174,834 sq.m., and the equity area was approximately 3,851,180 sq.m..

The following table sets forth the breakdown of land bank of the Group together with its joint ventures and associates as at 31 December 2022:

	Name of Projects	City	Interest Attributable to the Group	GFA Available for Sale[1]	Leasable GFA	GFA Under Development	Estimated GFA for Future Development	Total Land Bank Attributable to the Group[2][3]	% of Total Land Bank Attributable to the Group
			%	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*%*
	Property Projects Developed by our Subsidiaries								
	Residential Property Projects								
	Yangtze River Delta Economic Region								
1	Shanghai • Flourish Neighbourhood (上海•樾裡)	Shanghai	51.0	–	–	11,254	–	11,254	0.3
2	Shanghai • Mindcloud Mountainview (上海•雲棲麓)	Shanghai	100.0	–	8,814	–	–	8,814	0.2
3	Ningbo • Cixi Phoenix Mansion (寧波•慈溪鳳鳴梧桐府)	Ningbo	30.0	2,747	–	–	–	2,747	0.1
4	Ningbo • Cixi Cloud Mansion (寧波•慈溪雲邸華府)	Ningbo	33.3	1,259	–	–	–	1,259	0.0
5	Jinhua • Dongyang Metropolis Seasons (金華•東陽都會四季)	Jinhua	38.3	72,575	–	–	–	72,575	1.9
6	Jinhua • Dongyang Mindcloud Mansion (金華•東陽雲棲風華)	Jinhua	30.6	–	–	98,621	–	98,621	2.6
7	Jinhua • Lanxi Mindcloud Garden (金華•蘭溪雲錦桃源)	Jinhua	35.8	–	–	131,778	–	131,778	3.4
8	Hangzhou • Sunkwan Majestic Seasons (杭州•上坤山語四季)	Hangzhou	100.0	–	2,449	–	–	2,449	0.1
9	Shaoxing • Majestic Mansion (紹興•山語雲邸)	Shaoxing	100.0	–	–	72,726	–	72,726	1.9
10	Block B4, Wuzhen (烏鎮 B4 地塊)	Jiaxing	30.0	–	–	–	113,494	113,494	2.9
11	Wenzhou • Yueqing Yunqi Fenghua (溫州•樂清雲棲風華)	Wenzhou	50.0	–	–	71,745	–	71,745	1.9
12	Nanjing • Mindcloud Garden (南京•雲棲風華璟園)	Nanjing	51.0	–	–	51,802	–	51,802	1.3
13	Suzhou • Lakeview Seasons (蘇州•望湖四季)	Suzhou	35.0	–	–	125,152	–	125,152	3.2
14	Suzhou • Kunshan Metropolis Seasons (蘇州•昆山都薈四季)	Suzhou	49.0	–	–	171,315	–	171,315	4.5
15	Changzhou • Mindcloud Peakview (常州•雲峯)	Changzhou	40.0	6,511	–	–	–	6,511	0.2
16	Hefei • Mindcloud Mountainview (合肥•雲棲麓)	Hefei	100.0	–	–	107,549	–	107,549	2.8
17	Hefei • Crystal Seasons (合肥•晶萃四季)	Hefei	51.0	–	–	108,460	–	108,460	2.8
18	Wuhu • Joy Seasons (蕪湖•銘悅四季)	Wuhu	49.0	–	–	185,255	–	185,255	4.8

	Name of Projects	City	Interest Attributable to the Group	GFA Available for Sale[1]	Leasable GFA	GFA Under Development	Estimated GFA for Future Development	Total Land Bank Attributable to the Group[2][3]	% of Total Land Bank Attributable to the Group
			%	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*%*
19	Fuyang • Majestic Mansion (阜陽•政務壹號)	Fuyang	43.4	–	–	130,436	–	130,436	3.4
20	Fuyang • Baolong Stone Art Town (阜陽•抱龍石藝小鎮)	Fuyang	50.0	–	–	82,799	–	82,799	2.1
21	Suzhou • Mindcloud Garden (宿州•雲棲園)	Suzhou	51.0	–	–	130,465	–	130,465	3.4
22	Bengbu • Yunqi Metropolis (蚌埠•雲啟都會)	Bengbu	100.0	–	–	80,114	–	80,114	2.1
		Sub-total		**83,092**	**11,264**	**1,559,470**	**113,494**	**1,767,320**	**45.9**
	Mid-China Core Economic Region								
23	Shangrao • Metropolis Seasons (上饒•都會四季)	Shangrao	100.0	–	–	152,683	–	152,683	4.0
24	Tianmen • Sunkwan Northlake Seasons (天門•上坤北湖四季)	Tianmen	100.0	7,764	–	–	–	7,764	0.2
25	Wuhan • Yunqi Metropolis (武漢•雲啟都會)	Wuhan	51.0	–	–	58,458	–	58,458	1.5
26	Xinyang • Tianyue (信陽•天悅)	Xinyang	67.0	–	–	254,720	–	254,720	6.6
27	Xinyang • Tianjing (信陽•天境)	Xinyang	67.0	–	–	103,822	–	103,822	2.7
28	Xinyang • Tianxi (信陽•天璽)	Xinyang	67.0	–	–	154,889	–	154,889	4.0
		Sub-total		**7,764**	**-**	**724,572**	**-**	**732,336**	**19.0**
	Pearl River Delta Economic Zone								
29	Foshan • Sunkwan Mindcloud Peakview (佛山• 上坤雲峯壹號)	Foshan	100.0	–	–	133,288	–	133,288	3.5
		Sub-total		**-**	**-**	**133,288**	**-**	**133,288**	**3.5**
	Commercial Property Projects								
30	Shanghai • Sunkwan Upper Commercial Plaza (上海•上坤上街)	Shanghai	100.0	3,561	21,932	–	–	25,493	0.7
31	Shanghai • Flourish projects 08-06/08 (上海•樾山項目 08-06/08)	Shanghai	51.0	–	–	158,060	–	158,060	4.1
32	Shanghai • Sunkwan Flourish Peninsula (Basement Clubhouse) (上海•上坤樾山半島地下部分)	Shanghai	51.0	–	1,725	–	–	1,725	0.0
33	Shanghai • Sunkwan International Plaza T3 (上海•上坤國際廣場 T3)	Shanghai	100.0	–	14,727	–	–	14,727	0.4

	Name of Projects	City	Interest Attributable to the Group	GFA Available for Sale[1]	Leasable GFA	GFA Under Development	Estimated GFA for Future Development	Total Land Bank Attributable to the Group[2][3]	% of Total Land Bank Attributable to the Group
			%	in sq.m	in sq.m	in sq.m	in sq.m	in sq.m	%
34	Shanghai • Sunkwan International Plaza T4 (上海•上坤國際廣場 T4)	Shanghai	100.0	–	14,805	–	–	14,805	0.4
35	Shanghai • Sunkwan International Plaza T5 (上海•上坤國際廣場 T5)	Shanghai	100.0	–	11,484	–	–	11,484	0.3
		Sub-total		**3,561**	**64,673**	**158,060**	**–**	**226,294**	**5.9**
	Property Projects Developed by Our Associates and Joint Ventures								
	Residential Property Projects								
	Yangtze River Delta Economic Region								
36	Wenzhou • West Lakeside Seasons (溫州•西湖四季)	Wenzhou	50.0	–	–	42,105	–	42,105	1.1
37	Wenzhou • Prosperous Seasons (溫州•潮啟四季)	Wenzhou	50.0	–	–	49,850	–	49,850	1.3
38	Jinhua • Dongyang Yunzhuxiyu (金華•東陽雲築溪語)	Jinhua	34.0	–	–	23,262	–	23,262	0.6
39	Suzhou • Mindcloud Timeview (蘇州•雲棲時光)	Suzhou	90.0	–	–	148,796	–	148,796	3.9
40	Shaoxing • Zhuji Mindcloud Mansion (紹興•諸暨雲錦東方)	Shaoxing	49.0	–	–	30,437	–	30,437	0.8
41	Suzhou • TaicangMindcloud Mountainview (蘇州•太倉雲棲麓)	Suzhou	33.0	–	–	15,812	–	15,812	0.4
42	Block B5, Wuzhen (烏鎮 B5 地塊)	Jiaxing	30.0	–	–	–	38,253	38,253	1.0
43	Jinhua • Yiwu Yunqifengjing (金華•義烏雲起峰境)	Jinhua	25.0	–	–	35,153	–	35,153	0.9
44	Lishui • Chongwenli (麗水•崇文里)	Lishui	30.0	–	–	64,256	–	64,256	1.7
		Sub-total		**–**	**–**	**409,656**	**38,253**	**447,910**	**11.6**

	Name of Projects	City	Interest Attributable to the Group	GFA Available for Sale(1)	Leasable GFA	GFA Under Development	Estimated GFA for Future Development	Total Land Bank Attributable to the Group(2)(3)	% of Total Land Bank Attributable to the Group
			%	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*in sq.m*	*%*
	Mid-China Core Economic Region								
45	Zhengzhou • Seasons Fenghua (鄭州•四季風華)	Zhengzhou	49.0	–	–	99,594	–	99,594	2.6
46	Wuhan • Sunkwan Sumptuous Skyview (武漢•上坤博譯雲峰)	Wuhan	70.0	–	–	24,912	–	24,912	0.6
47	Wuhan • Metropolis (武漢•大都會)	Wuhan	51.0	–	–	284,924	–	284,924	7.4
		Sub-total		**–**	**–**	**409,429**	**–**	**409,429**	**10.6**
	Pearl River Delta Economic Zone								
48	Foshan • Jinping Mountain No. 1 (佛山•錦屏山壹號)	Foshan	49.0	–	–	37,570	–	37,570	1.0
49	Shantou • Tanyue Mansion (汕頭•檀悦府)	Shantou	24.1	–	–	80,993	–	80,993	2.1
50	Guangzhou • Yunjing Fenghua (廣州•雲境風華)	Guangzhou	20.0	–	–	14,533	–	14,533	0.4
		Sub-total		**–**	**–**	**133,096**	**–**	**133,096**	**3.5**
	Commercial Property Projects								
51	Wuzhen No.B3 Land Parcel (烏鎮 B3 地塊)	Jiaxing	6.9	–	–	–	1,508	1,508	0.0
		Sub-total		**–**	**–**	**–**	**1,508**	**1,508**	**0.0**
	Land Reserves Attributable to the Group			**94,417**	**75,937**	**3,527,571**	**153,255**	**3,851,180**	**100.0**
	Total Land Reserves			**94,417**	**75,937**	**4,741,498**	**262,982**	**5,174,834**	

Notes:

(1) Includes (i) completed GFA pre-sold but yet delivered, and (ii)completed GFA unsold and available for sale.

(2) Total land bank attributable to the Group equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.

(3) For projects held by joint ventures or associates, total GFA attributable to the Group will be adjusted by the Group's equity interest in the respective project.

FINANCIAL REVIEW

Revenue

The revenue of the Group consists of revenue derived from: (i) sales of properties; (ii) property lease income; and (iii) project management services. For the year ended 31 December 2022, approximately 97.8% (2021: 97.8%) of the Group's revenue was derived from sales of properties and approximately 2.2% (2021: 2.2%) was derived from property lease income and project management services.

The Group's revenue decreased by approximately 63.6% from approximately RMB8,340.1 million for the year ended 31 December 2021 to approximately RMB3,034.1 million for the year ended 31 December 2022, mainly due to the decrease in the revenue recognised from sales of properties.

The table below sets forth a summary of the recognized revenue by business for the years indicated:

	Year ended December 31,			
	2022		2021	
	Revenue	**Percentage of total revenue**	Revenue	Percentage of total revenue
	in RMB million	*%*	*in RMB million*	*%*
Sale of properties	**2,966**	**97.8**	8,159	97.8
Property lease income	**53**	**1.7**	60	0.7
Project management services	**15**	**0.5**	121	1.5
Total	**3,034**	**100.0**	8,340	100.0

Revenue from sales of properties

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial portion of the Group's total revenue and approximately 97.8% of the total revenue during the Year.

The Group's operating results for any given period depend on the GFA and selling price of the properties delivered by the Group in the relevant period and the market demand for such properties. According to industry practice, the Group typically enters into purchase contracts with customers when the properties are still under development but have already satisfied the conditions for pre-sale in accordance with the PRC laws and regulations. In general, it takes it at least one year from commencement of the pre-sale of the properties under development to the construction completion of such properties. The Group does not recognize revenue from any pre-sold properties until the construction completion of such properties and the ownership of the properties having been transferred to the customers.

Revenue from sales of properties decreased by approximately 63.6% from approximately RMB8,158.8 million for the year ended 31 December 2021 to approximately RMB2,966.2 million for the year ended 31 December 2022, mainly due to the reduction of properties that completed and delivered to the clients during the Year.

Revenue from property lease

Rental income from the investment properties decreased by approximately 12.8% from RMB60.2 million for the year ended 31 December 2021 to RMB52.5 million for the year ended 31 December 2022, mainly due to the impact of novel coronavirus epidemic.

Revenue from project management services

Revenue from the provision of project management services decreased by approximately 87.3% from RMB121.1 million for the year ended 31 December 2021 to RMB15.4 million for the year ended 31 December 2022, mainly due to a decrease in the number of property projects that require project management services compared with the corresponding period in 2021.

Cost of Sales

The Group's cost of sales primarily represents the costs the Group incurs directly for the property development activities as well as property lease and project management services. The principal components of cost of sales for the Group's property development include cost of properties sold, which represents land use right costs, direct construction costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately 49.6% from RMB7,167.9 million for the year ended 31 December 2021 to RMB3,614.8 million for the year ended 31 December 2022, mainly due to a decrease of properties that delivered.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The gross profit of the Group decreased by approximately 149.5% from RMB1,172.2 million for the year ended 31 December 2021 to loss of RMB580.7 million for the year ended 31 December 2022, primarily due to the provision for inventory impairment of several projects affected by the economic downturn.

The gross profit margin decreased from approximately 14.1% for the year ended 31 December 2021 to the gross loss margin of approximately 19.1% for the year ended 31 December 2022.

Finance Income

Finance income mainly refers to the interest income of bank deposits. The finance income of the Group decreased by approximately 86.4% from RMB83.8 million for the year ended 31 December 2021 to RMB11.4 million for the year ended 31 December 2022, mainly due to a decrease in the average balance of bank deposits.

Other Income and Gains

Other income and gains of the Group decreased from RMB96.9 million for the year ended 31 December 2021 to RMB7.9 million for the year ended 31 December 2022, mainly due to decrease in (1) the exchange gains due to exchange rate changes; (2) the gain on the disposal of subsidiaries; (3) the remeasurement gain on an investment in a joint venture held before business combination.

Selling and Distribution Expenses

The selling and distribution expenses primarily consist of (i) sales commissions; (ii) advertising and marketing expenses, (iii) staff costs; (iv) property management fees; and (v) office expenses. The Group's selling and distribution expenses decreased by approximately 27.6% from RMB267.3 million for the year ended 31 December 2021 to RMB193.5 million for the year ended 31 December 2022, mainly due to an decrease in the number of projects on sale which incurred less sales commissions and advertising activities.

Administrative Expenses

Administrative expenses primarily consist of staff costs, traveling and office expenses, professional fees, entertainment expenses, depreciation and amortization, tax charges. The administrative expenses of the Group decreased by approximately 42.7% from RMB323.3 million for the year ended 31 December 2021 to RMB185.3 million for the year ended 31 December 2022, mainly due to decrease in staff costs and office expenses.

Impairment Losses on Financial Assets

Impairment losses on financial assets presents that the Group made prudent general provisions for losses arising from potential bad debts in respect of the financial assets. The Group recognised impairment losses of RMB1.3 million for the year ended 31 December 2021, and recognised impairment losses of RMB117.8 million for the year ended 31 December 2022.

Other Expenses

Other expenses of the Group increased from RMB13.5 million for the year ended 31 December 2021 to RMB370.6 million for the year ended 31 December 2022.

Fair Value (Losses)/Gains on Investment Properties

Fair value gains on investment properties represent the changes in the fair value of investment properties of certain commercial areas developed and held by the Group for the purpose of earning rental income or capital appreciation. Fair value gains on investment properties of the Group decreased by approximately 258.1% from RMB48.4 million for the year ended 31 December 2021 to loss of RMB76.6 million for the year ended 31 December 2022, mainly because the valuation of commercial properties slightly decreased affected by the Covid-19 epidemic for the year ended 31 December 2022.

Fair Value Losses on Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss of the Group changed from the loss of RMB74.2 million for the year ended 31 December 2021 to the loss of RMB2.4 million for the year ended 31 December 2022, mainly due to the increase in fair value of an existing financial product during the Year.

Finance Costs

Finance costs primarily consist of (i) interest expenses for bank and other borrowings net of capitalized interest relating to properties under development; and (ii) interest expenses arising from contract liabilities, which is related to the pre-sale proceeds of the Group's properties received from customers. Finance costs of the Group increased by approximately 19.7% from RMB322.5 million for the year ended 31 December 2021 to RMB386.0 million for the year ended 31 December 2022, mainly due to an increase in the average balance of interest-bearing debt.

Share of Profits and Losses of Joint Ventures and Associates

Share of profits and losses of joint ventures and associates of the Group decreased from profits of RMB22.8 million for the year ended 31 December 2021 to loss of RMB1,389.3 million for the year ended 31 December 2022, mainly due to the absence of the delivery of property projects held by the Group's joint ventures and associates during the Year. Such change was mainly due to an increase in inventory impairment loss of projects of joint ventures and associates during the Year under the unfavorable macro market environment.

Income Tax (Expense)/Credit

The income tax expense of the Group mainly includes provisions for PRC corporate income tax and land appreciation tax ("LAT"), net of deferred tax. The income tax of the Group decreased from income tax credit of RMB161.6 million for the year ended 31 December 2021 to income tax expense of RMB210.9 million for the year ended 31 December 2022, mainly due to the lower revenue and gross profit of the delivered property projects during the Year, and the final clearance of LAT for three projects, which were lower than the provision estimated and deducted from the LAT for the year ended 31 December 2021.

(Loss)/Profit for the Year

Profit for the Year of the Group decreased by approximately 484.5% from RMB583.5 million for the year ended 31 December 2021 to loss of RMB2,243.4 million for the year ended 31 December 2022. The loss attributable to the owners of the parent was RMB1,937.0 million, the profit attributable to the owners was RMB250.1 million during the corresponding period of last year.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and has financed its working capital, capital expenditure and other capital requirements primarily through (i) internally generated cash flows including proceeds from the pre-sales and sales of its properties and (ii) external financings, such as borrowings from commercial banks, asset management, trust financing, and other financing arrangements. The Group may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings when needed, to fund the Group property development operations.

Cash Position

As at 31 December 2022, the Group's cash and bank balances (including restricted cash and pledged deposits) were approximately RMB1,390.6 million (31 December 2021: approximately RMB4,483.1 million). Cash and cash equivalents of the Group are denominated in RMB and others are denominated in the U.S. dollar and Hong Kong dollar.

Indebtedness

As at 31 December 2022, the Group's total outstanding borrowings amounted to approximately RMB10,404.0 million (31 December 2021: approximately RMB11,225.1 million).

The following table sets forth the Group's total borrowings as of the dates indicated:

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Bank loans – secured	**–**	200,000
Other loans – secured	**1,363,136**	1,234,085
Current portion of long-term bank loans – secured	**1,530,446**	1,118,750
Current portion of long-term other loans – secured	**1,653,792**	594,500
Senior notes	**2,643,363**	2,633,520
Total current	**7,190,737**	5,780,855
Non-current		
Bank loans – secured	**2,494,374**	3,521,458
Other loans – secured	**718,860**	1,922,760
Total non-current	**3,213,234**	5,444,218
Total	**10,403,971**	11,225,073

The following table sets forth the maturity profiles of the Group's total borrowings as of the dates indicated:

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank loans repayable:		
Within one year	**1,530,446**	1,318,750
In the second year	**1,054,374**	1,680,867
In the third to the fifth year, inclusive	**1,440,000**	1,840,591
	4,024,820	4,840,208
Other loans repayable:		
Within one year	**3,016,928**	1,828,585
In the second year	**718,860**	1,554,548
In the third to the fifth year, inclusive	**–**	368,212
	3,735,788	3,751,345
Senior notes:		
Within one year	**2,643,363**	2,633,520
Total	**10,403,971**	11,225,073

Pledge of Assets

As at 31 December 2022, the Group's borrowings were secured by the Group's assets of RMB14,614.1 million (2021: RMB13,956.6 million), including (i) property, plant and equipment; (ii) investment properties; (iii) properties under development; (iv) completed properties held for sale; and (v) pledged deposits.

Net Gearing Ratio

The net gearing ratio of the Group increased from 85.9% as at 31 December 2021 to 224.1% as at 31 December 2022. Net gearing ratio is calculated by dividing total borrowings less cash and cash equivalents, restricted cash and pledged deposits by total equity.

Financial Risk

The Group's businesses exposed it to various financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. In order to minimize such risk exposures of the Group, which do not use any derivatives and other instruments for hedging. The Group does not hold or issue financial derivatives for trading purpose.

Interest rate risk

The Group's exposure to changes in market interest rates is primarily related to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risk and manages its interest cost by using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group operates its business primarily in China and the majority of its revenues and expenses are denominated in RMB, while the net proceeds from the listing are paid in Hong Kong dollar. As at 31 December 2022, RMB1.8 million of the Group's cash and bank balances were denominated in Hong Kong dollar and the U.S. dollar, and both of them were subject to exchange rate fluctuation. The Group has no foreign currency hedging policy. However, the Group will closely monitor its exchange rate risk in an effort to maintain the Group's cash value.

Credit risk

The Group classifies financial instruments based on common credit risk characteristics (such as instrument type and credit risk level) to identify significant increase in credit risk and to measure impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management will perform ongoing credit evaluations of counterparties. The credit terms granted to customers is generally three to six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet the Group's operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest–bearing bank and other borrowings.

CONTINGENT LIABILITIES

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provide to its customers for their purchases of properties in order to secure the repayment obligations of such customers. The mortgage guarantees to banks in respect of mortgage loans to the Group's customers are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant property ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The Group also provides guarantees to banks and other institutions in connection with financial facilities granted to the related companies.

The following table sets forth the Group's total guarantees as of the dates indicated:

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantees given to banks in connection with facilities granted to the purchasers of the Group's properties	**6,102,099**	7,855,867
Guarantees given to banks and other institutions in connection with facilities granted to the Group's related companies	**5,663,415**	4,952,850
	11,765,514	12,808,717

The Group did not incur any material losses for the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in the case of default on payments, the net realizable value of the related properties would be sufficient for repaying the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

LEGAL CONTINGENTS

The Group is involved in lawsuits and other proceedings in the ordinary course of business. The Group has assessed the claims and believe that no liabilities resulting from these proceedings will have a material adverse effect on its business, financial condition or operating results.

COMMITMENTS

As of 31 December 2022, the Group's capital commitments for property development activities, acquisition of land use rights, and capital contribution for investments in joint ventures and associates amounted to RMB3,173.5 million (31 December 2021: RMB4,395.8 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of 31 December 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

For the year ended 31 December 2022, the Group had entered into the following material disposals:

On 29 April 2022, Zhengzhou Sunkwan Property Co., Ltd. (a wholly-owned subsidiary of the Company) entered into an agreement with Shanghai Huxi Enterprise Management Company Limited, pursuant to which Zhengzhou Sunkwan Property Co., Ltd. has agreed to sell, and Shanghai Huxi Enterprise Management Company Limited has agreed to purchase the 60% of the equity interest in Henan Chenbo Property Co., Ltd. at a consideration of RMB3,392,160 in cash. Upon completion, the Company will cease to have any equity interest in Henan Chenbo Property Co., Ltd. and Henan Chenbo Property Co., Ltd. will cease to be a subsidiary of the Company. For more details, please refer to the announcement of the Company dated 29 April 2022.

On 30 December 2022, Hangzhou Shangkun Real Estate Co., Ltd. (a wholly-owned subsidiary of the Company) entered into an agreement with Hangzhou Mengshi Enterprise Management Co., Ltd., pursuant to which Hangzhou Shangkun Real Estate Co., Ltd. agreed to sell, and Hangzhou Mengshi Enterprise Management Co., Ltd. agreed to purchase the entire equity interest in Hangzhou Hengkun Real Estate Co., Ltd. at a consideration of RMB33,452,376.20. Upon the completion, the Company will cease to have any equity interest in Hangzhou Hengkun Real Estate Co., Ltd. and Hangzhou Hengkun Real Estate Co., Ltd. will cease to be a subsidiary of the Company. For more details, please refer to the announcement of the Company dated 30 December 2022.

Save as disclosed above, during the year ended 31 December 2022, the Company has no other significant investments or material acquisitions or disposals of subsidiaries, joint ventures and associates.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on the current business of property development, and purchase quality land parcels in China. Save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2022.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2022, the Group has a total of 727 employees (2021: 1,083). For the year ended 31 December 2022, the Group confirmed staff cost of approximately RMB300 million (2021: approximately RMB407 million). The remuneration package of employees of the Group includes salary and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its determinations on salary raises, bonuses and promotion. The Group also reviews and adjusts its remuneration package by referring to the relevant salary survey in real estate industry published by renowned consulting firms. The Group believes the salaries and benefits that its employees receive are competitive with market standards in each geographic location where the Group conducts business. The Group also pays medical insurance, endowment insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds as well as related premiums for employees of the Group. In terms of employee training, the Group provides continuous and systematic training to employees according to their positions and expertise, so as to enhance their professional knowledge about the real estate industry and related fields.

To motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, the Group also adopted restricted share unit (RSU) scheme. The main provisions of the scheme were approved by the Board on 27 October 2020, and on 27 January 2021 and 30 August 2022, the Board approved the resolution on "Granting Restricted Share Units to Part of Specific Objects". Further details will be disclosed in the Company's annual report for the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the terms of the the Company's 13.5% senior notes due 2023 (the "**2023 Notes**"), all outstanding principal amount on the 2023 Notes together with the accrued and unpaid interest thereon have become due and payable on the maturity date of 2 January 2023. Due to unfavorable factors in the macro economy, real estate market and financial environment, and multiple rounds of epidemics, the Company has not paid the outstanding principal of US$160,200,000 and interest thereon. For more details, please refer to the announcements of the Company dated 2 January 2023.

Save as disclosed above, the Group has no other significant events after 31 December 2022.

FINAL DIVIDEND

The recommendation and payment of a final dividend for the year ended 31 December 2022 will be announced in the 2022 Annual Results Announcement, if any.

CORPORATE GOVERNANCE

The Company had adopted, applied and complied with the provisions of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's corporate governance practices comply with the Corporate Governance Code, except for deviation from the Code Provision C.2.1 of the Corporate Governance Code states that the roles of chairwoman of the Board and chief executive should be separate and should not be performed by the same individual. Ms. Zhu Jing ("**Ms. Zhu**") is the chairwoman of the Board and chief executive officer of the Company. As Ms. Zhu has been responsible for the day-to-day operations and management of the Group since its establishment, the Board considers that it is in the best interests of the Group to have Ms. Zhu taking up both roles of chairwoman of the Board and chief executive officer for effective management and business development. The Board therefore considers it is appropriate to deviate from the Code Provision C.2.1 of the Corporate Governance Code in such circumstances. Notwithstanding the foregoing, the Board considers that the management structure is effective for the operation of the Group and those adequate checks and balances have been put in place.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as a guideline on securities transactions of the Company for the Directors. In response to the specific enquiry of the Company, all Directors have confirmed that they have complied with the provisions set out in the Model Code during the year ended 31 December 2022.

Employees of the Company who may have inside information about the Company have also complied with the Model Code. The Company was not aware of any incidents of non-compliance by employees with the Model Code during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 3 January 2022, 21 January 2022 and 24 January 2022, the Company issued the senior notes (Stock Code: 4307) listed on the Stock Exchange with an aggregate principal amount of US$160.2 million due 2023, which bear interest at a rate of 13.5% per annum, payable in arrears on 3 July 2022 and 2 January 2023. For more details, please refer to the announcements of the Company dated 29 December 2021, 3 January 2022, 4 January 2022, 20 January 2022, 21 January 2022 and 24 January 2022.

On 20 January 2022, the Group repurchased and remitted of funds for repayment of 12.75% senior notes due 2022 (Stock Code: 40553) in an aggregate principal amount of US$6,000,000. For more details, please refer to the announcement of the Company dated 20 January 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED ANNUAL RESULTS

The audit committee of the Company is comprised by three independent non-executive directors, namely Mr. Au Yeung Po Fung (Chairman), Mr. Guo Shaomu and Mr. Zhou Zheren.

As at the date of this announcement, the auditing process for the 2022 Annual Results has not been completed. Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). In order to keep the shareholders of the Company and potential investors informed of the Group's business operation and financial position, the Board has decided to publish the unaudited annual results of the Group for the year ended 31 December 2022. The unaudited annual results of the Group for the year ended 31 December 2022 and the accounting treatment have been reviewed and agreed by the audit committee of the Company.

The Company will continue to work with the auditor to complete the audit work for 2022 Annual Results which is expected to be completed by 27 April 2023.

By Order of the Board
Sunkwan Properties Group Limited
Chairwoman
Zhu Jing

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Ms. Zhu Jing, Ms. Sheng Jianjing and Mr. Yang Zhandong, two non-executive Directors, namely, Mr. Lin Jinfeng and Ms. Lin Zhaohong and three independent non-executive Directors, namely, Mr. Guo Shaomu, Mr. Au Yeung Po Fung and Mr. Zhou Zheren.