Sunshine 100 China Holdings Ltd
陽光100中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2608)

PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF 2021 ANNUAL RESULTS

- Revenue amounted to RMB5,399.2 million, and the gross profit amounted to RMB755.1 million, representing a decrease of 6.3% and 50.6% as compared to 2020, respectively. The gross profit margin was 14.0%, representing a decrease of 12.6 percentage point as compared to 2020.

- Loss for the year amounted to RMB3,730.0 million, and net profit margin was -69.1%. Profit for the year decreased by 390.5% as compared to 2020 was mainly due to the decrease in disposal gain and less gross profits from delivery of houses than that of last year, and the increases both in provision for impairment losses on trade receivables and loans provided to third parties and asset impairment loss recognised for the period as compared with last year resulting from the adverse effect from the continuing and recurring outbreak of COVID-19 pandemic together with overall downward trend in real estate industry during the Reporting Period.

- Basic and diluted loss per share was RMB1.44 and RMB1.44, respectively.

- Total assets amounted to RMB56,355.9 million. The total equity attributable to equity shareholders of the Company amounted to RMB5,754.2 million.

- Contracted sales amounted to RMB3,221 million, representing a decrease of 69.4% as compared to 2020.

- Total GFA of the land reserves were approximately 9.4 million square meters as of 31 December 2021.

References are made to (i) the announcement of Sunshine 100 China Holdings Ltd (the "**Company**") dated 24 March 2022 in relation to, among other things, delay in publication of the audited preliminary results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**2021 Audited Annual Results**"); (ii) the announcement of the Company dated 31 March 2022 in relation to the suspension of trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (iii) the announcement of the Company dated 10 May 2022 in relation to the change of auditors; (iv) the announcement of the Company dated 29 June 2022 in relation to, among other things, the resumption guidance from the Stock Exchange; (v) the announcement of the Company dated 22 July 2022 in relation to further information on change of auditors; and (vi) the announcements of the Company dated 31 August 2022, 31 March 2023 and 31 August 2023 in relation to, among other things, the further delay in publication of the 2021 Audited Annual Results.

The board of directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2020. The annual results of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 20 September 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	**5,399,205**	5,759,692
Cost of sales/services		**(4,644,153)**	(4,230,012)
Gross profit		**755,052**	1,529,680
Valuation (losses) gains on investment properties		**(52,011)**	42,647
Other income	5(a)	**52,994**	1,564,744
Selling expenses		**(366,299)**	(406,386)
Administrative expenses		**(436,539)**	(509,749)
Other operating expenses	5(b)	**(592,504)**	(70,197)
Impairment losses on intangible assets	5(c)	**(747,845)**	–
Impairment losses on trade receivables	5(c), 12(i)	**(311,290)**	–
Impairment losses on loans provided to third parties, net	5(c), 12(vi)	**(899,173)**	(125,807)
Impairment losses on loans provided to non-controlling interest of subsidiaries	5(c), 12(iii)	**(53,819)**	–
Impairment losses on loans provided to associates	5(c), 12(iii)	**(2,781)**	–
Impairment losses on consideration receivables	5(c)	**–**	(28,178)
(Loss) Profit from operations		**(2,654,215)**	1,996,754
Finance income	6	**468,991**	621,688
Finance costs	6	**(1,588,057)**	(767,679)
Share of results of associates		**(20,732)**	(19,563)
(Loss) Profit before taxation		**(3,794,013)**	1,831,200
Income tax credit (expenses)	7	**64,059**	(547,249)

	Notes	**2021** *RMB'000*	2020 *RMB'000*
(Loss) Profit for the year		**(3,729,954)**	1,283,951
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**5,462**	12,162
Other comprehensive income for the year		**5,462**	12,162
Total comprehensive (loss) income for the year		**(3,724,492)**	1,296,113
(Loss) Profit for the year attributable to:			
Equity shareholders of the Company		**(3,672,714)**	438,036
Non-controlling interests		**(57,240)**	845,915
(Loss) Profit for the year		**(3,729,954)**	1,283,951
Total comprehensive (loss) income for the year attributable to:			
Equity shareholders of the Company		**(3,667,252)**	450,198
Non-controlling interests		**(57,240)**	845,915
Total comprehensive (loss) income for the year		**(3,724,492)**	1,296,113
(Loss) Earnings per share (RMB)	8		
Basic		**(1.44)**	0.17
Diluted		**(1.44)**	0.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property and equipment		**653,495**	763,805
Investment properties		**12,027,711**	12,176,358
Intangible assets		**–**	747,845
Restricted deposits		**97,699**	116,488
Investments in associates		**1,240,631**	1,280,620
Trade and other receivables	9	**266,481**	265,658
Deferred tax assets		**949,595**	657,118
Other financial assets		**137,209**	237,105
Total non-current assets		**15,372,821**	16,244,997
Current assets			
Properties under development and completed properties held for sale		**28,600,968**	29,351,932
Land development for sale		**2,950,639**	2,615,378
Contract costs		**315,429**	295,280
Trade and other receivables	9	**7,093,216**	8,611,072
Trading securities		**114,515**	204,957
Other financial assets		**318,785**	326,245
Restricted deposits		**400,312**	562,807
Cash and cash equivalents		**1,189,204**	3,071,779
Total current assets		**40,983,068**	45,039,450
Current liabilities			
Loans and borrowings		**18,363,116**	13,043,281
Trade and other payables	10	**8,427,250**	6,745,591
Contract liabilities		**7,795,544**	9,840,791
Lease liabilities		**15,719**	17,745
Contract retention payables		**121,369**	153,243
Current tax liabilities		**1,968,287**	2,002,581
Total current liabilities		**36,691,285**	31,803,232
Net current assets		**4,291,783**	13,236,218
Total assets less current liabilities		**19,664,604**	29,481,215

	Notes	**2021** **RMB'000**	2020 RMB'000
Non-current liabilities			
Loans and borrowings		**8,386,541**	13,653,606
Contract retention payables		**78,535**	126,505
Lease liabilities		**49,481**	55,012
Trade and other payables	10	**1,058,824**	456,277
Deferred tax liabilities		**2,756,097**	3,019,799
Total non-current liabilities		**12,329,478**	17,311,199
NET ASSETS		**7,335,126**	12,170,016
CAPITAL AND RESERVES	11		
Share capital		**20,174**	20,187
Reserves		**5,734,052**	9,362,997
Total equity attributable to equity shareholders of the Company		**5,754,226**	9,383,184
Non-controlling interests		**1,580,900**	2,786,832
TOTAL EQUITY		**7,335,126**	12,170,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in the consolidated financial statements.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries and the Group's interests in associates.

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is the functional currency of the Company and the entities carrying out the principal activities of the Group in the People's Republic of China (the "**PRC**").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

– investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;

– investments in equity securities and investment funds; and

– derivative financial instruments.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of approximately RMB3,729,954,000 for the year ended 31 December 2021 and as at 31 December 2021, the Group had total loans and borrowings of approximately RMB26,749,657,000 of which the current loans and borrowings amounted to approximately RMB18,363,116,000. However, the Group only had cash and cash equivalents of approximately RMB1,189,204,000.

As at 31 December 2021, the Group's loans and borrowings of approximately RMB5,317,861,000, convertible bonds with principal of USD45,400,000 (equivalent to approximately RMB289,457,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB34,850,000) and senior notes of USD170,000,000 (equivalent to approximately RMB1,083,869,000) were overdue pursuant to the relevant borrowing agreements which constituted events of default. With these events of default, the terms of cross-default of senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,400,104,000) at carrying amount of approximately USD214,632,000 (equivalent to approximately RMB1,368,427,000) and senior notes with principal of USD120,000,000 (equivalent to approximately RMB765,084,000) at carrying amount of approximately USD114,896,000 (equivalent to approximately RMB732,544,000) were triggered, and the senior green notes and senior notes may immediately due and payable if the creditors choose to accelerate.

As at 31 December 2021, the Group had not finalised the land appreciation tax returns with the tax authorities for certain property development projects which had already met the requirement of finalisation of the PRC land appreciation tax ("**Land Appreciation Tax**"). The potential Land Appreciation Tax payment obligations arising from the clearance may have a significant impact on the liquidity position of the Group.

As at and subsequent to 31 December 2021, the Group is subjected to a number of legal proceedings which mainly in relation to disputes under construction contracts in respect of its various property development projects and defaults of repayment of several loans and borrowings, which arose during the normal course of business. Details of which are set out in note 13 below. Based on the best estimation on the possible outcomes of the disputes by the management in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel, the possible further obligations (other than those liabilities/provisions that have been recognised in the consolidated financial statements) arose from litigations are expected to be immaterial to the consolidated financial statements of the Group. However, it is uncertain for the timing of crystallisation of the relevant legal proceedings.

The above events or conditions indicate the existence of multiple material uncertainties which cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken or will be taken by the directors of the Company to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) the Group has been actively negotiating with a number of creditors and lenders for renewal and extension of interest-bearing borrowings which would be due within 12 months;

(ii) the Group has been actively negotiating with a number of creditors and lenders for debt restructuring of interest-bearing borrowings;

(iii) the Group has been actively negotiating with various financial institutions and potential lenders/investors to identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) the Group has accelerated or will accelerate the pre-sale and sale of its properties under development and completed properties held for sale;

(v) the Group has implemented plans to dispose several investment properties instead of generating rental income to improve the cash flow in future;

(vi) the Group has implemented measures to speed up the collection of outstanding sale proceeds and loans to third parties;

(vii) the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future;

(viii) the Group has been actively looking for larger property development enterprises and cooperating with investors to develop properties under development of the Group through joint effort;

(ix) the Group has been actively procuring and negotiating the preliminary terms with larger property development enterprises for the sale of property development projects at a price deemed appropriate; and

(x) the Group has been actively negotiating with the local tax authorities to postpone the finalisation and payment of Land Appreciation Tax of the property development projects which had already met the requirement of finalisation of Land Appreciation Tax.

Based on the latest information available, the directors of the Company are of the opinion that it is appropriate to prepare the consolidation financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financial and operating cash flows through the followings:

(i) successfully negotiating with the lenders on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principal and interests;

(ii) successfully negotiating with the creditors and lenders on debt restructuring of interest-bearing borrowings;

(iii) successfully negotiating with various financial institutions and potential lenders/investors to identify various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) successfully persuading the Group's existing lenders not to take action to demand for immediate repayment of the borrowings with interest payments in default including the prevention from the auction of the Group's pledged properties;

(v) successfully implemented plans to dispose several investment properties instead of generating rental income to improve the cash flow in future;

(vi) successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds and loans to third parties, and controlling costs and capital expenditure so as to generate adequate net cash inflows;

(vii) successfully looking for larger property development enterprises and cooperating with investors to develop properties under development of the Group through joint effort;

(viii) successfully procuring and negotiating the preliminary terms with larger property development enterprises for the sale of property development projects at a price deemed appropriate; and

(ix) successfully negotiating with the local tax authorities to postpone the finalisation and payment of Land Appreciation Tax of the property development projects which had already met the requirements of finalisation of Land Appreciation Tax.

The directors of the Company believe that the abovementioned plans and measures will be successful, based on the continuous efforts by the management of the Company. However, should the Group fail to achieve the abovementioned plans and measures, it may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their realisable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendment to IFRSs issued by the IASB to the consolidated financial statements for the current accounting period:

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the reform). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year.

The early adoption of the amendments does not have any significant impact on the consolidated financial statements.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

The principal activities of the Group are property and land development, property investment, property management and hotel operation, and light-asset operation. Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**4,597,161**	5,138,009
Property management and hotel operation income	**578,824**	454,538
Light-asset operation income	**30,372**	15,204
	5,206,357	5,607,751
Revenue from other sources		
Rental income from investment properties	**192,848**	151,941
	5,399,205	5,759,692

	2021	2020
	RMB'000	*RMB'000*
Disaggregated by timing of revenue recognition		
Point in time	**4,119,301**	4,620,289
Over time	**1,087,056**	987,462
	5,206,357	5,607,751

The Group's customer base is diversified and there are no customers with whom transactions have exceeded 10% of the Group's revenue.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB9,285,142,000 (2020: approximately RMB12,329,671,000). This amount represents revenue expected to be recognised in the future from sale of properties. The Group will recognise the expected revenue within three years. This amount does not include variable consideration which is constrained.

(b) Segment reporting

The Group manages its businesses based on its products and services, which are divided into property development that comprises mixed-use business complexes projects and multi-functional residential communities, investment properties, property management and hotel operation, and light asset operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being identified as the chief operating decision makers ("**CODM**"), for the purposes of resources allocation and performance assessment focuses on types of goods delivered or services rendered. Specifically, the Group has presented the following five reportable segments:

(a) the mixed-use business complexes segment that develops and sells business complex products;

(b) the multi-functional residential communities segment that develops and sells residential properties and develops land;

(c) investment properties segment that leases offices and commercial premises;

(d) the property management and hotel operation segment that provides property management services, and hotel accommodation services; and

(e) the light-asset operation segment that provides property selling agency and brand-use services.

No operating segments identified by the CODM have been aggregated to form the above reportable segments of the Group.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities other than unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment profit (loss) represents the profit (loss) after taxation generated by individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning revenue, cost of sales/services, valuation losses/gains on investment properties, other income, net operating expenses, impairment losses on intangible assets, trade and other receivables and loans provided to non-controlling interests of subsidiaries, net finance costs, income tax, additions on investment properties and property and equipment, write-down of properties under development and completed properties held for sale and loans and borrowings.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	Year ended 31 December 2021					
	Mixed-use business complexes *RMB'000*	Multi-functional residential communities *RMB'000*	Investment properties *RMB'000*	Property management and hotel operation *RMB'000*	Light-asset operation *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	1,350,436	2,738,493	–	–	30,372	4,119,301
Over time	219,622	288,610	–	578,824	–	1,087,056
Revenue from external customers	1,570,058	3,027,103	–	578,824	30,372	5,206,357
Revenue from other sources	–	–	192,848	–	–	192,848
	1,570,058	3,027,103	192,848	578,824	30,372	5,399,205
Inter-segment revenue	–	–	11,083	40,716	–	51,799
Reportable segment revenue	1,570,058	3,027,103	203,931	619,540	30,372	5,451,004
Cost of sales/services	(1,198,511)	(2,870,397)	–	(660,457)	(4,882)	(4,734,247)
Reportable segment gross profit (loss)	371,547	156,706	203,931	(40,917)	25,490	716,757
Valuation losses on investment properties	–	–	(52,011)	–	–	(52,011)
Other income	3,808	11,575	7,593	4,755	63	27,794
Net operating expenses	(357,635)	(611,161)	(32,003)	(105,124)	(90,589)	(1,196,512)
Impairment losses on intangible assets	–	(747,845)	–	–	–	(747,845)
Impairment losses on trade receivables	(16,055)	(294,458)	–	(763)	(14)	(311,290)
Impairment losses on loans provided to non-controlling interests of subsidiaries	(53,819)	–	–	–	–	(53,819)
Net finance costs	(58,175)	(299,438)	(14,831)	(21,634)	–	(394,078)

	Year ended 31 December 2021					
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment (loss) profit before taxation	**(110,329)**	**(1,784,621)**	**112,679**	**(163,683)**	**(65,050)**	**(2,011,004)**
Income tax (expenses) credit	(194,392)	(7,796)	5,087	(11,927)	(30)	(209,058)
Reportable segment (loss) profit	**(304,721)**	**(1,792,417)**	**117,766**	**(175,610)**	**(65,080)**	**(2,220,062)**
Additions on investment properties and property and equipment	14,590	979	95,570	2,609	6	113,754
Write-down of properties under development and completed properties held for sale	49,925	350,424	–	–	–	400,349

	At 31 December 2021					
	Mixed-use business complexes	Multi-Functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	6,659,537	13,078,153	–	726,216	–	20,463,906
Reportable segment assets	17,017,394	28,494,976	11,776,968	1,159,453	50,823	58,499,614
Reportable segment liabilities	17,988,341	33,702,701	910,690	759,119	50,378	53,411,229

	Year ended 31 December 2020					
	Mixed-use business complexes *RMB'000*	Multi-functional residential communities *RMB'000*	Investment properties *RMB'000*	Property management and hotel operation *RMB'000*	Light-asset operation *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	1,913,619	2,691,466	–	–	15,204	4,620,289
Over time	100,774	432,150	–	454,538	–	987,462
Revenue from external customers	2,014,393	3,123,616	–	454,538	15,204	5,607,751
Revenue from other sources	–	–	151,941	–	–	151,941
	2,014,393	3,123,616	151,941	454,538	15,204	5,759,692
Inter-segment revenue	–	–	7,681	63,638	–	71,319
Reportable segment revenue	2,014,393	3,123,616	159,622	518,176	15,204	5,831,011
Cost of sales/services	(1,160,789)	(2,647,957)	–	(528,398)	(11,180)	(4,348,324)
Reportable segment gross profit (loss)	853,604	475,659	159,622	(10,222)	4,024	1,482,687
Valuation gains on investment properties	–	–	42,647	–	–	42,647
Other income	13,874	1,539,936	(16,423)	13,968	–	1,551,355
Net operating expenses	(344,776)	(519,528)	(24,757)	(69,347)	(188)	(958,596)
Net finance costs	(62,326)	(118,055)	(14,393)	(21,114)	–	(215,888)
Reportable segment profit (loss) before taxation	460,376	1,378,012	146,696	(86,715)	3,836	1,902,205
Income tax	(223,103)	(305,592)	(36,388)	(2,373)	(345)	(567,801)
Reportable segment profit (loss)	237,273	1,072,420	110,308	(89,088)	3,491	1,334,404
Additions on investment properties and property and equipment	1,322	4,743	84,241	260,806	32	351,144
Write-down of properties under development and completed properties held for sale	28,374	25,554	–	–	–	53,928

	At 31 December 2020					
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	5,498,367	14,605,874	–	1,001,642	–	21,105,883
Reportable segment assets	14,950,210	36,065,031	12,750,391	1,509,139	118,480	65,393,251
Reportable segment liabilities	14,618,246	35,591,269	536,956	1,169,671	42,549	51,958,691

(ii) Reconciliations of reportable segment revenue, loss/profit, loans and borrowings, assets and liabilities

	2021	2020
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**5,451,004**	5,831,011
Elimination of intra-group revenue	**(51,799)**	(71,319)
Consolidated revenue *(Note 4(a)(i))*	**5,399,205**	5,759,692
(Loss) profit		
Reportable segment (loss) profit	**(2,220,062)**	1,334,404
Elimination of intra-group results	**38,297**	52,474
Unallocated head office and corporate loss	**(1,548,189)**	(102,927)
Consolidated (loss) profit	**(3,729,954)**	1,283,951
Loans and borrowings		
Reportable segment loans and borrowings	**20,463,906**	21,105,883
Unallocated head office and corporate loans and borrowings	**6,285,751**	5,591,004
Consolidated loans and borrowings	**26,749,657**	26,696,887

	2021	2020
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**58,499,614**	65,393,251
Elimination of intra-group balances	**(13,099,012)**	(21,975,558)
Unallocated head office and corporate assets	**10,955,287**	17,866,754
Consolidated total assets	**56,355,889**	61,284,447
Liabilities		
Reportable segment liabilities	**53,411,229**	51,958,691
Elimination of intra-group balances	**(22,645,581)**	(21,461,474)
Unallocated head office and corporate liabilities	**18,255,115**	18,617,214
Consolidated total liabilities	**49,020,763**	49,114,431

(iii) Geographical information

The Group's operations are substantially located in the PRC, therefore no geographical segment reporting is presented.

5(a) OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Disposal of subsidiaries	**(5,628)**	1,515,479
Net loss on disposal of investment properties	**–**	(15,043)
Others	**58,622**	64,308
	52,994	1,564,744

5(b) OTHER OPERATING EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Net loss on disposal of investment properties	**159,798**	–
Write-down of properties under development and completed properties held for sale	**400,349**	53,928
Others	**32,357**	16,269
	592,504	70,197

5(c) IMPAIRMENT LOSSES

As a result of the continuous COVID-19 control policies and the unexpected significant deterioration in the real estate market due to the tightened monetary and credit policies in the PRC since 2021, the Group and some of its counterparties experienced significant liquidity difficulties, and therefore, certain property development projects have been suspended/delayed and the recoverability of certain assets and receivables, that were advanced to the Group's business partners for certain property development projects in the Group's ordinary course of business, was deteriorated. After due and careful consideration of the potential recoverable amounts, the Group recognised significant impairments on various assets as follows:

a) full provision on intangible assets of exclusive right of land development acquired through the acquisition of a subsidiary was made during the year ended 31 December 2021;

b) partial provision on trade receivables and loans provided to third parties/ non-controlling interests of subsidiaries/associates was made to reflect the expected credit losses ("**ECL**") exposure estimated by the management of the Company with reference to credit risk assessment made by the Company and/or a professional valuer; and

c) partial provision on properties under development and completed properties held for sale was made to reflect the decline in net realisable value of relevant properties development projects.

In determination of the required provision that should be made, the Group had considered the following factors, among others:

a) the existing and expected future property market in the PRC;

b) the expected further costs to be incurred by the Group on the incompleted property development projects; and

c) the credit rating and/or other credit assessment results of the business partners, including aging analysis, settlement record, risk and time to realise the value of collaterals, etc.

6 FINANCE INCOME AND FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Finance income		
Interest income on financial assets measured at amortised cost	**(404,514)**	(371,382)
Dividend income from the trading securities	**–**	(26,193)
Net change in fair value of the derivative component of the convertible bonds	**–**	(18,998)
Net change in fair value of financial assets measured at fair value through profit or loss	**(2,516)**	(16,729)
Net foreign exchange gain	**(61,961)**	(188,386)
	(468,991)	(621,688)
Finance costs		
Total interest expense on loans and borrowings *(Remark)*	**3,223,567**	3,083,042
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction*	**(2,144,981)**	(2,368,741)
	1,078,586	714,301
Net change in fair value of the trading securities	**18,371**	42,781
Interest element of lease rentals paid	**7,617**	5,341
Other finance expenses *(Remark)*	**467,625**	–
Bank charges and others	**15,858**	5,256
	1,588,057	767,679

* The borrowing costs have been capitalised at a rate of 3.63% – 16.52% per annum (2020: 4.20% – 16.52%).

Remark:

During the year ended 31 December 2021, the Group paid interest expenses and other finance expenses of approximately RMB120,000,000 and RMB431,800,000, respectively, to certain payees which are independent third parties by the payment instructions received from the respective contracting parties.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
Provision for the year		
– PRC Corporate Income Tax	**195,610**	421,895
– Land Appreciation Tax	**235,040**	289,080
Under (over)-provision of PRC Corporate Income tax in respect of prior years	**359**	(23,967)
Withholding tax	**61,111**	–
Deferred tax	**(556,179)**	(139,759)
Income tax (credit) expenses	**(64,059)**	547,249

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "**BVI**"), the group entities incorporated in the Cayman Islands and the BVI, are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to 7% based on types of properties.

Dividends payable by a foreign invested enterprise in the PRC to its foreign investors are subject to 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provided for different withholding arrangements.

8 (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of basic loss per share (2020: basic earnings per share) is based on the loss attributable to equity shareholders of the Company of approximately RMB3,672,714,000 (2020: profit of approximately RMB438,036,000) and the weighted average of 2,551,412,046 ordinary shares (2020: 2,552,700,273 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2021 ***Number of shares***	2020 *Number of shares*
Issued ordinary shares at 1 January	**2,552,303,477**	2,555,848,477
Effect of shares repurchased and cancelled	**(891,431)**	(3,148,204)
Weighted average number of ordinary shares at 31 December	**2,551,412,046**	2,552,700,273

(b) Diluted (loss) earnings per share

For the year ended 31 December 2021, diluted loss per share is the same as basic loss per share as the effect of potential ordinary share is anti-dilutive.

For the year ended 31 December 2020, the calculation of diluted earnings per share is based on the diluted profit attributable to equity shareholders of the Company of approximately RMB406,619,000 and the diluted weighted average number of ordinary shares of 2,820,018,206, calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2020 *RMB'000*
Profit attributable to equity shareholders	438,036
After tax effect of effective interest on the liability component of convertible bonds	(8,756)
After tax effect of gains recognised on the derivative component of convertible bonds	(22,661)
Profit attributable to equity shareholders (diluted)	406,619

(ii) Weighted average number of ordinary shares (diluted)

	2020 *Number of shares*
Weighted average number of ordinary shares at 31 December	2,552,700,273
Effect of conversion of convertible bonds	267,317,933
Weighted average number of ordinary shares (diluted) at 31 December	2,820,018,206

9 TRADE AND OTHER RECEIVABLES

	Notes	**31 December 2021 *RMB'000***	31 December 2020 *RMB'000*
Trade receivables, net of loss allowance	(a)	**545,024**	877,613
Loans provided to third parties, net of loss allowance	(b)	**2,365,041**	2,593,411
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**274,043**	715,904
Loans provided to associates, net of loss allowance		**281,725**	284,396
Amounts due from other related parties		**–**	30,637
Consideration receivables, net of loss allowance		**491,675**	1,508,084
Other receivables		**925,529**	389,017
Financial assets measured at amortised cost, net of loss allowance		**4,883,037**	6,399,062
Deposits and prepayments		**2,476,660**	2,477,668
		7,359,697	8,876,730
Less: non-current portion of other receivables		**(266,481)**	(265,658)
		7,093,216	8,611,072

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance), based on the revenue recognition date, is as follows:

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 6 months	**18,949**	36,554
6 months to 1 year	**9,418**	12,505
Over 1 year	**516,657**	828,554
	545,024	877,613

(b) Loans provided to third parties

The balance mainly represented loans provided to third parties which were interest bearing at a weighted interest rate of 11% (2020: 11%) per annum. The management of the Company measures loss allowance for loans provided to third parties on an individual basis at an amount equal to 12-month ECL unless there has been a significant increase in credit risk of the loan balance since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

During the year ended 31 December 2021, a total loss allowance of approximately RMB902 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with credit risk increased. Therefore, a loss allowance based on 12-month ECL of approximately RMB108 million and lifetime ECL of approximately RMB794 million have been recognised thereon. A reversal of impairment loss of approximately RMB3 million was recognised in consolidated profit or loss due to the repayment of impaired loans provided to a third party during the year ended 31 December 2021.

During the year ended 31 December 2020, a total loss allowance of approximately RMB139 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with no guarantees or credit risk increased. Therefore, a loss allowance based on 12-month ECL of approximately RMB6 million and lifetime ECL of approximately RMB133 million have been recognised thereon. A reversal of impairment loss of approximately RMB13 million was recognised in the consolidated profit or loss due to the repayment of loans provided to a third party during the year ended 31 December 2020.

During the year ended 31 December 2021, loans provided to third parties of approximately RMB749,835,000 were made to certain payees, which are independent third parties, by the payment instructions received from the relevant contracting parties.

10 TRADE AND OTHER PAYABLES

	Note	**31 December 2021** ***RMB'000***	31 December 2020 *RMB'000*
Trade payables	(a)	**3,851,143**	3,824,667
Advances received from third parties		**419,445**	380,783
Consideration payables in respect of acquisition of subsidiaries		**843,184**	192,224
Amounts due to related parties		**260,276**	264,384
Dividend payables		**–**	233,137
Other payables		**2,907,327**	1,288,813
Financial liabilities measured at amortised cost		**8,281,375**	6,184,008
Other taxes payable		**1,204,699**	1,017,860
		9,486,074	7,201,868
Less: non-current portion of trade payables		**(1,058,824)**	(456,277)
		8,427,250	6,745,591

(a) As at the end of reporting period, the ageing analysis of trade payables (which are included in trade and other payables) based on invoice date, is as follows:

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 1 year	**2,792,319**	3,381,396
1 to 2 years	**745,757**	192,620
Over 2 years but within 5 years	**313,067**	250,651
	3,851,143	3,824,667

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the period:

	2021 *RMB'000*	2020 *RMB,000*
Interim dividend declared during the year ended 31 December 2020 of HKD10.00 cents per ordinary share	**–**	233,137
Withdrawal of interim dividend declared during the year ended 31 December 2020 of HKD10.00 cents per ordinary share	**(233,137)**	–
	(233,137)	233,137

(b) Share capital and treasury shares

(i) Share capital

	2021		2020	
	No. of shares	***HKD'000***	*No. of shares*	*HKD'000*
Authorised:				
Ordinary shares	**4,000,000,000**	**40,000**	4,000,000,000	40,000

		2021		2020	
	Notes	***No. of shares***	***RMB'000***	*No. of shares*	*RMB'000*
Ordinary shares, issued and fully paid:					
At 1 January		**2,552,303,477**	**20,187**	2,558,078,477	20,240
Shares repurchase and cancelled	(ii)	**(907,000)**	**(8)**	(3,545,000)	(32)
Cancellation of treasury shares	(iii)	**(585,000)**	**(5)**	(2,230,000)	(21)
At 31 December		**2,550,811,477**	**20,174**	2,552,303,477	20,187

(ii) Share repurchase and cancelled

During the years ended 31 December 2021 and 2020, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

For the year ended 31 December 2020

	Number of shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregated price and paid *RMB'000*
January 2020	1,016,000	1.49	1.38	1,284
February 2020	2,182,000	1.43	1.33	2,761
April 2020	347,000	1.38	1.37	436
	3,545,000			4,481

For the year ended 31 December 2021

	Number of shares repurchased	**Highest price paid per share** *HKD*	**Lowest price paid per share** *HKD*	**Aggregated price and paid** *RMB'000*
January 2021	907,000	1.24	1.17	919

During the year ended 31 December 2021, 907,000 shares (2020: 3,545,000 shares) out of the total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the par value of the shares cancelled of approximately RMB8,000 (2020: approximately RMB32,000) was transferred from share premium to capital redemption reserve.

(iii) Treasury shares

	2021		2020	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
At 1 January	**585,000**	**587**	2,230,000	2,862
Shares repurchase to be cancelled	**–**	**–**	585,000	587
Cancellation of treasury shares	**(585,000)**	**(587)**	(2,230,000)	(2,862)
At 31 December	**–**	**–**	585,000	587

During the year ended 31 December 2021, the Company had not repurchased shares other than those aforementioned in above on the Hong Kong Stock Exchange. The repurchased shares during the year ended 31 December 2020 were cancelled and the par value of approximately RMB5,000 was transferred from share premium to capital redemption reserve during the year ended 31 December 2021.

12 CREDIT RISK MANAGEMENT

Credit risk, refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group, which is arises in the normal course of the Group's business.

The Group's credit risk is primarily attributable to trade receivables, consideration receivables and loans provided to non-controlling interests in subsidiaries, associates, other related parties and third parties, which is described below.

(i) Trade receivables

For trade receivables, receivables that ageing were over 1 year mainly included revenue from land development for sale of approximately RMB581,089,000 at 31 December 2021 and 2020 (the "**Relevant Receivables**"). As of the date of this announcement, the Group is still negotiating with the Relevant Receivables. The directors of the Company considered the long outstanding of the Relevant Receivables which indicate an increase in credit risk, the Group had therefore recognised lifetime ECL provision of approximately RMB231,088,000 *(2020: Nil)* for the Relevant Receivables for the year ended 31 December 2021.

The remaining receivables mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. The Group holds the title of the property units as collateral over the balance of trade receivables of approximately RMB100,515,000 *(2020: approximately RMB103,712,000)*. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price and management considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measures loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

At 31 December 2020, the directors of the Company were of opinion that the Group's exposure to credit risk and ECL for these trade receivables were insignificant.

At 31 December 2021, the directors of the Company considered that the domestic property market in the PRC were in downturn, in which the property units held by the Group as collateral were not sufficient to support the recoverability of relevant long outstanding trade receivables, the Group had therefore recognised lifetime ECL provision of approximately RMB80,202,000 for these trade receivables for the year then ended.

(ii) Guarantees provided by the Group

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, the management of the Company considers that it would likely recover any loss incurred arising from such guarantee provided by the Group. The management of the Company considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts.

(iii) Loans provided to associates and non-controlling interests of subsidiaries

For loans provided to associates and non-controlling interests of subsidiaries, the management of the Company considered that the credit risk arising from these receivables is significantly mitigated by related property development projects held by these associates and subsidiaries, with reference to the estimated market value of those property development projects as at 31 December 2020.

As at 31 December 2021, the management of the Company considered that the domestic property market in the PRC were in downturn, in which the related property development projects were not sufficient to support the recoverability of relevant long outstanding loans, it indicated an increase in credit risk. Therefore, 12-month ECL provision of approximately RMB2,781,000 and RMB53,819,000 were provided for loans provided to associates and non-controlling interests of subsidiaries, respectively for the year then ended.

(iv) Consideration receivables

As at 31 December 2020, for the consideration receivables derived from disposal of subsidiaries in previous years, the management of the Company had specifically considered the long outstanding receivables with overdue for over 90 days were credit-impaired. Therefore, during the year ended 31 December 2020, the Group had provided lifetime ECL provision of approximately RMB28,178,000 on the consideration receivables.

As at 31 December 2021, the management of the Company considered there was no significant change on credit risk and no settlements for the impaired consideration receivables were received, therefore, no further ECL provision or reversal of ECL provision were provided for the year then ended.

(v) Other financial assets measured at amortised cost

As at 31 December 2021 and 2020, the Group held the structure notes issued by an independent third party (the "**Structure Notes**"). The management of the Company had considered that the Structure Notes have low credit risk based on the borrower's strong capacity to meet its contractual cash flow obligations in the near term and low risk of default, and therefore no ECL provision was provided for the years ended 31 December 2021 and 2020.

(vi) Loans provided to third parties

For loans provided to third parties, whose loss allowance is measured on an individual basis, the management of the Company assesses whether there is a significant increase in credit risk arising from default of the counter party based on borrowers' and guarantor's specific information primarily their past due status and their liquidities from other sources available without undue cost.

Movement in the loss allowance in respect of loans provided to third parties during the years is as following:

12-month ECL

	2021	2020
	RMB'000	*RMB'000*
Balance at 1 January	**6,306**	–
Impairment losses recognised	**107,643**	6,306
Reversal of impairment losses	**(2,659)**	–
Balance at 31 December	**111,290**	6,306

Lifetime ECL

	2021	2020
	RMB'000	*RMB'000*
Balance at 1 January	**1,124,433**	1,004,932
Impairment losses recognised	**794,189**	132,824
Reversal of impairment losses	**–**	(13,323)
Balance at 31 December	**1,918,622**	1,124,433

Below is a summary of outstanding loans provided to third parties as at the end of the reporting period.

	Loan balances *(RMB'000)*	Number of borrowers	Annual interest rate *(%)*	Loan period *(Year)*	Assets Pledged/ Guarantees
Advance to third parties to obtain underlying assets	780,494	3	8%	From the date of drawdown until three days from the date of issuance of written notice of repayment	Receivables due from owners of underlying assets
Loans to business partners	469,494	8	9% - 20%	0.5 - 2 years	Properties pledged/ Equity Interest pledged/ Guarantee by third parties and/or shareholders
Loans to market participates in real estate industry	405,988	4	9% - 15%	0.3 - 4 years	Guarantee by third parties
Loans to customers referred by financial institutions	709,065	4	12% - 18%	0.5 - 1.5 years	Properties pledged / Equity Interest pledged / Guarantee by third parties
Total	**2,365,041**				

Notwithstanding to earn a stable fixed interest income, the management considered the above loans provided to third parties can facilitate the Company to maintain the relationship with the borrowers and/or referrers.

13 LITIGATION

As at 31 December 2021 and up to the date of this announcement, the Group is subjected to a number of legal proceedings which mainly in relation to disputes under construction contracts in respect of its various property development projects and defaults of repayment of several loans and borrowings, which arose during the normal course of business.

In the opinion of the directors of the Company, based on the best estimation on the possible outcomes of the disputes by the management in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel, the possible further obligations (other than those liabilities/provisions have been recognised in the consolidated financial statements) arose from litigations is immaterial to the consolidated financial statements of the Group.

CHAIRMAN'S STATEMENT

I am pleased to present the business review for the Reporting Period and outlook of the Company to the shareholders.

RESULTS

In 2021, as affected by governmental policies of the PRC, credit was tightened across the board and the market contracted significantly in the real estate industry. Under such circumstances the Company encountered unprecedented difficulties and defaulted on its debts for the first time on 11 August 2021. Meanwhile, due to financial stress and on-going project development and construction, sales for the year dropped significantly, with contracted sales amounting to RMB3,221 million and contracted sales area amounting to 294,872 square meters, which means only approximately one-third of the plan for the year was being achieved.

The revenue decreased to RMB5,399.2 million as compared to that of 2020, while the gross profit decreased by 50.6% to RMB755.1 million and gross profit margin decreased by 12.6 percentage points to 14.0%. In addition, during the Reporting Period, the sales income decreased, and the gross profit from delivery of houses decreased compared with last year. At the same time, due to the adverse impact caused by the continuous and repeated outbreaks of the COVID-19 pandemic, and the fact that the overall real estate market was in a downward trend, the impairment loss provision for this period provided to loans for third parties and recognised impairment losses on assets increased as compared to last year, resulting in an annual loss of RMB3,730.0 million during the Reporting Period.

BUSINESS REVIEW

1. Securing fund acquisition, ensuring performance of contracts

Since the first half of 2021, the Company has experienced a significant decline in its property sales due to the impact of the COVID-19 pandemic and lack of funding, effect of which was especially significant for its commercial projects. Compared with the plan, the Company's recovery of receivables has been greatly reduced, leading to a series of early warnings for the Company's repayments in the second half of the year. All staff across the Company proactively worked on raising new funds and invited new investors for cooperation and had entered into a series of contracts. However, the deterioration of the situation on all fronts eventually led to a default by the Company on its convertible bonds in the open market in August 2021 with a fund gap of USD52.39 million. Following the occurrence of the default, coupled with domestic financial regulations and market downturn, the Company was caught in difficulties of overall shortage of cash flows.

2. Ensuring house delivery, maintaining operation

After the occurrence of the default, the Company eventually secured the confidence of the creditors through a difficult and complicated process of communication, explanation and negotiation. Meanwhile, by actively strengthening the communication with various partners, the Company was able to maintain the stability of the projects and resume construction through its utmost efforts. At the same time, the Company proactively disposed of some operating assets in a rapid manner and utilised the proceeds raised therefrom to ensure the delivery of houses and the construction of key projects. Even under such difficult circumstances, the Company has still ensured the delivery of over 6,000 residential units of several residential projects in Wuxi and Wenzhou, and ensured the continuous and stable development of major projects, as well as the successive operation and utilisation of 3,000 Himalaya apartments. In particular, during the COVID-19 pandemic last year, the commercial street of over 100,000 square metres of the Changsha Sunshine 100 Phoenix Street project was put into operation normally and received numerous positive responses, and was rated as a national 3A-level tourist attraction.

3. Maintaining stability

As a result of the default and the shortage of funds, the Company faced unprecedented pressure and difficulties on all fronts. On one hand, the Company strives to coordinate with institutional creditors to grant grace periods and reached understanding; on the other hand, it proactively communicated with the local governments and stabilised the confidence of construction contractors and partners to ensure the timely delivery of houses, and to strengthen the promotion of various works relating to commercial property operation. At the same time, it intensified internal reform, increased income streams and reduced costs, which secured the confidence and stability of key staff and teams.

4. Improving operation

With the Company's sales business being disrupted, the Company mainly focused on commercial operations. Amid the pandemic, the Company's commercial operating income rose against the trend. Rental income from its investment properties increased from RMB151.9 million in 2020 to RMB192.8 million in 2021, the revenue generated from Himalaya serviced apartments increasing from RMB34.2 million in 2020 to RMB75.4 in 2021 million and the income from property management increasing from RMB353 million in 2020 to RMB424 million in 2021.

The stability and improvement of the commercial operation has laid a good foundation for the future transformation and upgrade of the Company and has helped us identify a direction for future development.

5. Industrial transformation

After experiencing market downturn and observing the competitiveness of its commercial operations, the Company has strengthened its determination to focus on its main products and undergo transformation, i.e. to increase the development of Himalaya apartments and commercial streets as its main products, and to further improve and mature the business model featuring strengthening operation and combination of rental and sales.

FUTURE OUTLOOK

1. Stepping up the efforts in realising assets. Under the circumstance of the Company's cash flow difficulties, the Company has also stepped up the work of repaying debts with its assets and debt-to-equity conversion to further reduce the liabilities of the Company.

2. The Company has accumulated some quality projects during the past thirty years. Under the current situation, the Company has adopted a variety of flexible ways to increase cooperation in investment invitation and cooperation in development, and some quality projects are expected to receive capital investment and activate the cash flows. The Company will accelerate the cooperation of main projects and attract capital for shareholding and development. Through full communication with some former partners, mutual trust has been increased and the cooperation in several main projects is being advanced, which are expected to be implemented one after another in the following year.

3. The Company will focus more on the main products and further develop the main products that have competitive advantages. Himalaya apartments, which are high-end and some high-quality serviced residences, are shown to be more competitive than the traditional sales business in a market downturn.

4. By strengthening its operation, the Company has developed unique advantages. With its experienced teams for operation of commercial projects built up over the years, the Company will give full play to increasing rental income and enhancing brand influence, and also gradually promote light-asset operation and cooperation.

The year 2021 was an extremely unusual year, during which the Company faced unprecedented difficulties and challenges which it had never experienced in its operation in the past thirty years. However, with the strong support of all partners and the extraordinary dedication and efforts of all colleagues, the Company was able to successfully overcome the adversity. We believe that Sunshine 100 will be able to embark on a new path of development after this round of elimination in the industry and market.

Last but not least, on behalf of the Board, I would like to extend my sincere gratitude to shareholders and partners for your support, to all our staff for your concerted efforts and hard work.

Chairman of the Board
Yi Xiaodi

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted Sales

During the Reporting Period, the Group (including light-asset operation projects) realised contracted sales of RMB3,221 million, representing a decrease of 69.4% from 2020, and contracted sales area of 294,872 square metres, representing a decrease of 66.9% from 2020. Moreover, the Group's average unit price for contracted sales was RMB10,227 per square metre, representing a decrease of 9.6% from 2020. Approximately 83.4% of the contracted sales amount was generated from the Bohai Rim and Midwest regions, among which, Jinan Sunshine 100 International New Town and Wuhan Sunshine 100 Phoenix Street projects contributed significantly, with the contracted sales being RMB437.9 million and RMB369.2 million, respectively, accounting for 13.6% and 11.5% of the Group's total contracted sales, respectively.

Breakdown of contracted sales of the Group by geographic location during the Reporting Period is as follows:

			For the 12 months ended 31 December 2021					
			Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(square metres)* [(1)]	
Economic area	City	Project	2021	2020	2021	2020	2021	2020
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**11,326**	18,322	**125.0**	231.1	**9,636**	9,598
		Shenyang Sunshine 100 Golf Mansion	**5,109**	9,021	**40.3**	71.2	**7,311**	7,316
	Jinan	Jinan Sunshine 100 International New Town	**18,584**	25,723	**437.9**	525.1	**20,719**	18,472
	Dongying	Dongying Sunshine 100 Phoenix Community	**-766**	2,019	**-2.5**	15.9	**4,517**	6,987
	Weifang	Weifang Sunshine 100 Phoenix Community	**8,082**	38,131	**63.0**	352.3	**7,101**	9,014
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**2,350**	4,365	**50.8**	116.2	**18,715**	26,623
		Tianjin Sunshine 100 Tianta Himalaya	**126**	12,607	**-7.1**	531.4	**55,983**	42,054
		Tianjin Sunshine 100 International New Town	**81**	151	**1.5**	24.4	**7,000**	17,881

Economic area	City	Project	For the 12 months ended 31 December 2021					
			Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(square metres)* [(1)]	
			2021	2020	**2021**	2020	**2021**	2020
	Yantai	Yantai Sunshine 100 Himalaya	**25,335**	12,211	**294.6**	230.2	**11,570**	18,461
	Chengde	Sunshine 100 Beijing Arles	**3,794**	20,417	**43.7**	227.7	**11,519**	11,151
		Sunshine 100 Rehe Valley[(3)]	**–**	312	**–**	5.1	**–**	16,196
	Sub-total		**74,021**	143,279	**1,047.2**	2,330.6	**12,956**	15,230
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**8,409**	48,164	**111.5**	854.5	**7,327**	16,482
		Wuxi Sunshine 100 Himalaya	**2,955**	9,576	**34.6**	145.7	**11,703**	15,219
	Wenzhou	Sunshine 100 Wenzhou Center	**8,096**	12,868	**133.5**	249.5	**15,708**	19,194
		Wenzhou Sunshine 100 Arles	**20,575**	89,699	**234.9**	1,181.2	**11,107**	12,369
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**-494**	1,468	**-15.0**	28.5	**36,767**	9,120
	Yixing	Yixing Sunshine 100 Phoenix Street	**–**	2,738	**2.3**	39.0	**–**	14,210
	Sub-total		**39,541**	164,513	**501.8**	2,498.4	**10,969**	14,274
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**4,575**	3,686	**32.2**	13.8	**6,818**	1,269
	Putian	Putian Sunshine 100 Phoenix Plaza[(3)]	**–**	1,906	**–**	40.3	**–**	20,629
	Sub-total		**4,575**	5,592	**32.2**	54.1	**6,818**	7,868
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**-244**	812	**0.1**	26.4	**13,965**	16,749
		Wuhan Sunshine 100 Phoenix Street	**30,178**	74,348	**369.2**	984.4	**12,156**	13,145
	Chongqing	Chongqing Sunshine 100 Arles	**23,076**	57,501	**326.2**	683.8	**13,957**	11,484

Economic area	City	Project	For the 12 months ended 31 December 2021 Contracted sales area *(square metres)* [1] 2021	2020	Contracted sales amount *(RMB million)* [2] 2021	2020	Unit selling price *(square metres)* [1] 2021	2020
	Changsha	Changsha Sunshine 100 Phoenix Street	**2,386**	20,739	**30.9**	316.5	**10,280**	13,586
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**2,187**	–	**21.5**	–	**9,735**	–
		Liuzhou Sunshine 100 City Plaza	**2,764**	99	**19.3**	7.5	**5,237**	14,128
		Liuzhou Sunshine 100 Xinye Town[3]	**31,356**	23,548	**308.9**	241.4	**9,850**	10,250
	Chengdu	Chengdu Sunshine 100 Mia Center	**-179**	–	**-5.1**	23.5	**38,026**	–
	Nanning	Nanning Sunshine 100 Upper East Side International	**11,066**	–	**79.3**	6.6	**6,111**	–
		Nanning Sunshine 100 Nine Peninsulas[3]	**36,526**	119,507	**235.9**	758.0	**6,458**	6,314
	Wuzhou	Wuzhou Sunshine 100 Sankee City[3]	**28,557**	126,823	**164.4**	721.4	**5,480**	5,677
	Lijiang	Lijiang Sunshine 100 COART Village	**7,948**	2,480	**73.5**	37.7	**9,251**	15,203
	Xi'an	Xi'an Sunshine 100 Arles	**953**	151,757	**13.9**	1,836.4	**9,085**	11,983
	Guilin	Sunshine 100 Weilu Valley	**–**	249	**–**	3.1	**–**	12,467
		Pingle Sunshine 100 Li River Cultural Village	**161**	–	**1.8**	–	**11,188**	–
	Sub-total		**176,735**	577,863	**1,639.8**	5,646.7	**9,007**	9,535
Total			**294,872**	891,247	**3,221.0**	10,529.8	**10,227**	11,315

Notes:

(1) Excluding car parks
(2) Including car parks
(3) Being light-asset operation projects

Breakdown of contracted sales of the Group by type of business during the Reporting Period is as follows:

	For the 12 months ended 31 December 2021					
	Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metre)* [(1)]	
	2021	2020	**2021**	2020	**2021**	2020
Type						
Residential properties	**175,055**	740,735	**2,331.6**	7,634.9	**13,318**	10,307
Commercial properties and car parks	**119,817**	150,512	**889.4**	2,894.9	**12,076**	16,273
Total	**294,872**	891,247	**3,221.0**	10,529.8	**10,227**	11,315
Proportion						
Residential properties	**59%**	83%	**72%**	73%		
Commercial properties and car parks	**41%**	17%	**28%**	27%		
Total	**100%**	100%	**100%**	100%		

Notes:

(1) Excluding car parks
(2) Including car parks

Property Construction

During the Reporting Period, the Group commenced construction on GFA of 338,518 square metres, representing a decrease of 52.5% from 2020. The completed GFA was 804,009 square metres, representing a decrease of 9.2% from 2020. The total GFA under construction was 3,952,296 square metres at the end of the Reporting Period, representing a decrease of 6.6% from 2020. The decrease was mainly due to the need to maintain the Group's liquidity.

The property construction of the Group during the Reporting Period is as follows:

		For the 12 months ended 31 December 2021		
Economic area	**City**	**Newly-started total GFA**	**Completed total GFA**	**Total GFA under construction at the end of the period**
		(square metres)	*(square metres)*	*(square metres)*
Bohai Rim	Jinan	–	103,678	–
	Shenyang	–	–	116,821
	Weifang	–	–	194,766
	Yantai	–	–	328,917
	Chengde	–	–	166,817
	Tianjin	–	–	23,071
	Sub-total	**–**	**103,678**	**830,392**
Yangtze River Delta	Wuxi	–	248,724	201,299
	Wenzhou	–	172,853	881,742
	Sub-total	**–**	**421,577**	**1,083,041**
Pearl River Delta	Qingyuan	–	–	52,535
	Sub-total	**–**	**–**	**52,535**
Midwest	Chongqing	17,265	11,758	186,630
	Yueyang	–	–	82,552
	Guilin	–	–	31,960
	Nanning	132,040	174,841	278,431
	Liuzhou	62,574	–	261,821
	Wuzhou	126,639	92,155	525,992
	Xi’an	–	–	238,825
	Wuhan	–	–	350,493
	Lijiang	–	–	29,624
	Sub-total	**338,518**	**278,754**	**1,986,328**
Total		**338,518**	**804,009**	**3,952,296**

Investment Properties

During the Reporting Period, the GFA of investment properties of the Group increased by 9,463 square metres. In the meantime, the GFA of investment properties decreased by 12,322 square metres from that of the previous year. During the Reporting Period, the GFA of the Group's investment properties, both completed and under construction, was 625,458 square metres. Moreover, the Group's rental income for the Reporting Period was RMB192.8 million, representing an increase of 26.9% as compared with 2020.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB18.4 million for various land and project acquisitions.

Breakdown of the land reserves of the Group at the end of the Reporting Period is as follows:

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Bohai Rim	Weifang	549,602	6%	549,602	8%
	Shenyang	555,290	6%	520,782	8%
	Yantai	411,269	4%	411,269	6%
	Jinan	189,924	2%	93,063	1%
	Tianjin	112,539	1%	95,038	1%
	Chengde	159,143	2%	113,310	2%
	Dongying	44,677	0%	44,677	1%
	Sub-total	**2,022,444**	**21%**	**1,827,741**	**27%**
Midwest	Chongqing	149,943	2%	119,954	2%
	Guilin	610,196	7%	597,767	9%
	Changsha	219,409	2%	219,409	3%
	Yueyang	82,552	1%	42,102	1%
	Liuzhou	550,090	6%	436,094	6%
	Nanning	1,288,117	14%	483,891	7%
	Wuzhou	1,365,319	15%	378,876	6%
	Wuhan	308,918	3%	308,918	5%
	Chengdu	81,484	0%	81,484	0%
	Xi'an	469,372	5%	469,372	7%
	Lijiang	169,480	2%	86,435	1%
	Sub-total	**5,294,880**	**57%**	**3,224,302**	**47%**

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Yangtze River Delta	Wenzhou	905,931	10%	905,931	13%
	Wuxi	540,481	6%	540,481	8%
	Changzhou	53,017	0%	27,039	0%
	Yixing	70,549	1%	56,439	1%
	Sub-total	**1,569,978**	**17%**	**1,529,890**	**22%**
Pearl River Delta	Qingyuan	470,870	5%	258,979	4%
	Sub-total	**470,870**	**5%**	**258,979**	**4%**
Total		**9,358,172**	**100%**	**6,840,912**	**100%**

Financial Performance

Revenue

During the Reporting Period, the Group's revenue decreased by 6.3% to RMB5,399.2 million in 2021 from RMB5,759.7 million in 2020, mainly due to the decrease in the income from sale of properties.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties decreased by 10.5% to RMB4,597.2 million in 2021 from RMB5,138.0 million in 2020, mainly due to the decrease in delivery areas for the period as compared with last year.

Income from property management and hotel operation

During the Reporting Period, revenue generated from property management and hotel operation of the Group increased by 27.3% to RMB578.8 million in 2021 from RMB454.5 million in 2020, mainly due to further improvement in property management and hotel operation with increased areas in property management as compared with last year.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group increased by 26.9% to RMB192.8 million in 2021 from RMB151.9 million in 2020, mainly due to the increase in revenue resulting from the improvement in property leasing capability and service level for tenant via Company's further focus on operation and leasing management.

Cost of sales/services

During the Reporting Period, the cost of sales/services of the Group increased by 9.8% to RMB4,644.2 million in 2021 from RMB4,230.0 million in 2020. Cost of sales of properties increased by 8.5% to RMB4,024.5 million in 2021 from RMB3,707.8 million in 2020, primarily due to the increase in the average unit cost of the property delivered as compared to the corresponding period of last year. Cost of property management and hotel operation increased by 20.3% to RMB614.7 million in 2021 from RMB511.0 million in 2020, primarily due to the increase in costs resulting from the corresponding increase in property management areas.

Gross profit

As a result of the foregoing, for the Reporting Period, the Group's gross profit decreased by 50.6% to RMB755.1 million in 2021 from RMB1,529.7 million in 2020. The Group's gross profit margin decreased by 12.6 percentage points to 14.0% in 2021 from 26.6% in 2020, primarily due to the decrease in gross profit of the property delivered as compared to the corresponding period of last year.

Valuation losses on investment properties

During the Reporting Period, valuation loss on investment properties of the Group were RMB52.0 million, primarily due to the slight loss on the overall valuation resulting from the increase in newly-added properties and decrease in the valuation of original properties as compared with last year as affected by the COVID-19 pandemic.

Other income

During the Reporting Period, the Group's other income decreased by 96.6% to RMB53.0 million in 2021 from RMB1,564.7 million in 2020, mainly due to the decrease in recognition of gain on disposal of subsidiaries.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 9.9% to RMB366.3 million in 2021 from RMB406.4 million in 2020, primarily due to the decrease in advertising and promotion fees and sales agency fees resulting from the decrease in newly-added projects launched for sale and the decrease in revenue from delivered properties for the year.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group decreased by 14.4% to RMB436.5 million in 2021 from RMB509.7 million in 2020, primarily due to the decrease in wages and benefits, consulting fees and other expenses as the Company strengthened cost control during the Reporting Period.

Other operating expenses

During the Reporting Period, the Group recorded other operating expenses of RMB592.5 million, representing an increase of 744.0% from RMB70.2 million in 2020, mainly due to the increase in write-down of properties under development and completed properties held for sale as compared with last year.

Finance income

During the Reporting Period, financial income of the Group decreased by 24.6% to RMB469.0 million in 2021 from RMB621.7 million in 2020, which was mainly attributable to the significant decrease in revenue arising from the change in exchange rate as compared with last year.

Finance costs

During the Reporting Period, financial costs of the Group increased by 106.9% to RMB1,588.1 million in 2021 from RMB767.7 million in 2020, which was mainly attributable to the increased interest expenses and other finance costs as a result of the increased total finance costs and number of completed projects.

Income tax

During the Reporting Period, the income tax credit of the Group was RMB64.1 million, and the income tax expenses of the Group was RMB547.2 million in 2020, which was mainly attributable to recognition of deferred tax expense for loss.

(Loss) Profit for the year

During the Reporting Period, the loss of the Group amounted to RMB3,730.0 million, compared to the profit of RMB1,284.0 million in 2020.

(Loss) Profit attributable to equity shareholders of the Company

Due to the factors mentioned above, the loss attributable to equity shareholders of the Company RMB3,672.7 million in 2021, and the profit attributable to equity shareholders of the Company was RMB438.0 million in 2020.

Working capital, financial and capital resources

Cash and cash equivalents

As at 31 December 2021, the Group had approximately RMB1,189.2 million of cash and cash equivalents, representing a decrease of RMB1,882.6 million as compared to those as at 31 December 2020, mainly due to the repayment of borrowings and interest payment.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2021, the Group's current ratio decreased to 111.7% from 141.6% as at 31 December 2020. The Group's current assets decreased from RMB45,039.5 million as at 31 December 2020 to RMB40,983.1 million as at 31 December 2021, while current liabilities increased to RMB36,691.3 million as at 31 December 2021 from RMB31,803.2 million as at 31 December 2020.

As at 31 December 2021, the Group's gearing ratio (calculated as total loans and borrowings divided by total assets) increased to 47.5% from 43.6% as at 31 December 2020. Net gearing ratio (calculated as total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) increased by approximately 153.5 percentage points to 343.0% as at 31 December 2021 from 189.5% as at 31 December 2020, which was mainly attributable to the decrease in total equity resulting from the loss from operation for the year as compared to last year.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchases of its properties. As at 31 December 2021, the Group provided guarantees for mortgage loans in an amount of RMB4,196.6 million (31 December 2020: RMB4,738.9 million) to those banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2021, the Group had total loans and borrowings of RMB26,749.7 million, of which RMB18,363.2 million, RMB7,485.1 million and RMB901.4 million were payable within one year or on demand, after 1 year but within 2 years and after 2 years but within 5 years, respectively.

The Group's borrowings are denominated in RMB and USD, mostly with fixed interest rate. As at 31 December 2021, the Group had no unutilised comprehensive credit facilities granted by bank and other financial institutions. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 31 December 2021, the Group had pledged properties and restricted deposits with a carrying value of RMB12,932.8 million (31 December 2020: RMB12,141.2 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2021, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB6,639.9 million (31 December 2020: approximately RMB8,385.0 million). Approved but not contracted for capital commitment of the Group was approximately RMB5,310.0 million as at 31 December 2021 (31 December 2020: approximately RMB8,818.3 million).

Foreign exchange exposure

The Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China (the "**PBOC**") or other statutory institutions. The exchange rates adopted for foreign exchange transactions are those published by the PBOC and may be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currencies (depending on the foreign currency in which the Group's earnings are denominated) or must be conducted through the PBOC with government approval.

Nearly all of the Group's income and expenses are denominated in RMB, while certain bank deposits and loans are denominated in the Hong Kong dollar ("**HKD**") and USD. However, the operating cash flows and working capital of the Group have not been materially impacted by fluctuations in exchange rates. The Group currently does not hedge its foreign exchange exposure but may adopt hedging measures in the future.

Major investments, acquisitions and disposals

Update on completion status for disposal of 100% Equity Interest in Eminent Star

References are made to the Company's announcements dated 13 April 2019 and 31 December 2019 as well as the Company's circular dated 13 June 2019 regarding the very substantial disposal by Chang Jia International Limited (長佳國際有限公司) ("**Chang Jia**") of the share capital and loans owed by Eminent Star Group Limited (卓星集團有限公司) ("**Eminent Star**") for a total consideration of approximately RMB4,661.2 million payable in cash (the "**Eminent Star Disposal**"). Terms used below shall have the same meanings as those used in the Company's announcement dated 13 April 2019.

As at the date of this announcement, the first completion, the second completion, the third completion and the fourth completion of the Eminent Star Disposal have taken place. The Group has received cash totaling RMB4,466.4 million, which includes the Initial Deposit, the Further Deposit, the First Instalment, part of the Second Instalment, the Third Instalment and other related payments. The parties are negotiating the payment of the balance of the Second Instalment and related matters.

Loan Facility and Provision of Certain Pledges and Credit Enhancement Measures

On 15 July 2021, Cinda Investment Co., Ltd.* (信達投資有限公司) (the "**Lender**") (as lender), Wenzhou Center Building Construction Development Co., Ltd.* (溫州中心大廈建設發展有限公司) ("**Wenzhou Center**") (as borrower), Guangxi Vantone Real Estate Development Co., Ltd.* (廣西萬通房地產開發有限公司) ("**Guangxi Vantone**") (as guarantor), Mr. Yi Xiaodi ("**Chairman Yi**") (as guarantor) and Ms. Xu Yunxia (as guarantor), among others, entered into an investment cooperation framework agreement and a loan agreement (the "**Agreement**"). Pursuant to the Agreement and certain other underlying agreements, subject to the satisfaction of certain conditions, the Lender agreed to provide a loan of up to RMB1.98 billion to Wenzhou Center (the "**Loan Facility**"). Wenzhou Center and Guangxi Vantone are subsidiaries of the Company.

Mr. Yi Xiaodi is the chairman of the Board and an executive director of the Company and Ms. Xu Yunxia is the spouse of Chairman Yi, therefore the provision of a guarantee by them constituted a connected transaction of the Company. As the guarantee was provided on normal commercial terms or better and the Company did not pledge any assets for obtaining the guarantee, the transaction was exempted from the announcement and independent shareholder approval requirement pursuant to Rule 14A.90 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). As the security is provided by the Company to secure the obligations of itself and its subsidiaries, it did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

For details, please refer to the announcement of the Company dated 15 July 2021.

Save as disclosed above, the Company had no other major investments, acquisitions or disposals during the Reporting Period.

Future plans for substantial investments or capital assets

As at the date of this announcement, there is no plan authorised by the Board for other substantial investments or additions of capital assets.

Human Resources

As at 31 December 2021, the Group employed a total of 3,229 employees (31 December 2020: 3,949 employees). The staff costs of the Group for the Reporting Period were RMB500.7 million (2020: RMB521.5 million). The Group has adopted a performance based incentive system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. The Group has established a regular assessment mechanism to assess the performance of its employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by regulations in China, the Group makes contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of its employees in China. During the Reporting Period, the Group made contributions of approximately RMB33.2 million to the employee retirement scheme (2020: RMB6.2 million).

DIVIDENDS

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2021.

Withdrawal of Recommendation for Payment of Interim Dividend

As disclosed in the interim results announcement and the interim report for the six months ended 30 June 2020, the Board declared an interim dividend of HK$10.00 cents per share for the six months ended 30 June 2020 (the "**2020 Interim Dividend**").

On 30 July 2021, due to the continued volatility of the market and the continuing impact of the COVID-19 pandemic, and in order to preserve the cash level of the Company for better working capital management purposes, after careful consideration, the Board resolved to withdraw its recommendation for payment of the 2020 Interim Dividend. The 2020 Interim Dividend amounted to approximately RMB233.137 million. The Company will preserve such cash resources for its own operations. For details, please refer to the announcement of the Company dated 30 July 2021.

Information regarding the date of the AGM for the year of 2021, and the relevant record dates and book close dates will be announced in due course.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. During the Reporting Period, the Company adopted and complied with all applicable code provisions set out in Part 2 of Appendix 14 (the "**CG Code**") to the Listing Rules, except for the following deviation:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yi Xiaodi has served as the chairman and chief executive officer of the Company since 11 May 2018. This arrangement deviates from the requirement that the two positions should be held separately by different individuals as prescribed in the code provision C.2.1 of the CG Code. However, the Board is of the view that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operation of the Board as the majority of the Board are non-executive Directors and independent non-executive Directors. Moreover, the Board comprises experienced and high caliber individuals and meets regularly to discuss major issues affecting operations of the Company, and all directors are properly and promptly briefed on relevant matters with adequate, complete and reliable information.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. Currently, the Audit Committee comprises three independent non-executive Directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Li Chunping (replaced Mr. Wang Bo on 31 December 2021, who resigned as a Director on the same day). Mr. Ng Fook Ai, Victor is the chairman of the Audit Committee.

The primary duties of the Audit Committee are: (i) to deal with the relationship with the Company's external auditors; (ii) to review the Group's financial information; (iii) to supervise the Group's financial reporting system, risk management and internal control procedures; and (iv) to perform the Company's corporate governance functions.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the annual results of the Group for the Reporting Period).

The Audit Committee has critically reviewed the position of the management of the Company (the "**Management**") concerning the disclaimer of opinion as to be expressed by the Company's auditor (the "**Disclaimer Opinion**") and agreed with the Management's position. The auditor reported to and discussed with the Audit Committee about going concern and the Disclaimer of Opinion with details as set out in note 2 to the consolidated financial statements in this announcement and the section headed "Extract From Draft Independent Auditor's Report" of this announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in compliance with the Listing Rules. Currently, the Remuneration Committee comprises one executive Director, Mr. Fan Xiaochong, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Li Chunping (replaced Mr. Wang Bo on 31 December 2021, who resigned as a Director on the same day). Mr. Li Chunping is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but are not limited to): (i) making recommendations to the directors of the Company (the "**Directors**") in respect of the remuneration policies and structure of Directors and senior management of the Company and the formal and transparent procedures in the formulation of remuneration policies; (ii) providing recommendations to the Board in respect of the remuneration packages of the Directors and senior management; (iii) reviewing and approving the remuneration packages of the management with reference to the Group's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants under the share option scheme adopted by the Company on 17 February 2014.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. Currently, the Nomination Committee comprises one executive Director, Mr. Yi Xiaodi, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Li Chunping (replaced Mr. Wang Bo on 31 December 2021, who resigned as a Director on the same day). Mr. Yi Xiaodi is the chairman of the Nomination Committee. The primary duty of the Nomination Committee is to make recommendations to the Board on the appointment of members of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results of the Company, reminding the Directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods during which the Directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all Directors, all of the Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Issue of USD120 Million 12.0% Senior Notes Due 2023 (the "2023 Notes")

On 29 January 2021, the Company, certain offshore subsidiaries of the Company that provide guarantees pursuant to the indenture in respect of the 2023 Notes and Haitong International Securities Company Limited entered into the subscription agreement in relation to the issue of USD120 million 12.0% senior notes due 2023 (the "**Notes Issue**").

The estimated gross proceeds of the Notes Issue, after deducting issue discounts in connection with the offering, amounted to approximately USD119.9 million, which was intended to be used to repay its existing indebtedness. The 2023 Notes have been listed on The Singapore Exchange Securities Trading Limited since 4 February 2021. The Notes Issue was completed on 3 February 2021. As at 31 December 2021, the balance of the gross proceeds was approximately USD8.0 million and the balance has been fully utilised as at the date of this announcement. Please refer to the announcement of the Company dated 3 February 2021 for details of the issuance of the 2023 Notes and the announcements of the Company dated 11 August 2021, 25 August 2021 and 6 December 2021 for details of the cross default under the 2023 Notes.

Repurchase and Cancellation of Convertible Bonds

As at 1 March 2021, the Company repurchased and cancelled all HK$750 million in aggregate principal amount of 4.80% convertible bonds due 2023 (ISIN: XS1877804895) in the open market ("**Bonds**"). Upon cancellation of the repurchased Bonds, there are no Bonds outstanding. For details, please refer to the announcement of the Company dated 1 March 2021.

Issue of USD219,600,000 13.0% Senior Green Notes Due 2022 (the "2022 Notes")

On 2 July 2021, the Company issued USD219,600,000 13% Senior Green Notes due 2022. The 2022 Notes bears interest from 30 June 2021, at 13.0% per annum payable on 30 December 2021 and 29 June 2022. The 2022 Notes matured on 29 June 2022 and are senior obligations of the Company guaranteed by its certain offshore subsidiaries.

The gross proceeds from this offering are approximately USD219.6 million, which the Company plan to use to refinance its existing indebtedness and in accordance with its Green Finance Framework. As at 31 December 2021, the gross proceeds has been fully utilised.

Please refer to the announcement of the Company dated 2 July 2021 and the offering memorandum dated 29 June 2021 for details of the issuance of the 2022 Notes, and the announcements of the Company dated 11 August 2021, 25 August 2021 and 6 December 2021 for details of the cross default under the 2022 Notes and the suspension of trading of the 2022 Notes.

Repurchase of shares

During the Reporting Period, the Company repurchased a total of 907,000 ordinary shares at share prices ranging from HK$1.17 to HK$1.24 per share. All the repurchased shares were cancelled on 15 March 2021, and the issued share capital of the Company was correspondingly reduced. The expenses in an aggregate amount of HK$1.1 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

The repurchases of shares by the Company during the Reporting Period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Events of Default under the 6.50% Convertible Bonds Due 2021 (the "2021 Bonds"), the 10.5% Senior Notes Due 2021 (the "2021 Notes"), the 2022 Notes and the 2023 Notes

On the maturity date of the 2021 Bonds, i.e. 11 August 2021, the Company failed to pay the principal and the premium in the sum of USD50,866,100 and the last instalment of interest of USD1,475,500. As such, an event of default under the terms and conditions of the 2021 Bonds occurred. The 2021 Bonds was also delisted from the Stock Exchange on 11 August 2021.

On the maturity date of the 2021 Notes, i.e. 5 December 2021, the Company failed to pay the principal of USD170 million and the last instalment of interest of USD8,925,000. As such, an event of default under the terms and conditions of the 2021 Notes occurred. As of the date of this announcement, the Company has repaid approximately USD31.9 million of the principal and approximately USD138.1 million of the principal remains outstanding.

On the maturity date of the 2022 Notes, i.e. 29 June 2022, the Company failed to pay the principal of USD219,600,000 and the total accrued and unpaid interest of USD28,548,000. As such, an event of default under the terms and conditions of the 2022 Notes occurred (together with the event of default under the terms of conditions of the 2021 Bonds and 2021 Notes, the "**Events of Default**").

Such Events of Default will trigger cross default provisions under certain other debt instruments entered into by the Group, including the 2023 Notes, which principal amount is USD120,000,000 with a maturity date of 3 October 2023. As the Company has not paid the accrued interest of USD16,800,000 due under the 2023 Notes, an event of default under the 2023 Notes has also taken place. The 2023 Notes may become immediately due and payable if the creditors choose to accelerate.

The Company has been proactively communicating with the relevant creditors. As at the date of this announcement, the Company has not received any acceleration notices from any creditors. The Company is using all efforts to raise the necessary funds to repay the outstanding amount and to remedy the Events of Default as soon as possible. For details, please refer to the announcements of the Company dated 11 August 2021, 25 August 2021, 6 December 2021 and 29 June 2022.

Events of Default under the 8.50% Corporate Bonds Due 2022 ("2022 8.50% Bonds"), the 9.0% Corporate Bonds Due 2022 (the "2022 9.0% Bonds") and the 8.4% Corporate Bonds Due 2023 (the "2023 Bonds") (together, the "Onshore Bonds")

On the maturity date of the 2022 8.50% Bonds, i.e. 22 September 2022, the Company's subsidiary, Guangxi Vantone, failed to pay the principal of RMB582,000,000 and the total accrued and unpaid interest of RMB49,470,000.00. As such, an event of default under the terms and conditions of the 2022 8.50% Bonds occurred.

On the maturity date of the 2022 9.0% Bonds, i.e. 30 October 2022, Guangxi Vantone failed to pay the principal of RMB120,000,000 and the total accrued and unpaid interest of RMB10,800,000.00. As such, an event of default under the terms and conditions of the 2022 9.0% Bonds occurred.

On the maturity date of the 2023 Bonds, i.e. 24 February 2023, Guangxi Vantone failed to pay the principal of RMB1,500,000,000 and the total accrued and unpaid interest of RMB252,000,000. As such, an event of default under the terms and conditions of the 2023 Bonds occurred.

Guangxi Vantone has been proactively communicating with the relevant creditors regarding the repayment of principal and interests with a view of reaching a solution acceptable to the creditors as soon as possible. As at the date of this announcement, the 2022 8.50% Bonds and 2022 9.0% Bonds remain listed on the Shanghai Stock Exchange and the 2023 Bonds remain listed on the Shenzhen Stock Exchange, and the Company and Guangxi Vantone have not received any acceleration notices from any creditors. The Company is using all efforts to raise the necessary funds to repay the outstanding amount and to remedy the defaults of the Onshore Bonds as soon as possible.

Save as disclosed above, during the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Events of Default

Further events of default under the Company's debt instruments occurred after the Reporting Period. For details, please refer to the section headed "Purchase, Sale and Redemption of the Listed Securities of the Company – Events of Default under the 6.50% Convertible Bonds Due 2021 (the "**2021 Bonds**"), the 10.5% Senior Notes Due 2021 (the "**2021 Notes**"), the 2022 Notes and the 2023 Notes" and "Purchase, Sale and Redemption of the Listed Securities of the Company – Events of Default under the 8.50% Corporate Bonds Due 2022 ("**2022 8.50% Bonds**"), the 9.0% Corporate Bonds Due 2022 (the "**2022 9.0% Bonds**") and the 8.4% Corporate Bonds Due 2023 (the "**2023 Bonds**") (together, the "**Onshore Bonds**")" in this announcement above.

Change of Auditor

On 7 May 2022, KPMG resigned as the auditor of the Company, and Mazars CPA Limited was appointed as the auditor of the Company on the same day. For details, please refer to the Company's announcements dated 10 May 2022 and 22 July 2022.

Appointment of Receivers in Respect of Shares of the Company

The Company received a letter on 22 July 2022 from Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers regarding the appointment of the joint and several receivers on 11 July 2022 over an aggregate of 971,335,000 ordinary shares of the Company (the "**Charged Shares**"), which represents approximately 38.08% of the total issued shares of the Company as at the date of this announcement.

The Charged Shares were security for the obligations of certain obligors including Joywise Holdings Limited and Mr. Yi Xiaodi under a series of agreements in relation to the subscription shares issued by the Company pursuant to the subscription agreement dated 18 December 2017.

For further information, please refer to the announcement of the Company dated 4 August 2022.

Reorganisation Petition Against a Subsidiary of the Company

As disclosed in the Company's announcement dated 17 November 2022 and 10 March 2023, a winding up reorganisation petition (the "**Petition**") was filed against Wenzhou Shihe Eco-city Development Co., Ltd.* (溫州世和生態城開發有限公司) ("**Wenzhou Shihe**"), an indirect wholly-owned subsidiary of the Company.

On 16 February 2023, the manager of Wenzhou Shihe applied to the Wenzhou People's Court seeking approval of Wenzhou Shihe's reorganisation plan (the "**Reorganisation Plan**") approved in the first creditors' meeting. Subsequently, the Company received a civil order from the Wenzhou People's Court dated 24 February 2023, which approved and endorsed the resolution passed at the first creditors' meeting to adopt the Reorganisation Plan. As a result, the winding up reorganisation of Wenzhou Shihe has been terminated. For further information, please refer to the announcement of the Company dated 10 March 2023.

Legal action with regards to the Notes Purchase Agreement

On 5 June 2023, a writ of summons indorsed with a general indorsement on claim was issued in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") by the solicitors acting for HTI Financial Solutions Limited (the "**Plaintiff**") against the Company. The statement of claim was filed with the High Court on 3 July 2023. The Plaintiff alleged that pursuant to a Notes Purchase Agreement entered into between the Plaintiff (as seller) and the Company (as purchaser) dated 27 September 2021 (the "**Agreement**"), the Company failed to pay the Repurchase Price on the Repurchase Date (both as defined in the Agreement).

For further information, please refer to the announcements of the Company dated 14 June 2023, 20 June 2023 and 5 July 2023.

Legal Proceedings Against Controlling Shareholder of the Company

On 10 August 2023, Haitong International Securities Company Limited (the "**Petitioner**") filed a winding-up petition (the "**Petition**") against Joywise Holdings Limited, a controlling shareholder of the Company ("**Joywise**"), for an order that Joywise be wound up by the High Court under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) on the ground that Joywise was unable to repay the Petitioner in the sum of HK$386,884,412.40, being the total amount due and owing to the Petitioner as at 26 June 2023 under and pursuant to a facility letter dated 26 June 2019 entered into between the Petitioner as lender and Joywise as borrower (the "**Credit Facility**"). To secure the Credit Facility, the Petitioner as lender and Joywise as chargor entered into a security deed pursuant to which Joywise charged not less than 964,838,855 shares of the Company to the Petitioner.

As at the date of this announcement, 492,947,000 shares of the Company held by Joywise is under receivership (the "**Receivership**"). The Company is currently assessing the legal, financial and operational impact of the Petition to the Group. The Shareholders are reminded that (1) the Petition is presented against Joywise and not the Company; and (2) the amount claimed is against Joywise and not against the Group. For further details, please refer to the announcement of the Company dated 15 August 2023.

Disposal of Land Pursuant to Court Enforcement Order

The Company's subsidiaries and associates, being Yantai Sunshine 100 Real Estate Development Co., Ltd. (煙台陽光壹佰房地產開發有限公司) ("**Yantai Sunshine 100**"), Weifang Sunshine 100 Real Estate Co., Ltd. (濰坊陽光壹佰置業有限公司), Guilin Sunshine 100 Real Estate Co., Ltd (桂林陽光壹佰置業有限公司) ("**Guilin Sunshine 100**") and Sunshine 100 Real Estate Group Co., Ltd. (陽光壹佰置業集團有限公司) (together, the "**Entities**"), have received an enforcement order issued by Beijing Financial Court (北京金融法院) (the "**Court**") dated 7 August 2023 (the "**Enforcement Order**"). The Enforcement Order was issued as a result of the Entities' failure to comply with the mediation order dated 29 July 2022 which required the Entities to repay China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) (stock code: 2799) ("**China Huarong**") a loan that China Huarong made to Yantai Sunshine 100 (the "**Defaulted Loan**"). The aggregate principal amount of the Defaulted Loan, together with interest and litigation costs, as at 29 July 2022, were approximately RMB495.0 million plus interest accrued from 21 March 2022 up to the date of repayment (the "**Claim**").

The Court has ordered Guilin Sunshine 100, which agreed to guarantee the Defaulted Loan with land use rights over a portion of land located in Xiangshan District, Guilin, Guangxi Province (廣西壯族自治區桂林市象山區) (the "**Land**"), to sell its land use rights in the Land by way of judicial public auction to satisfy the Claim. The Land was valuated at approximately RMB586.3 million as at 20 September 2022 based on the valuation report commissioned by the Court, which had remained unsold after two rounds of judicial public auction. Therefore, China Huarong applied to the Court, and the Court granted the Enforcement Order for China Huarong to take the Land at the auction reserve price of approximately RMB328.0 million (including an enforcement fee of approximately RMB0.6 million and the auction reserve price of the buildings above the Land of approximately RMB8.7 million), representing a discount of approximately 44% to its valuation price, as settlement of part of the Claim. For further details, please refer to the announcement of the Company dated 18 August 2023.

SCOPE OF WORK OF MAZARS

The financial figures in respect of Group's consolidated statement of comprehensive income, consolidated statement of financial position for the Reporting Period and the related notes thereto as set out in this preliminary results announcement have been compared by the Group's auditor, Mazars CPA Limited, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2021 and the amounts were found to be in agreement. The work performed by Mazars CPA Limited in this respect did not constitute an audit, review or other 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 the Company's auditor.

EXTRACT FROM DRAFT INDEPENDENT AUDITOR'S REPORT

The following is an extract of the draft independent auditor's report on the Company's draft consolidated financial statements for the year ended 31 December 2021:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *"Basis for Disclaimer of Opinion"* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. 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 material uncertainties relating to going concern

As set out in Note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB3,729,954,000 for the year ended 31 December 2021 and as at 31 December 2021, the Group had total loans and borrowings of approximately RMB26,749,657,000 of which the current loans and borrowings amounted to approximately RMB18,363,116,000. However, the Group only had cash and cash equivalents of approximately RMB1,189,204,000. As at 31 December 2021, the Group's loans and borrowings of approximately RMB5,317,861,000, convertible bonds with principal of USD45,400,000 (equivalent to approximately RMB289,457,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB34,850,000) and senior notes of USD170,000,000 (equivalent to approximately RMB1,083,869,000) were overdue pursuant to the relevant borrowing agreements which constituted events of default. With these events of default, the terms of cross-default of senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,400,104,000) at carrying amount of approximately USD214,632,000 (equivalent to approximately RMB1,368,427,000) and senior notes with principal of USD120,000,000 (equivalent to approximately RMB765,084,000) at carrying amount of approximately USD114,896,000 (equivalent to approximately RMB732,544,000) were triggered, and the senior green notes and senior notes may immediately due and payable if the creditors choose to accelerate. In addition, any further liabilities or obligations arising from the legal proceedings (if any), in respect of loans and borrowings, convertible bonds, senior green notes and senior notes may have significant impact on the liquidity position of the Group.

As at 31 December 2021, the Group had not finalised the land appreciation tax returns with the tax authorities for certain property development projects which had already met the requirement of finalisation of the People's Republic of China ("**PRC**") land appreciation tax ("**Land Appreciation Tax**"). The potential Land Appreciation Tax payment obligations arising from the clearance may have significant impact on the liquidity position of the Group.

As at and subsequent to 31 December 2021, the Group is subjected to a number of legal proceedings which mainly in relation to disputes under construction contracts in respect of its various property development projects and defaults of repayment of several loans and borrowings, which arose during the normal course of business. Details of which are set out in Note 31(e) and Note 37 to the consolidated financial statements. Based on the best estimation on the possible outcomes of the disputes by the management in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel, the possible further obligations (other than those liabilities/provisions that have been recognised in the consolidated financial statements) arose from litigations are expected to be immaterial to the consolidated financial statements of the Group. However, it is uncertain for the timing of crystallisation of the relevant legal proceedings.

These events or conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the directors of the Company have been taking measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple material uncertainties, including (i) successfully negotiating with the lenders on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principal and interests; (ii) successfully negotiating with the creditors and lenders on debt restructuring of interest-bearing borrowings; (iii) successfully negotiating with various financial institutions and potential lenders/investors to identify various options for financing the Group's working capital and commitments in the foreseeable future; (iv) successfully persuading the Group's existing lenders not to take action to demand for immediate repayment of the borrowings with interest payments in default including the prevention from the auction of the Group's pledged properties; (v) successfully implemented plans to dispose several investment properties instead of generating rental income to improve the cash flow in future; (vi) successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds and loans to third parties, and controlling costs and capital expenditure so as to generate adequate net cash inflows; (vii) successfully looking for larger property development enterprises and cooperating with investors to develop properties under development of the Group through joint effort; (viii) successfully procuring and negotiating the preliminary terms with larger property development enterprises for the sale of property development projects at a price deemed appropriate; and (ix) successfully negotiating with the local tax authorities and postponing the finalisation and payment of Land Appreciation Tax for certain property development projects which had already met the requirement of finalisation of Land Appreciation Tax.

Accordingly, we were unable to obtain sufficient appropriate audit evidence about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide any further liabilities which may arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

Details of the Audit Modification and the Management's Position, View and Assessment on the Relevant Audit Modification

In view of the detailed conditions set out in the Note 2 to the consolidated financial statement for the year ended 31 December 2021 in this announcement, the auditor is of the view that, there's significant uncertainties that may cast significant doubt regarding the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is subject to the Group's ability to generate sufficient financial and operating cash flows. As at 31 December 2021, the Group's loans and borrowings of approximately RMB5,317,861,000, convertible bonds with principal of USD45,400,000 (equivalent to approximately RMB289,457,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB34,850,000) and senior notes of USD170,000,000 (equivalent to approximately RMB1,083,869,000) were overdue pursuant to the borrowing agreements which constituted events of default. With these events of default, the terms of cross-default of senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,400,104,000) at carrying amount of approximately USD214,632,000 (equivalent to approximately RMB1,368,427,000) and senior notes with principal of USD120,000,000 (equivalent to approximately RMB765,084,000) at carrying amount of approximately USD114,896,000 (equivalent to approximately RMB732,544,000) were triggered, and the senior green notes and senior notes may immediately due and payable if the creditors choose to accelerate. In view of these circumstances, in assessing whether the Group will have sufficient financial resources to continue as a going concern, the Management has taken into full consideration of the future liquidity and performance of the Group and its available sources of finance. To mitigate the liquidity pressure and improve the cash flow position of the Group, the Management has adopted and will continue to implement various measures mentioned in this announcement. Therefore, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange at www.hkexnews.com.hk, The Singapore Exchange Securities Trading Limited at www.sgx.com and the Company at www.ss100.com.cn. The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be despatched to the Company's shareholders and published on the websites mentioned above in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 September 2023.

By Order of the Board
Sunshine 100 China Holdings Ltd
YI Xiaodi
Chairman and Executive Director

Beijing, the PRC
20 September 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Yi Xiaodi and Mr. Fan Xiaochong, the non-executive Directors of the Company are Ms. Fan Xiaohua and Mr. Wang Gongquan, and the independent non-executive Directors of the Company are Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Li Chunping.