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 2022

SUMMARY OF 2022 ANNUAL RESULTS

- Revenue amounted to RMB2,357.6 million, and the gross profit amounted to RMB455.9 million, representing a decrease of 56.3% and 39.6% as compared to 2021, respectively. The gross profit margin was 19.3%, representing an increase of 5.3 percentage point as compared to 2021.
- Loss for the year amounted to RMB3,317.0 million. Loss for the year decreased by 11.1% as compared to 2021, which was mainly due to the Company's continuous strengthening of cost control, selling expenses and administrative expenses decreased significantly compared to last year, as well as the decrease in impairment losses on intangible assets, trade receivables and other trade receivables compared to last year.
- Basic and diluted loss per share was RMB1.24 and RMB1.24, respectively.
- Total assets amounted to RMB52,383.1 million. The total equity attributable to equity shareholders of the Company amounted to RMB2,557.8 million.
- Contracted sales amounted to RMB1,205.0 million, representing a decrease of 62.6% as compared to 2021.
- Total GFA of the land reserves were approximately 9.2 million square meters as of 31 December 2022.

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; (vi) the announcement of the Company dated 31 August 2022 in relation to, among other things, the further delay in publication of the 2021 Audited Annual Results, the delay in publication of the interim financial results for the six months ended 30 June 2022 and the delay in dispatch of its interim report for the six months ended 30 June 2022; and (vii) the announcements of the Company dated 31 March 2023 and 31 August 2023 in relation to, among other things, the delay in publication of the audited preliminary results of the Group for the year ended 31 December 2022 and dispatch of the annual report for the year ended 31 December 2022.

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 2022 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2021. 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 2022
(Expressed in Renminbi)

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	4	**2,357,610**	5,399,205
Cost of sales/services		**(1,901,687)**	(4,644,153)
Gross profit		**455,923**	755,052
Valuation losses on investment properties		**(580,529)**	(52,011)
Other income	5(a)	**50,541**	52,994
Selling expenses		**(133,941)**	(366,299)
Administrative expenses		**(282,738)**	(436,539)
Other operating expenses	5(b)	**(566,839)**	(592,504)
Impairment losses on intangible assets	5(c)	**–**	(747,845)
Impairment losses on trade receivables	5(c), 12(i)	**(75,299)**	(311,290)
Impairment losses on other receivables	5(c), 12(vi)	**(364,820)**	–
Impairment losses on loans provided to third parties, net	5(c), 12(vii)	**(327,605)**	(899,173)
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)
Loss from operations		**(1,825,307)**	(2,654,215)
Finance income	6	**397,889**	468,991
Finance costs	6	**(1,925,815)**	(1,588,057)
Share of results of associates		**67,366**	(20,732)
Loss before taxation		**(3,285,867)**	(3,794,013)
Income tax (expenses) credit	7	**(31,162)**	64,059
Loss for the year		**(3,317,029)**	(3,729,954)

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
Other comprehensive (loss) income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Fair value change of other financial assets classified as fair value through other comprehensive income		**(1,388)**	–
Exchange differences on translation of financial statements of overseas subsidiaries		**(31,484)**	5,462
Other comprehensive (loss) income for the year		**(32,872)**	5,462
Total comprehensive loss for the year		**(3,349,901)**	(3,724,492)
Loss for the year attributable to:			
Equity shareholders of the Company		**(3,163,571)**	(3,672,714)
Non-controlling interests		**(153,458)**	(57,240)
Loss for the year		**(3,317,029)**	(3,729,954)
Total comprehensive loss for the year attributable to:			
Equity shareholders of the Company		**(3,196,443)**	(3,667,252)
Non-controlling interests		**(153,458)**	(57,240)
Total comprehensive loss for the year		**(3,349,901)**	(3,724,492)
Loss per share (RMB)	8		
Basic		**(1.24)**	(1.44)
Diluted		**(1.24)**	(1.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
(Expressed in Renminbi)

	Notes	**2022** **RMB'000**	2021 RMB'000
Non-current assets			
Property and equipment		**525,587**	653,495
Investment properties		**11,551,558**	12,027,711
Intangible assets		**–**	–
Restricted deposits		**42,708**	97,699
Investments in associates		**1,307,842**	1,240,631
Trade and other receivables	9	**47,716**	266,481
Deferred tax assets		**1,195,584**	949,595
Other financial assets		**73,903**	137,209
Total non-current assets		**14,744,898**	15,372,821
Current assets			
Properties under development and completed properties held for sale		**25,305,928**	28,600,968
Land development for sale		**3,137,903**	2,950,639
Contract costs		**253,522**	315,429
Trade and other receivables	9	**7,584,665**	7,093,216
Trading securities		**86,304**	114,515
Other financial assets		**348,230**	318,785
Restricted deposits		**280,359**	400,312
Cash and cash equivalents		**641,300**	1,189,204
Total current assets		**37,638,211**	40,983,068
Current liabilities			
Loans and borrowings		**25,221,676**	18,363,116
Trade and other payables	10	**10,633,672**	8,427,250
Contract liabilities		**5,106,238**	7,795,544
Lease liabilities		**18,945**	15,719
Contract retention payables		**127,934**	121,369
Current tax liabilities		**2,089,732**	1,968,287
Total current liabilities		**43,198,197**	36,691,285
Net current (liabilities) assets		**(5,559,986)**	4,291,783
Total assets less current liabilities		**9,184,912**	19,664,604

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Non-current liabilities			
Loans and borrowings		**1,594,983**	8,386,541
Contract retention payables		**87,183**	78,535
Lease liabilities		**41,088**	49,481
Trade and other payables	10	**1,427,246**	1,058,824
Deferred tax liabilities		**2,048,355**	2,756,097
Total non-current liabilities		**5,198,855**	12,329,478
NET ASSETS		**3,986,057**	7,335,126
CAPITAL AND RESERVES	11		
Share capital		**20,174**	20,174
Reserves		**2,537,609**	5,734,052
Total equity attributable to equity shareholders of the Company		**2,557,783**	5,754,226
Non-controlling interests		**1,428,274**	1,580,900
TOTAL EQUITY		**3,986,057**	7,335,126

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 2022 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 RMB3,317,029,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB5,559,986,000. In addition, as at 31 December 2022, the Group had total loans and borrowings of approximately RMB26,816,659,000 of which the current loans and borrowings amounted to approximately RMB25,221,676,000. However, the Group only had cash and cash equivalents of approximately RMB641,300,000.

As at 31 December 2022, the Group's loans and borrowings of approximately RMB11,103,144,000, convertible bonds with principal of United States Dollars ("**USD**") 45,400,000 (equivalent to approximately RMB316,193,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB38,069,000), senior notes of USD138,100,000 (equivalent to approximately RMB961,812,000), senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,529,426,000) and corporate bonds of approximately RMB702,000,000 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 notes with principal of USD120,000,000 (equivalent to approximately RMB835,752,000) at carrying amount of approximately USD116,907,000 (equivalent to approximately RMB814,211,000) were triggered, and the senior notes may immediately due and payable if the creditors choose to accelerate.

As at 31 December 2022, 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 2022, 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 16	Proceeds before Intended Use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018–2020 Cycle

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

Amendments to IAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of IAS 2.

Amendments to IAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018–2020 Cycle

IFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRSs later than its parent – i.e. if a subsidiary adopts IFRSs later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRSs.

IFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent" test for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

IAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13.

The adoption of the above 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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**1,682,540**	4,597,161
Property management and hotel operation income	**499,604**	578,824
Light-asset operation income	**13,199**	30,372
	2,195,343	5,206,357
Revenue from other sources		
Rental income from investment properties	**162,267**	192,848
	2,357,610	5,399,205
Disaggregated by timing of revenue recognition		
Point in time	**1,523,390**	4,119,301
Over time	**671,953**	1,087,056
	2,195,343	5,206,357

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 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB6,017,082,000 (2021: approximately RMB9,285,142,000). 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 on investment properties, other income, net operating expenses, impairment losses on 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 2022 and 2021 is set out below:

	Year ended 31 December 2022					
	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	977,126	533,065	–	–	13,199	1,523,390
Over time	95,989	76,360	–	499,604	–	671,953
Revenue from external customers	1,073,115	609,425	–	499,604	13,199	2,195,343
Revenue from other sources	–	–	162,267	–	–	162,267
	1,073,115	609,425	162,267	499,604	13,199	2,357,610
Inter-segment revenue	–	–	8,649	8,923	37,027	54,599
Reportable segment revenue	1,073,115	609,425	170,916	508,527	50,226	2,412,209
Cost of sales/services	(916,197)	(564,212)	–	(440,496)	(6,743)	(1,927,648)
Reportable segment gross profit	156,918	45,213	170,916	68,031	43,483	484,561
Valuation losses on investment properties	–	–	(580,529)	–	–	(580,529)
Other income	2,367	3,086	2,490	4,335	481	12,759
Net operating expenses	(291,168)	(468,512)	(34,052)	(89,817)	(28,180)	(911,729)
Impairment losses on trade receivables, net	1,399	(77,200)	–	502	–	(75,299)
Impairment losses on other receivables, net	(10,141)	(8,688)	(50)	–	–	(18,879)
Net finance costs	(60,486)	(380,820)	(16,866)	(4,974)	(19)	(463,165)

	Year ended 31 December 2022					
	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*
Reportable segment (loss) profit before taxation	(201,111)	(886,921)	(458,091)	(21,923)	15,765	(1,552,281)
Income tax (expenses) credit	(252,561)	60,096	8,081	(1,024)	(300)	(185,708)
Reportable segment (loss) profit	(453,672)	(826,825)	(450,010)	(22,947)	15,465	(1,737,989)
Additions on investment properties and property and equipment	81,416	30,285	8,483	6,228	5	126,417
Write-down of properties under development and completed properties held for sale	189,272	199,018	–	–	–	388,290

	At 31 December 2022					
	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*
Loans and borrowings	6,997,171	12,560,736	–	724,966	–	20,282,873
Reportable segment assets	16,527,708	19,034,044	11,871,557	175,001	118,950	47,727,260
Reportable segment liabilities	15,303,171	22,941,998	219,785	972,602	43,169	39,480,725

	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

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

	2022 *RMB'000*	2021 *RMB'000*
Revenue		
Reportable segment revenue	**2,412,209**	5,451,004
Elimination of intra-group revenue	**(54,599)**	(51,799)
Consolidated revenue *(Note 4(a)(i))*	**2,357,610**	5,399,205
Loss		
Reportable segment loss	**(1,737,989)**	(2,220,062)
Elimination of intra-group results	**28,638**	38,297
Unallocated head office and corporate loss	**(1,607,678)**	(1,548,189)
Consolidated loss	**(3,317,029)**	(3,729,954)
Loans and borrowings		
Reportable segment loans and borrowings	**20,282,873**	20,463,906
Unallocated head office and corporate loans and borrowings	**6,533,786**	6,285,751
Consolidated loans and borrowings	**26,816,659**	26,749,657
Assets		
Reportable segment assets	**47,727,260**	58,499,614
Elimination of intra-group balances	**(6,254,994)**	(13,099,012)
Unallocated head office and corporate assets	**10,910,843**	10,955,287
Consolidated total assets	**52,383,109**	56,355,889
Liabilities		
Reportable segment liabilities	**39,480,725**	53,411,229
Elimination of intra-group balances	**(8,509,260)**	(22,645,581)
Unallocated head office and corporate liabilities	**17,425,587**	18,255,115
Consolidated total liabilities	**48,397,052**	49,020,763

(iii) Geographical information

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

5(a) OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Disposal/Deconsolidation of subsidiaries	**2,797**	(5,628)
Others	**47,744**	58,622
	50,541	52,994

5(b) OTHER OPERATING EXPENSES

	2022	2021
	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 *(Note 5(c))*	**388,290**	400,349
Penalty *(Note)*	**160,898**	7,538
Others	**17,651**	24,819
	566,839	592,504

Note:

The penalty represented the provision of penalty on late delivery of properties to customers in accordance with the corresponding agreements estimated by the management.

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, other 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

	2022 *RMB'000*	2021 *RMB'000*
Finance income		
Interest income on financial assets measured at amortised cost	**(393,444)**	(404,514)
Dividend income from the trading securities	**(3,076)**	–
Net change in fair value of financial assets measured at fair value through profit or loss	**(1,369)**	(2,516)
Net foreign exchange gain	**–**	(61,961)
	(397,889)	(468,991)
Finance costs		
Total interest expense on loans and borrowings *(Remark)*	**3,361,301**	3,223,567
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction*	**(2,074,187)**	(2,144,981)
	1,287,114	1,078,586
Net change in fair value of the trading securities	**11,623**	18,371
Interest element of lease rentals paid	**8,641**	7,617
Other finance expenses *(Remark)*	**462,679**	467,625
Bank charges and others	**23,918**	15,858
Net foreign exchange loss	**131,840**	–
	1,925,815	1,588,057

* The borrowing costs have been capitalised at a rate of 3.63% – 16.52% per annum (2021: 3.63% – 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. No settlement was made during the year ended 31 December 2022.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2022 *RMB'000*	2021 *RMB'000*
Provision for the year		
– PRC Corporate Income Tax	**98,701**	195,610
– Land Appreciation Tax	**539,289**	235,040
Under-provision of PRC Corporate Income tax in respect of prior years	**–**	359
Withholding tax	**–**	61,111
Deferred tax	**(606,828)**	(556,179)
Income tax expenses (credit)	**31,162**	(64,059)

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 a different withholding arrangements.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of approximately RMB3,163,571,000 (2021: RMB3,672,714,000) and the weighted average of 2,550,811,477 ordinary shares (2021: 2,551,412,046 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2022 *Number of shares*	2021 *Number of shares*
Issued ordinary shares at 1 January	**2,550,811,477**	2,552,303,477
Effect of shares repurchased and cancelled	**–**	(891,431)
Weighted average number of ordinary shares at 31 December	**2,550,811,477**	2,551,412,046

(b) Diluted loss per share

For the years ended 31 December 2022 and 2021, diluted loss per share is the same as basic loss per share as the effect of potential ordinary share is anti-dilutive.

9 TRADE AND OTHER RECEIVABLES

	Notes	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Trade receivables, net of loss allowance	(a)	**464,371**	545,024
Loans provided to third parties, net of loss allowance	(b)	**2,886,998**	2,365,041
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**300,502**	274,043
Loans provided to associates, net of loss allowance		**295,072**	281,725
Consideration receivables, net of loss allowance		**294,190**	491,675
Other receivables, net of loss allowance		**1,564,635**	925,529
Financial assets measured at amortised cost, net of loss allowance		**5,805,768**	4,883,037
Deposits and prepayments		**1,826,613**	2,476,660
		7,632,381	7,359,697
Less: non-current portion of other receivables		**(47,716)**	(266,481)
		7,584,665	7,093,216

(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 2022 *RMB'000*	31 December 2021 *RMB'000*
Within 6 months	**21,049**	18,949
6 months to 1 year	**8,336**	9,418
Over 1 year	**434,986**	516,657
	464,371	545,024

(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 12% (2021: 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 2022, a total loss allowance of approximately RMB328 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 lifetime ECL of approximately RMB328 million have been recognised thereon. No reversal of impairment loss was recognised in consolidated profit or loss during the year ended 31 December 2022.

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 no guarantees or 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 the 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 2022, loans provided to third parties of approximately RMB11,413,000 (2021: 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 2022** ***RMB'000***	31 December 2021 *RMB'000*
Trade payables	(a)	**3,739,395**	3,851,143
Advances received from third parties		**407,789**	419,445
Consideration payables in respect of acquisition of subsidiaries		**843,184**	843,184
Amounts due to related parties		**262,952**	260,276
Other payables		**5,709,165**	2,907,327
Financial liabilities measured at amortised cost		**10,962,485**	8,281,375
Other taxes payable		**1,098,433**	1,204,699
		12,060,918	9,486,074
Less: non-current portion of trade payables		**(1,427,246)**	(1,058,824)
		10,633,672	8,427,250

(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 2022 ***RMB'000***	31 December 2021 *RMB'000*
Within 1 year	**2,312,149**	2,792,319
1 to 2 years	**624,496**	745,757
Over 2 years but within 5 years	**802,750**	313,067
	3,739,395	3,851,143

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2022	2021
	RMB'000	*RMB'000*
Withdrawal of interim dividend declared during the year ended 31 December 2020 of HKD10.00 cents per ordinary share	**–**	(233,137)

(b) Share capital and treasury shares

(i) Share capital

	2022		2021	
	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

		2022		2021	
	Notes	***No. of shares***	***RMB'000***	*No. of shares*	*RMB'000*
Ordinary shares, issued and fully paid:					
At 1 January		**2,550,811,477**	**20,174**	2,552,303,477	20,187
Shares repurchase and cancelled	(ii)	**–**	**–**	(907,000)	(8)
Cancellation of treasury shares	(iii)	**–**	**–**	(585,000)	(5)
At 31 December		**2,550,811,477**	**20,174**	2,550,811,477	20,174

(ii) Share repurchase and cancelled

During the year ended 31 December 2021, the Company repurchased its own shares on the Hong Kong Stock Exchange as follows:

	Number of shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregated price and paid *RMB'000*
January 2022	907,000	1.24	1.17	919

During the year ended 31 December 2021, 907,000 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 was transferred from share premium to capital redemption reserve.

There was no repurchase and cancellation of the Company's own shares during the year ended 31 December 2022.

(iii) Treasury shares

	2022		2021	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
At 1 January	–	–	585,000	587
Cancellation of treasury shares	–	–	(585,000)	(587)
At 31 December	–	–	–	–

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 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 2022 and 2021 (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 RMB59,456,000 *(2021: approximately RMB231,088,000)* for the Relevant Receivables for the year ended 31 December 2022.

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 RMB90,182,000 *(2021: approximately RMB100,515,000)*. 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 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.

At 31 December 2022, the directors of the Company considered that the credit risk of the long outstanding trade receivables was significantly increased, the Group had therefore recognised lifetime ECL provision of approximately RMB15,843,000 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, 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.

As at 31 December 2022, there was no change in the estimation techniques or significant assumptions made during the year and the management of the Company considered that there was no significant increase in credit risk. Hence, no further ECL provision was provided by the Group for the year ended 31 December 2022.

(iv) Consideration receivables

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. Accordingly, the Group had provided lifetime ECL provision of approximately RMB28,178,000 on the consideration receivables in previous years.

As at 31 December 2022 and 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 2022 and 2021, the Group held a 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 2022 and 2021.

(vi) Other receivables

As at 31 December 2022, included in other receivables was amount due from the former subsidiary of approximately RMB682,452,000, before net of loss allowance. The management of the Company considered that there was a lawsuit which lead to reorganisation of the former subsidiary and indicated the significant increase of credit risk as at 31 December 2022. Therefore, during the year ended 31 December 2022, the Group had provided lifetime ECL provision of approximately RMB364,820,000 during the year ended 31 December 2022.

(vii) 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

	2022	2021
	RMB'000	*RMB'000*
Balance at 1 January	**111,290**	6,306
Impairment losses recognised	**–**	107,643
Reversal of impairment losses	**–**	(2,659)
Balance at 31 December	**111,290**	111,290

Lifetime ECL

	2022	2021
	RMB'000	*RMB'000*
Balance at 1 January	**1,918,622**	1,124,433
Impairment losses recognised	**327,605**	794,189
Balance at 31 December	**2,246,227**	1,918,622

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	828,519	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	741,913	9	9% – 20%	0.5 – 2 years	Properties pledged/ Equity Interest pledged/Guarantee by third parties and/ or shareholders
Loans to market participants in real estate industry	130,527	3	9% – 15%	0.3 – 4 years	Guarantee by third parties
Loans to customers referred by financial institutions	786,805	4	12% – 18%	0.5 – 1.5 years	Properties pledged/ Equity Interest pledged/Guarantee by third parties
Loans to business partners of NCI	399,234	1	6%	1 year	Guarantee by third parties
Total	**2,886,998**				

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 2022 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

Dear Shareholders,

On behalf of the Board of Directors ("**the Board**") of Sunshine 100 China Holdings Ltd ("**the Company**", together with its subsidiaries, "**the Group**"), I present the business review and outlook of the Group for the year ended 31 December 2022 ("**Reporting Period**").

MARKET REVIEW

Since the large-scale real estate defaults in China in 2021, the entire industry has faced unprecedented difficulties, decline, and adjustment. By 2022, the state has introduced a series of macro policies to stabilize land and housing prices and expectations, and the "bottom" of policy adjustments has already appeared, but market volatility has not yet ended. Although the performance of different local markets varies, prices are stabilizing in general, sales are still declining, the land market is cautious, bank loans and financing channels have not yet opened up, and the fundamentals of real estate developers have not significantly improved. Since the end of epidemic control at the end of the year, consumption has improved significantly, and commercial real estate has partially rebounded, especially the commercial leasing business. In summary, the fundamentals of real estate developers have not improved, market confidence needs to be restored, and the difficult situation of the entire industry may continue for some time. The real improvement of the real estate industry depends on greater support from banks and credit policies, as well as the recovery of the macro economy and the restoration of public purchasing confidence.

BUSINESS REVIEW

The year 2022 is the most difficult and uncertain year for Sunshine 100. After the debt default in 2021, the entire Group faced a cash flow crisis, resulting in a series of unprecedented chaos and difficulties, including project suspensions, debt disputes, employee turnover, customer complaints, and government intervention. However, in such a difficult situation, all employees and management did not shrink back to become discouraged, and did not adopt a non-responsible attitude. After experiencing the initial shock for several months, the Company, starting from its executives, actively faced creditors, governments, construction parties and other partners, faced reality, and sought the best solutions to solve problems and cooperate. After a year of effort and dedication, the overall situation has finally stabilized, various conflicts and crises have been resolved, and the Company and various projects have gradually returned to normal operations, paving the way for recovery and development, with the following main achievements:

1. Ensuring Delivery: Since the cash flow crisis started in 2021, the Company has faced significant pressure to deliver projects due to the gradual suspension of construction work. In 2022, all projects actively promoted sales and raised funds while seeking relief loans. We obtained a total of approximately RMB510 million in relief loans throughout the year. With the efforts and support of local governments, construction partners and other parties, the delivery pressure was basically resolved.

2. Debt Negotiations: The year 2022 was also the year with the most debt disputes for the Company. During this year, the Company actively negotiated with construction partners to stabilize their emotions by offering repayment with real estate or goods, and installment payments, ensuring the consistent completion of construction and delivery. At the same time, we actively faced the debt pressure from various financial institutions, negotiating for debt extension and other ways to extend the debt. We reached a certain level of understanding with important creditors, winning time for the Company to resolve its difficulties.

3. Operational Management: In the situation of sharp sales decline across all projects, the Group promptly initiated the operation management of Commercial Street, Himalaya apartments, and inventory properties, ensuring the continued operation of Himalaya after delivery under the situation of fund shortage, as well as good business environments for each commercial street. Despite the shortage of funds and the serious impact of the epidemic, the Group's property income remained stable, and its commercial operation area steadily increased.

4. Cost Reduction: The year 2022 was also a year of continuous cost reduction and staff streamlining for the Group. The fixed costs of management and sales decreased significantly by approximately 50% from the previous year. While significantly reducing costs, the Company still maintained the stability of key personnel, and the personnel streamlining plan for each project was carried out in an orderly manner. At the same time, the Company also strengthened the front-line operational staff, ensuring further reinforcement in project leasing and sales operations and preparing for further development in the future.

Despite the double effort made by all employees in the Company during the year, the impact of the macro situation and debt defaults resulted in a significant decrease in revenue and gross profit. Due to the decline of the real estate market, the Company's large number of inventory properties and self-owned commercial properties also experienced varying degrees of impairment. As a result, the Company's annual revenue was approximately RMB2,357.6 million, and the net loss was approximately RMB3,317.0 million. Contracted sales for the year also fell significantly, only completing approximately RMB1,205 million, with 106,454 square meters of contracted sales areas.

It is expected that the industry situation will not improve rapidly in the next one or two years, and the Company's losses will continue. However, the loss is expected to gradually narrow, and we hope to turn losses into profits and emerge from difficulties as soon as possible by revitalizing existing projects.

FUTURE OUTLOOK

Looking ahead to the next year, we still face enormous difficulties and challenges. In the next year or even the next few years, we will continue to work hard to accomplish the following key tasks:

1. Reducing Debt: By revitalizing assets, attracting investment to projects, and using some assets to offset debt, we will optimize the value of existing projects and avoid disposing of assets at low prices, hoping to repay as much debt as possible and gradually reduce interest-bearing debt.

2. Ensuring Stability: We shall not only stabilize the emotions of external creditors, seek more time to delay debt repayment pressures, but also stabilize the internal core team, strengthen our efforts to obtain more support from local governments, and obtain some preferential policies (such as commercial-to-residential conversion). We also need to stabilize our relationships with customers and partners.

3. Operational Management: The Company holds nearly 700,000 square meters of commercial properties with great potential. By strengthening operations and increasing rental and various operating income, we can not only stabilize our employee team but also better maintain the Company's projects and brand image.

4. Seeking Development: We will use various means to introduce external cooperation, revitalize existing projects and inventory, and use the advantages of commercial operations to output management and cooperation and find new development space.

After experiencing three years of the epidemic and unprecedented industry and market pressures, although the Company has faced multiple difficulties such as loss of performance, asset damage, business difficulties, and staff turnover, the Group have maintained the integrity of the overall project value and the stability of the core team. Particularly, the performance of commercial operations continues to grow steadily, and the Group's development potential and competitive advantage still exist. We remain optimistic and hopeful about the future, and believe that the most difficult times have passed. With the market's improvement and the continued efforts of all employees, we hope to overcome difficulties soon and return to a normal development track.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the Group's shareholders, investors, partners, customers, employees and friends who care about Sunshine 100.

Chairman of the Board
Yi Xiaodi
20 September 2023, Beijing

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted Sales

During the Reporting Period, the Group (including light-asset operation projects) realized contracted sales of RMB1,205.0 million, representing a decrease of 62.6% from 2021, and contracted sales area of 106,454 square metres, representing a decrease of 63.9% from 2021. Moreover, the Group's average unit price for contracted sales was RMB9,422 per square metre, representing a decrease of 7.9% from 2021. Approximately 80.4% of the contracted sales amount was generated from the Bohai Rim and Midwest regions, among which, Jinan Sunshine 100 International New Town and Liuzhou Sunshine 100 Xinye Town projects contributed significantly, with the contracted sales being RMB219.5 million and RMB238.5 million, respectively, accounting for 18.2% and 19.8% 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					
Economic area	City	Project	Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metres)* [(1)]	
			2022	2021	**2022**	2021	**2022**	2021
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**5,033**	11,326	**50.6**	125.0	**8,637**	9,636
		Shenyang Sunshine 100 Golf Mansion	**277**	5,109	**3.4**	40.3	**6,278**	7,311
	Jinan	Jinan Sunshine 100 International New Town	**8,150**	18,584	**219.5**	437.9	**24,661**	20,719
	Dongying	Dongying Sunshine 100 Phoenix Community	**782**	-766	**5.2**	-2.5	**6,507**	4,517
	Weifang	Weifang Sunshine 100 Phoenix Community	**700**	8,082	**14.5**	63.0	**7,191**	7,101
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**90**	2,350	**3.7**	50.8	**24,507**	18,715
		Tianjin Sunshine 100 Tianta Himalaya	**-82**	126	**-1.1**	-7.1	**43,828**	55,983
		Tianjin Sunshine 100 International New Town	**–**	81	**6.8**	1.5	**–**	7,000
	Yantai	Yantai Sunshine 100 Himalaya	**987**	25,335	**10.9**	294.6	**9,896**	11,570
	Chengde	Sunshine 100 Beijing Arles	**1,105**	3,794	**6.9**	43.7	**6,132**	11,519
	Sub-total		**17,042**	74,021	**320.4**	1,047.2	**15,931**	12,956

Economic area	City	Project	For the 12 months ended 31 December					
			Contracted sales area *(square metres)* [(1)]		**Contracted sales amount** *(RMB million)* [(2)]		**Unit selling price** *(RMB/square metres)* [(1)]	
			2022	2021	**2022**	2021	**2022**	2021
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**438**	8,409	**134.5**	111.5	**23,887**	7,327
		Wuxi Sunshine 100 Himalaya	**2,923**	2,955	**35.5**	34.6	**12,154**	11,703
	Wenzhou	Sunshine 100 Wenzhou Center	**541**	8,096	**11.2**	133.5	**15,405**	15,708
		Wenzhou Sunshine 100 Arles	**305**	20,575	**3.4**	234.9	**1,994**	11,107
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**-161**	-494	**-3.2**	-15.0	**14,440**	36,767
	Yixing	Yixing Sunshine 100 Phoenix Street	**-759**	–	**-10.3**	2.3	**15,039**	–
	Sub-total		**3,287**	39,541	**171.1**	501.8	**12,532**	10,969
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**14,626**	4,575	**65.4**	32.2	**4,396**	6,818
	Sub-total		**14,626**	4,575	**65.4**	32.2	**4,396**	6,818

Economic area	City	Project	For the 12 months ended 31 December					
			Contracted sales area *(square metres)* [1]		Contracted sales amount *(RMB million)* [2]		Unit selling price *(RMB/square metres)* [1]	
			2022	2021	**2022**	2021	**2022**	2021
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**358**	-244	**5.1**	0.1	**9,684**	13,965
		Wuhan Sunshine 100 Phoenix Street	**2,760**	30,178	**32.3**	369.2	**10,984**	12,156
	Chongqing	Chongqing Sunshine 100 Arles	**3,323**	23,076	**45.3**	326.2	**13,513**	13,957
	Changsha	Changsha Sunshine 100 Phoenix Street	**–**	2,386	**7.4**	30.9	**–**	10,280
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**419**	2,187	**4.8**	21.5	**9,988**	9,735
		Liuzhou Sunshine 100 City Plaza	**222**	2,764	**3.8**	19.3	**6,800**	5,237
		Liuzhou Sunshine 100 Xinye Town[3]	**24,673**	31,356	**238.5**	308.9	**9,666**	9,850
	Chengdu	Chengdu Sunshine 100 Mia Center	**-45**	-179	**-1.4**	-5.1	**10,487**	38,026
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	11,066	**3.6**	79.3	**–**	6,111
		Nanning Sunshine 100 Nine Peninsulas[3]	**13,750**	36,526	**100.6**	235.9	**7,214**	6,458
	Wuzhou	Wuzhou Sunshine 100 Sankee City[3]	**20,031**	28,557	**100.9**	164.4	**4,992**	5,480
	Lijiang	Lijiang Sunshine 100 COART Village	**6,008**	7,948	**104.5**	73.5	**17,386**	9,251
	Xi'an	Xi'an Sunshine 100 Arles	**–**	953	**2.7**	13.9	**–**	9,085
	Guilin	Pingle Sunshine 100 Li River Cultural Village	**–**	161	**–**	1.8	**–**	11,188
	Sub-total		**71,499**	176,735	**648.1**	1,639.8	**8,756**	9,007
Total			**106,454**	294,872	**1,205.0**	3,221.0	**9,422**	10,227

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					
Type	**Contracted sales area** *(square metres)* [(1)]		**Contracted sales amount** *(RMB million)* [(2)]		**Unit selling price** *(RMB/square metre)* [(1)]	
	2022	2021	**2022**	2021	**2022**	2021
Residential properties	**75,699**	175,055	**626.0**	2,331.6	**8,269**	13,318
Commercial properties and car parks	**30,755**	119,817	**579.0**	889.4	**12,261**	12,076
Total	**106,454**	294,872	**1,205.0**	3,221.0	**9,422**	10,227
Proportion						
Residential properties	**71%**	59%	**52%**	72%		
Commercial properties and car parks	**29%**	41%	**48%**	28%		
Total	**100%**	100%	**100%**	100%		

Notes:

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

Property Construction

During the Reporting Period, the Group had no newly started construction area, representing a decrease of 100% from 2021. The completed GFA was 298,038 square metres, representing a decrease of 62.9% from 2021. The total GFA under construction was 3,484,961 square metres at the end of the Reporting Period, representing a decrease of 11.8% from 2021. 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 2022		
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	–	–	–
	Shenyang	–	–	94,349
	Weifang	–	–	195,134
	Yantai	–	–	328,917
	Chengde	–	–	166,817
	Tianjin	–	–	–
	Sub-total	**–**	**–**	**785,217**
Yangtze River Delta	Wuxi	–	–	208,532
	Wenzhou	–	–	877,390
	Sub-total	**–**	**–**	**1,085,922**
Pearl River Delta	Qingyuan	–	14,314	38,107
	Sub-total	**–**	**14,314**	**38,107**
Midwest	Chongqing	–	19,687	154,974
	Yueyang	–	–	82,552
	Guilin	–	–	31,960
	Nanning	–	132,130	158,699
	Liuzhou	–	–	261,908
	Wuzhou	–	28,137	370,751
	Xi'an	–	–	238,981
	Wuhan	–	102,010	248,001
	Lijiang	–	1,760	27,889
	Sub-total	**–**	**283,724**	**1,575,715**
Total		**–**	**298,038**	**3,484,961**

Investment Properties

During the Reporting Period, the GFA of investment properties of the Group increased by 8,358 square metres. In the meantime. and the GFA of the Group's investment properties, both completed and under construction, was 633,816 square metres. Moreover, the Group's rental income for the Reporting Period was RMB162.3 million, representing an decrease of 15.9% as compared with 2021.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB7.6 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	544,569	6%	544,569	8%
	Shenyang	545,576	6%	511,751	8%
	Yantai	409,137	4%	409,137	6%
	Jinan	174,710	2%	85,608	1%
	Tianjin	109,323	1%	92,230	1%
	Chengde	158,404	2%	112,784	2%
	Dongying	43,779	0%	43,779	1%
	Sub-total	**1,985,498**	**21%**	**1,799,858**	**27%**

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Midwest	Chongqing	151,488	2%	121,190	2%
	Guilin	610,196	7%	597,767	9%
	Changsha	218,880	2%	218,880	3%
	Yueyang	82,552	1%	42,102	1%
	Liuzhou	523,186	6%	421,727	6%
	Nanning	1,269,516	14%	480,187	7%
	Wuzhou	1,343,599	15%	372,849	6%
	Wuhan	303,550	3%	303,550	5%
	Chengdu	81,453	1%	81,453	1%
	Xi'an	468,436	5%	468,436	7%
	Lijiang	267,208	3%	136,276	2%
	Sub-total	**5,320,064**	**59%**	**3,244,417**	**49%**
Yangtze River Delta	Wenzhou	896,186	10%	896,186	13%
	Wuxi	409,218	4%	409,218	6%
	Changzhou	53,736	0%	27,405	0%
	Yixing	70,410	1%	56,328	1%
	Sub-total	**1,429,550**	**15%**	**1,389,137**	**20%**
Pearl River Delta	Qingyuan	455,420	5%	250,481	4%
	Sub-total	**455,420**	**5%**	**250,481**	**4%**
Total		**9,190,532**	**100%**	**6,683,893**	**100%**

Financial Performance

Revenue

During the Reporting Period, the Group's revenue decreased by 56.3% to RMB2,357.6 million in 2022 from RMB5,399.2 million in 2021, 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 63.4% to RMB1,682.5 million in 2022 from RMB4,597.2 million in 2021, 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 decreased by 13.7% to RMB499.6 million in 2022 from RMB578.8 million in 2021, mainly due to the repeated of COVID-19 pandemic, which resulted in lower property charges and lower hotel occupancy rates in certain projects thereby affecting revenue levels.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group decreased by 15.8% to RMB162.3 million in 2022 from RMB192.8 million in 2021, mainly due to the fact that some of the newly leased properties are in a leasing preferential period, the revenue has declined compared to last year.

Cost of sales/services

During the Reporting Period, the cost of sales/services of the Group decreased by 59.1% to RMB1,901.7 million in 2022 from RMB4,644.2 million in 2021. Cost of sales of properties decreased by 63.9% to RMB1,454.4 million in 2022 from RMB4,024.5 million in 2021, primarily due to the decrease in delivery areas for the period as compared with last year. Cost of property management and hotel operation decreased by 28.3% to RMB440.5 million in 2022 from RMB614.7 million in 2021, primarily due to the Company's enhanced cost control efforts.

Gross profit

As a result of the foregoing, for the Reporting Period, the Group's gross profit decreased by 39.6% to RMB455.9 million in 2022 from RMB755.1 million in 2021. The Group's gross profit margin increased by 5.3 percentage points to 19.3% in 2022 from 14.0% in 2021, primarily due to the increase in the proportion of delivered properties with a higher gross profit.

Valuation losses on investment properties

During the Reporting Period, valuation loss on investment properties of the Group were RMB580.5 million, primarily due to the decline in investment property valuations caused by the downturn in the property market.

Other income

During the Reporting Period, the Group's other income decreased by 4.7% to RMB50.5 million in 2022 from RMB53.0 million in 2021.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 63.4% to RMB133.9 million in 2022 from RMB366.3 million in 2021, primarily due to the significant decrease in the Company's revenue from property delivery during the Reporting Period compared to the corresponding period last year, resulting in a decrease in sales commissions and agency fees, as well as the Company's intensified efforts in cost control and streamlined personnel, resulting in a decrease in the payment of salaries and advertising expenses.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group decreased by 35.2% to RMB282.7 million in 2022 from RMB436.5 million in 2021, primarily due to the Company's intensified efforts in cost control and streamlined personnel, resulting in a 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 RMB566.8 million, representing a decrease of 4.3% from RMB592.5 million in 2021, mainly due to the decrease in write-down of properties under development and completed properties held for sale and loss on disposal of investment properties compared to last year.

Finance income

During the Reporting Period, financial income of the Group decreased by 15.2% to RMB397.9 million in 2022 from RMB469.0 million in 2021, which was mainly attributable to the 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 21.3% to RMB1,925.8 million in 2022 from RMB1,588.1 million in 2021, which was mainly attributable to the increased interest expenses as a result of the increased total finance costs and decrease of capitalisation of finance costs resulted from increased number of completed projects and certain suspension of property development projects.

Income tax

During the Reporting Period, the income tax expenses of the Group was RMB31.2 million, and the income tax credit of the Group was RMB64.1 million in 2021, which was mainly attributable to the increase in provision for land appreciation tax, net with the decrease in provision of current tax and recognition of deferred tax for tax losses and impairment losses.

Loss for the year

During the Reporting Period, the loss of the Group decreased by 11.1% to RMB3,317.0 million in 2022 from RMB3,730.0 million in 2021.

Loss attributable to equity shareholders of the Company

Due to the factors mentioned above, the loss attributable to equity shareholders of the Company decreased by 13.9% to RMB3,163.6 million in 2022 from RMB3,672.7 million in 2021.

Working capital, financial and capital resources

Cash and cash equivalents

As at 31 December 2022, the Group had approximately RMB641.3 million of cash and cash equivalents, representing a decrease of RMB547.9 million as compared to those as at 31 December 2021, mainly due to the repayment of interest payment and external investment.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2022, the Group's current ratio decreased to 87.1% from 111.7% as at 31 December 2021. The Group's current assets decreased from RMB40,983.1 million as at 31 December 2021 to RMB37,638.2 million as at 31 December 2022, while current liabilities increased to RMB43,198.2 million as at 31 December 2022 from RMB36,691.3 million as at 31 December 2021.

As at 31 December 2022, the Group's gearing ratio (calculated as total loans and borrowings divided by total assets) increased to 51.2% from 47.5% as at 31 December 2021. 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 306.5 percentage points to 649.5% as at 31 December 2022 from 343.0% as at 31 December 2021, 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 2022, the Group provided guarantees for mortgage loans in an amount of RMB3,617.4 million (31 December 2021: RMB4,196.6 million) to those banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2022 the Group had total loans and borrowings of RMB26,816.7 million, of which RMB25,221.7 million, RMB1,376.6 million and RMB218.4 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 Renminbi and US dollar, mostly with fixed interest rate. As at 31 December 2022, the Group had no unutilized 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 2022, the Group had pledged properties and restricted deposits with a carrying value of RMB14,841.9 million (31 December 2021: RMB12,932.8 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2022, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB5,597.3 million (31 December 2021: approximately RMB6,639.9 million). Approved but not contracted for capital commitment of the Group was approximately RMB4,729.4 million as at 31 December 2022 (31 December 2021: approximately RMB5,310.0 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 Renminbi ("**RMB**"), while certain bank deposits and loans are denominated in the Hong Kong dollar ("**HK$**") and US dollar ("**US$**"). 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.

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 authorized by the Board for other substantial investments or additions of capital assets.

Human Resources

As at 31 December 2022, the Group employed a total of 2,216 employees (31 December 2021: 3,229 employees). The staff costs of the Group for the Reporting Period were RMB403.9 million (2021: RMB500.7 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 RMB29.3 million to the employee retirement scheme (2021: RMB33.2 million).

DIVIDENDS

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022. Information regarding the date of the AGM for the year of 2022, 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 Rules Governing the Listing of Securities on the Stock Exchange (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. 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 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. 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. 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

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 13.0% Senior Green Notes Due 2022 (the "2022 Notes") and the 12.0% Senior Notes Due 2023 (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 US$50,866,100 and the last instalment of interest of US$1,475,500. As such, an event of default under the terms and conditions of the 2021 Bonds occurred. The 2021 Bonds were 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 US$170 million and the last instalment of interest of US$8,925,000. 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 US$219,600,000 and the total accrued and unpaid interest of US$28,468,700. 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**"). The 2022 Notes were delisted from the Stock Exchange on 29 June 2022.

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 US$120,000,000 with a maturity date of 3 October 2023. As at 31 December 2022, as the Company has not paid the accrued interest of US$24,000,000 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 Real Estate Development Co., Ltd.* ("**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.

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.

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 13.0% Senior Green Notes Due 2022 (the "**2022 Notes**") and the 12.0% Senior Notes Due 2023 (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.

Reorganization Petition Against a Subsidiary of the Company

As disclosed in the Company's announcement dated 17 November 2022 and the 2022 interim results announcement, a winding up reorganization 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 reorganization plan (the "**Reorganization 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 Reorganization Plan. As a result, the winding up reorganization of Wenzhou Shihe has been terminated.

For further information, please refer to the announcements of the Company dated 17 November 2022 and dated 10 March 2023.

Legal action with regards to 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 2022 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 2022:

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 RMB3,317,029,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB5,559,986,000. In addition, as at 31 December 2022, the Group had total loans and borrowings of approximately RMB26,816,659,000 of which the current loans and borrowings amounted to approximately RMB25,221,676,000. However, the Group only had cash and cash equivalents of approximately RMB641,300,000. As at 31 December 2022, the Group's loans and borrowings of approximately RMB11,103,144,000, convertible bonds with principal of USD45,400,000 (equivalent to approximately RMB316,193,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB38,069,000), senior notes of USD138,100,000 (equivalent to approximately RMB961,812,000), senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,529,426,000) and corporate bonds of approximately RMB702,000,000 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 notes with principal of USD120,000,000 (equivalent to approximately RMB835,752,000) at carrying amount of approximately USD116,907,000 (equivalent to approximately RMB814,211,000) were triggered, and the 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, senior notes and corporate bonds may have significant impact on the liquidity position of the Group.

As at 31 December 2022, 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 a significant impact on the liquidity position of the Group.

As at and subsequent to 31 December 2022, 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(d) 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 2022 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 2022, the Group's loans and borrowings of approximately RMB11,103,144,000, convertible bonds with principal of USD45,400,000 (equivalent to approximately RMB316,193,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB38,069,000), senior notes of USD138,100,000 (equivalent to approximately RMB961,812,000), senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,529,426,000) and corporate bonds of approximately RMB702,000,000 were overdue pursuant to the borrowing agreements which constituted events of default. With these events of default, the terms of cross-default of senior notes with principal of USD120,000,000 (equivalent to approximately RMB835,752,000) at carrying amount of approximately USD116,907,000 (equivalent to approximately RMB814,211,000) were triggered, and the 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 2022 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.