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

AUDITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS HIGHLIGHTS

For the year ended 31 December 2023:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB84.77 billion;
- As at 31 December 2023, attributable land bank of the Group and its joint ventures and associates was approximately 102 million sq.m., and expected saleable resources of attributable land bank were approximately RMB1.13 trillion;
- Revenue of the Group was approximately RMB154.23 billion, representing an increase of approximately 59.4% as compared to last year;
- Gross loss of the Group was approximately RMB2.50 billion, representing an increase in loss of approximately 204.9% as compared to last year;
- Loss attributable to owners of the Company was approximately RMB7.97 billion, representing a decline in loss of approximately 71.2% as compared to last year;
- As at 31 December 2023, cash balance of the Group was approximately RMB24.62 billion (cash balance of the Group and its joint ventures and associates was approximately RMB62.02 billion);
- As at 31 December 2023, equity attributable to owners of the Company was approximately RMB62.43 billion, representing an increase of RMB3.96 billion as compared to last year;
- As at 31 December 2023, total borrowings of the Group were approximately RMB277.83 billion, representing a decline of approximately RMB20.59 billion as compared to approximately RMB298.42 billion at the end of last year; and
- The Board did not recommend the payment of any final dividend for the year ended 31 December 2023.

The board (the “Board”) of directors (the “Directors”) of Sunac China Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 with comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*3*	**154,230,892**	96,751,764
Cost of sales	*9*	**(156,733,635)**	(97,570,939)
Gross loss		**(2,502,743)**	(819,175)
Other income and gains	*10*	**38,533,459**	5,787,747
Selling and marketing costs	*9*	**(4,871,869)**	(5,790,188)
Administrative expenses	*9*	**(5,494,204)**	(6,982,670)
Other expenses and losses	*11*	**(25,073,652)**	(11,758,191)
Net impairment losses on financial assets		**(2,524,972)**	(2,470,295)
Operating loss		**(1,933,981)**	(22,032,772)
Finance income	*12*	**239,153**	781,485
Finance expenses	*12*	**(6,299,861)**	(12,784,216)
Finance expenses – net		**(6,060,708)**	(12,002,731)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	*4*	**2,860,769**	2,731,900
Loss before income tax		**(5,133,920)**	(31,303,603)
Income tax (expenses)/credits	*13*	**(5,277,570)**	1,411,624
Loss and total comprehensive loss for the year		**(10,411,490)**	(29,891,979)

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Total comprehensive loss attributable to:			
– Owners of the Company		**(7,968,963)**	(27,669,007)
– Non-controlling interests		**(2,442,527)**	(2,222,972)
		(10,411,490)	(29,891,979)
Loss per share attributable to owners of the Company (expressed in RMB per share):	*14*		
– Basic		**(1.43)**	(5.16)
– Diluted		**(1.43)**	(5.16)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**65,613,235**	80,423,788
Investment properties		**22,098,863**	27,048,652
Right-of-use assets		**13,925,833**	14,935,066
Intangible assets		**2,949,617**	4,095,373
Deferred tax assets		**33,482,587**	33,401,631
Investments accounted for using the equity method	*4*	**69,251,089**	75,702,996
Financial assets at fair value through profit or loss		**11,397,419**	13,006,130
Other receivables	*5*	**50,758**	61,171
Prepayments	*6*	**530,887**	2,283,415
Other non-current assets		**50,000**	–
		219,350,288	250,958,222
Current assets			
Properties under development		**477,359,149**	587,120,002
Completed properties held for sale		**99,222,220**	53,915,786
Inventories		**567,532**	990,898
Trade and other receivables	*5*	**52,818,525**	59,441,113
Contract costs		**4,812,288**	6,298,764
Amounts due from related companies		**70,393,635**	63,422,584
Prepayments	*6*	**15,021,667**	15,877,428
Prepaid income tax		**13,057,567**	13,491,155
Financial assets at fair value through profit or loss		**628,210**	1,109,845
Restricted cash		**17,566,748**	25,940,546
Cash and cash equivalents		**7,056,374**	11,601,128
		758,503,915	839,209,249
Total assets		**977,854,203**	1,090,167,471

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**734,205**	466,030
Other reserves		**42,893,656**	30,354,373
Retained earnings		**18,801,056**	27,648,059
		62,428,917	58,468,462
Non-controlling interests		**21,356,948**	27,934,375
Total equity		**83,785,865**	86,402,837
LIABILITIES			
Non-current liabilities			
Borrowings	*8*	**96,633,862**	44,943,017
Derivative financial instruments		**2,108,145**	–
Lease liabilities		**430,313**	516,050
Deferred tax liabilities		**15,594,359**	22,959,345
Other payables	*7*	**55,624**	67,950
		114,822,303	68,486,362
Current liabilities			
Trade and other payables	*7*	**281,957,998**	256,967,051
Contract liabilities		**194,809,944**	318,845,924
Amounts due to related companies		**46,758,490**	42,876,511
Current income tax liabilities		**70,888,803**	61,789,903
Borrowings	*8*	**181,199,711**	253,476,200
Lease liabilities		**141,306**	130,608
Provisions		**3,489,783**	1,192,075
		779,246,035	935,278,272
Total liabilities		**894,068,338**	1,003,764,634
Total equity and liabilities		**977,854,203**	1,090,167,471

NOTES

1 GENERAL INFORMATION

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

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

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2 ACCOUNTING POLICIES

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

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

(iii) Going concern basis

The Group incurred a net loss of approximately RMB10.41 billion for the year ended 31 December 2023 and, as at 31 December 2023, the Group had net current liabilities of approximately RMB20.74 billion.

As at 31 December 2023, the Group's current and non-current borrowings amounted to approximately RMB181.20 billion and RMB96.63 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB24.62 billion. As at 31 December 2023, the Group had not repaid borrowings in principal amount of approximately RMB109.06 billion in aggregate according to their scheduled repayment dates, and as a result, total borrowings principal amount of approximately RMB41.64 billion in aggregate might be demanded for early repayment. Up to the date of approval of these consolidated financial statements, the Group had not repaid borrowings in principal amount of approximately RMB116.71 billion in aggregate according to their scheduled repayment dates and as a result, total borrowings in principal amount of approximately RMB43.55 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

The above conditions indicate the existence of material uncertainties and given that the current real estate market continues to decline in time and depth beyond expected, that may cast significant doubt on the Group's ability to continue as a going concern.

In light of the above, the Directors have carefully considered the Group's expected cash flow projections for the next 18 months from 31 December 2023 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to alleviate the liquidity pressure. The Group has continued to implement the following plans and measures regarding various factors:

- On 30 December 2022, onshore corporate bonds extension was completed by Sunac Real Estate Co., Ltd. ("Sunac Real Estate"), a wholly-owned subsidiary of the Group, where the repayment period has been extended 3 to 4 years with the interest rates remaining unchanged;

- The Company's offshore debt restructuring plan was approved by approximately 98.3% of the relevant debt claims of the creditors voting at the meeting, and the required offshore court procedures were completed. With all the restructuring conditions satisfied on or before 20 November 2023, the restructuring took effect on 20 November 2023. The creditors fully discharged the existing indebtedness of the Company in exchange for the issue of the new notes, the convertible bonds, the mandatory convertible bonds and the transfer of the existing shares of Sunac Services Holdings Limited ("Sunac Services", Stock Code: 01516). Accordingly, the Company's offshore debt restructuring plan has been successfully completed;

- The Group has been actively negotiating with other lenders on the extension of borrowings, and up to the date of approval of the consolidated financial statements, extension of loans of approximately RMB37.28 billion has been agreed. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans case-by-case. Having considered the market environment, the successful extension of loans, the Group's credit history and longstanding relationships with the relevant lenders, the Directors believe that the Group will be able to complete the signing of the relevant extension agreements for the remaining borrowings progressively;

- The Group is actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special loan for guaranteed delivery of buildings and ancillary borrowings, business cooperation with partners, asset disposal, etc., and up to the date of approval of these consolidated financial statements, the Group has endeavoured to achieve certain business cooperation and has obtained additional financing or additional capital inflows in the above areas. The relevant government authorities have recently issued the Notice on the Establishment of a City Real Estate Financing Co-ordination Mechanism（《關於建立城市房產融資協調機制的通知》）to help real-estate enterprises and financial institutions achieve accurate and effective matching; the Group will continue to seek new financing or additional capital;

- The Group has been actively communicating with creditors to resolve the pending onshore lawsuits. Up to the date of approval of these consolidated financial statements, the Group has completed the settlement arrangements with certain creditors. The Group is positive that it can continue to reach an amicable solution to the litigations which have not yet reached a definite outcome at the current stage;

- The Group has flattened the organizational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses; and

- The Group will always actively assume the primary responsibility, respond to the government's call for guaranteed delivery, and continue to strive to complete the delivery. Although the overall market remains at the bottom of the industry, as the government continues to adjust and optimize real estate control policy and launches supportive policies to stabilize market expectations, the medium-to-long-term real estate market will surely stabilize and recover. The Group will actively adjust its sales strategy to adapt to market changes, maintain the value of its assets and enhance the Group's operational security and ability to continue as a going concern.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of at least 18 months from 31 December 2023. In their opinion, in view of the above plans and measures, the Group will be able to adequately fund its operations and meet its financial obligations as and when they fall due within the next 18 months from 31 December 2023. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2023 on a going concern basis is appropriate.

The management has formulated a number of plans and taken a number of measures, but the Group's ability to continue as a going concern still depends on:

(i) whether sufficient funds can be raised to repay onshore and offshore public debts, if unable to raise sufficient funds, whether new solutions can be reached with bondholders;

(ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings;

(iii) whether sales strategy can be executed to ensure asset value and improve the stability of future sales business.

Since last year, the real estate market in mainland China has gone through adjustment with time and depth beyond previous expectations, the overall sales has continued to decline, and the financing has not yet improved. There is uncertainty as to the stabilization and recovery of the Group's sales and the continued support from banks and the Group's lenders, hence, there is significant uncertainty as to the Group's ability to implement the above plans and measures.

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

(iv) New and amended standards adopted by the Group

The Group has applied the following new standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- *Insurance contracts* – HKFRS 17;
- *Disclosure of Accounting Policies – Amendments to* HKAS 1 and HKFRS *Practice Statement 2*;
- *Definition of Accounting Estimates – Amendments to* HKAS 8;
- *Deferred tax related to assets and liabilities arising from a single transaction – Amendments to* HKAS 12; and
- *International Tax Reform – Pillar Two Model Rules – Amendments to* HKAS 12

Except as described below, the new and amended standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Impacts on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "*Income Taxes*" ("HKAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with lease liabilities and right-of-use-assets.

The application of the amendments had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets and deferred tax liabilities on a gross basis in relevant note in the consolidated financial statements but it has no impact on the retained earnings at the earliest period presented as well as each financial line item for prior period presented.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

(v) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory as of 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
Classification of liabilities as current or non-current – Amendments to HKAS 1	1 January 2024
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)	1 January 2024
Lease liability in a Sale and Leaseback – Amendments to HKFRS 16	1 January 2024
Non-current Liabilities with Covenants – Amendments to HKAS 1	1 January 2024
Supplier Finance Arrangements – Amendments to HKAS 7 *and* HKFRS 7	1 January 2024
Lack of Exchangeability – Amendments to HKAS 21	1 January 2025
Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 *and* HKAS 28	To be determined

3 SEGMENT INFORMATION

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

The executive directors of the Company assess the performance of the Group organised as follows:

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

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

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, finance expenses and income tax expenses, which is defined as segment results. The segment results exclude the gains from the centralized management of offshore debt restructuring, changes in fair value gains or losses on financial assets at fair value through profit or loss ("FVPL") and derivative financial instruments and disposal gains or losses on financial assets at FVPL, which are managed on a central basis.

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

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

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

The segment results are as follows:

	Year ended 31 December 2023				
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**Property management** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment revenue	**140,465,511**	**5,915,164**	**7,009,517**	**3,081,738**	**156,471,930**
Inter-segment revenue	**–**	**–**	**(408,996)**	**(1,832,042)**	**(2,241,038)**
Revenue from external customers	**140,465,511**	**5,915,164**	**6,600,521**	**1,249,696**	**154,230,892**
Segment gross (loss)/profit	**(3,842,638)**	**3,123,875**	**1,738,427**	**(694,998)**	**324,666**
(Net impairment losses)/ reversal of impairment losses on financial assets	**(2,283,448)**	**–**	**(300,847)**	**59,323**	**(2,524,972)**
Net fair value losses on investment properties	**–**	**(3,895,516)**	**(14,847)**	**(36,509)**	**(3,946,872)**
Interest income	**1,496,193**	**–**	**27,110**	**–**	**1,523,303**
Finance income	**176,874**	**–**	**62,279**	**–**	**239,153**
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	**2,943,636**	**(1,915)**	**5,319**	**(86,271)**	**2,860,769**
Segment results	**(11,383,216)**	**(14,753,345)**	**674,572**	**(1,196,597)**	**(26,658,586)**
Other information					
Capital expenditure	**884,379**	**3,521,583**	**114,007**	**22,157**	**4,542,126**

	As at 31 December 2023				
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**Property management** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment assets	**770,603,091**	**93,350,588**	**12,998,348**	**42,336,393**	**919,288,420**
Investments accounted for using the equity method	**66,069,976**	**1,315,616**	**56,683**	**1,808,814**	**69,251,089**
Total segment liabilities	**756,194,324**	**23,866,852**	**4,904,335**	**20,511,520**	**805,477,031**

	Year ended 31 December 2022				
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	Property management *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment revenue	82,841,791	4,765,158	7,126,161	5,483,505	100,216,615
Inter-segment revenue	–	–	(862,818)	(2,602,033)	(3,464,851)
Revenue from external customers	82,841,791	4,765,158	6,263,343	2,881,472	96,751,764
Segment gross (loss)/profit	(2,102,069)	1,585,957	1,635,050	440,429	1,559,367
Net impairment losses on financial assets	(2,228,184)	–	(116,578)	(125,533)	(2,470,295)
Net fair value (losses)/gains on investment properties	–	(362,000)	1,027	(222,226)	(583,199)
Interest income	2,797,283	–	32,059	–	2,829,342
Finance income	697,807	–	83,678	–	781,485
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	2,698,799	(2,135)	11,447	23,789	2,731,900
Segment results	(13,427,304)	(1,399,764)	883,436	(1,554,589)	(15,498,221)
Other information					
Capital expenditure	399,729	1,689,220	132,950	94,587	2,316,486

	As at 31 December 2022				
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	Property management *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment assets	865,988,001	107,922,725	13,179,246	42,068,738	1,029,158,710
Investments accounted for using the equity method	74,960,868	22,000	60,291	659,837	75,702,996
Total segment liabilities	868,995,221	25,352,677	4,289,008	20,378,480	919,015,386

Reportable segment results are reconciled to total loss as follows:

	2023 *RMB'000*	2022 *RMB'000*
Total segment results	**(26,658,586)**	(15,498,221)
Depreciation and amortisation	**(3,584,039)**	(3,189,150)
Finance expenses	**(6,299,861)**	(12,784,216)
Other income and gains	**32,835,946**	354,870
Other expenses and losses	**(1,427,380)**	(186,886)
Income tax (expenses)/credits	**(5,277,570)**	1,411,624
Loss for the year	**(10,411,490)**	(29,891,979)

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Total segment assets	**919,288,420**	1,029,158,710
Deferred tax assets	**33,482,587**	33,401,631
Other assets	**25,083,196**	27,607,130
Total assets	**977,854,203**	1,090,167,471
Total segment liabilities	**805,477,031**	919,015,386
Deferred tax liabilities	**15,594,359**	22,959,345
Other liabilities	**72,996,948**	61,789,903
Total liabilities	**894,068,338**	1,003,764,634

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Joint ventures	**53,400,856**	58,327,840
Associates	**15,850,233**	17,375,156
	69,251,089	75,702,996

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

	2023	2022
	RMB'000	*RMB'000*
Share of profits of joint ventures, net	**1,870,950**	2,768,521
Share of profits/(losses) of associates, net	**989,819**	(36,621)
	2,860,769	2,731,900

4.1 Investments in joint ventures

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**58,327,840**	61,603,834
Increasing:		
– New investments in joint ventures	**940,530**	1,044,791
– Subsidiaries becoming joint ventures	**1,531,463**	414,125
Decreasing:		
– Disposal and capital decreasing of joint ventures	**(6,917,869)**	(3,636,419)
– Impact on assets acquisition transactions	**(372,935)**	(1,871,038)
Share of profits of joint ventures, net	**1,870,950**	2,768,521
Dividends from joint ventures	**(1,979,123)**	(1,995,974)
At end of year	**53,400,856**	58,327,840

4.2 Investments in associates

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**17,375,156**	17,951,336
Increasing:		
– New investments in associates	**–**	899,499
– Subsidiaries becoming associates	**429,000**	1,664,758
Decreasing:		
– Disposal of associates	**(746,555)**	(2,009,238)
– Impact on asset acquisition transactions	**(1,434,506)**	–
Share of profits/(losses) of associates, net	**989,819**	(36,621)
Dividends from associates	**(762,681)**	(1,094,578)
At end of year	**15,850,233**	17,375,156

5 TRADE AND OTHER RECEIVABLES

The amounts recognised in the balance sheet are as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current –		
Other receivables *(iii)*	**53,223**	65,433
Less: loss allowance	**(2,465)**	(4,262)
	50,758	61,171
Current –		
Trade receivables from contracts with customers *(i)*	**4,179,618**	3,992,793
Amounts due from non-controlling interests and their related parties *(ii)*	**25,821,874**	29,729,420
Notes receivables	**49,718**	48,532
Deposits receivables	**6,105,497**	7,372,925
Other receivables *(iii)*	**22,292,493**	23,260,903
	58,449,200	64,404,573
Less: loss allowance	**(5,630,675)**	(4,963,460)
	52,818,525	59,441,113

As at 31 December 2023 and 2022, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

Notes:

(i) Trade receivables mainly arise from sales of properties and rendering of property management services. The consideration in respect of sales of properties is paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income is received in accordance with the term of the relevant property service agreements and is due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Within 90 days	**989,181**	1,954,481
91–180 days	**411,680**	333,652
181–365 days	**982,214**	405,619
Over 365 days	**1,796,543**	1,299,041
	4,179,618	3,992,793

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

(iii) Other receivables mainly included the receivables from disposal of equity interests, the cash advance for land use rights acquisition, payments on behalf of customers, amounts due from equity investment partners and interest receivables.

6 PREPAYMENTS

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current –		
Prepayments for equity transactions	**490,999**	2,227,644
Prepayments for purchase of property, plant and equipment ("PP&E")	**39,888**	55,771
	530,887	2,283,415
Current –		
Prepayments for land use rights acquisitions	**6,032,386**	6,622,671
Prepaid value added taxes and other taxes	**5,923,545**	6,153,693
Prepayments for construction costs	**1,489,733**	1,437,815
Others	**1,576,003**	1,663,249
	15,021,667	15,877,428

7 TRADE AND OTHER PAYABLES

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Non-current –		
Other payables *(iv)*	**55,624**	67,950
Current –		
Trade payables *(i)*	**109,523,789**	91,868,352
Notes payables *(v)*	**25,791,750**	30,427,842
Amounts due to non-controlling interests and their related parties *(ii)*	**24,505,637**	27,628,868
Interests payable	**23,278,904**	13,296,068
Other taxes payable	**11,378,425**	7,892,560
Consideration payables for acquisition of equity investments	**11,325,663**	11,413,930
Consideration payables arising from non-controlling shareholders' put option *(iii)*	**1,354,701**	1,305,001
Payroll and welfare payables	**1,218,486**	1,454,061
Other payables *(iv)*	**73,580,643**	71,680,369
	281,957,998	256,967,051

Note:

(i) At 31 December 2023, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 90 days	**28,364,386**	36,497,276
91–180 days	**8,137,013**	8,403,980
181–365 days	**17,501,182**	16,511,770
Over 365 days	**55,521,208**	30,455,326
	109,523,789	91,868,352

(ii) The amounts due to non-controlling interests and their related parties are unsecured and have no fixed repayment date.

(iii) Several put options were granted to the non-controlling shareholders of certain subsidiaries of the Group which they have the right to sell their remaining equity interests in the relevant subsidiaries to the Group at any time. The financial liabilities being the present value of the redemption amount for the acquisition of the remaining equity interest upon the exercise of the put option were recognised and included in other payables.

(iv) As at 31 December 2023, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB10.97 billion (as at 31 December 2022, RMB17.98 billion). The remaining balances mainly included deposits from customers, cash advanced for potential equity investment and amount due to equity investment partners, deed tax and maintenance funds received on behalf of customers.

(v) As at 31 December 2023, the balance of the overdue notes payables was RMB25.79 billion.

8 BORROWINGS

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current		
Secured,		
− Bank and other institution borrowings	**225,954,040**	203,213,820
− Senior notes	**25,626,047**	53,531,981
− Corporate bonds	**10,529,042**	10,896,803
− Private domestic corporate bonds	**4,085,366**	3,191,882
− Convertible bonds	**1,348,366**	–
	267,542,861	270,834,486
Unsecured,		
− Bank and other institution borrowings	**2,884,350**	15,996,152
− Private domestic corporate bonds	**–**	971,580
	2,884,350	16,967,732
	270,427,211	287,802,218
Less: current portion of non-current borrowings	**(173,793,349)**	(242,859,201)
	96,633,862	44,943,017
Current		
Secured,		
− Bank and other institution borrowings	**5,994,828**	7,601,521
Unsecured,		
− Bank and other institution borrowings	**1,411,534**	3,015,478
	7,406,362	10,616,999
Current portion of non-current borrowings	**173,793,349**	242,859,201
	181,199,711	253,476,200
Total borrowings	**277,833,573**	298,419,217

8.1 Debt modification in respect of the offshore debt restructuring

Effective on 20 November 2023, the offshore creditors fully discharged the existing debts of the Company amounting to approximately US$10.2 billion in exchange for the issue of the new notes, the convertible bonds, the mandatory convertible bonds and the transfer of the existing 14.7% of Sunac Services shares, pursuant to the offshore debt restructuring. In addition, the existing shareholder loan of US$450 million was discharged and US$450 million shareholder mandatory convertible bonds were issued. For the transfer of the existing 14.7% of Sunac Services shares, it did not result in a loss of control over Sunac Services, Sunac Services continues to be the Group's subsidiary and be consolidated in the consolidated financial statements of the Group.

The offshore debt restructuring was regarded as a substantial modification under the relevant accounting standard. As a result, the existing debts of approximately US$10.2 billion and US$450 million, respectively were fully de-recognised. The following new financial liabilities were recognised at their fair values at the effective date of the offshore debt restructuring (i.e. 20 November 2023):

(1) US$1.0 billion convertible bonds – fair values of debt component and derivative component amounting to US$224.6 million and US$6.6 million respectively;

(2) US$2.7 billion mandatory convertible bonds – fair value of derivative component amounting to US$1.3 billion;

(3) US$450 million shareholder mandatory convertible bonds – fair value of derivative component amounting to US$216.7 million; and

(4) US$5.7 billion new senior notes of Tranche A to F – aggregated fair values amounting to US$3.5 billion.

The Directors considered that the fair values of the extension options exercisable by the Company in respect of certain interest payments of the new senior notes were insignificant to the Group and had not been recognised.

As a result of the above mentioned, gain on offshore debt restructuring of RMB31.5 billion was recognised in "other income and gains" of the consolidated profit or loss and increases in other reserves attributable to owners of the Group and non-controlling interests were recognised in the consolidated statement of changes in equity for the year ended 31 December 2023.

Subsequent to the initial recognition, the carrying amounts of the debt component of the convertible bonds and the new senior notes are measured at amortised cost; and the carrying amounts of the derivative components of the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bonds are measured at fair values.

Up to 31 December 2023, certain holders of the convertible bonds and the mandatory convertible bonds have exercised the options attached to the bonds to convert the respective bonds into the ordinary shares of the Company. In addition, the respective portion of shareholder mandatory convertible bonds were converted into the ordinary shares of the Company. The Directors considered that the fair values of the derivative components of the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bonds at conversion date were close to that as at the effective date of offshore debt restructuring such that the remeasurement gain or loss was insignificant to the Group. As a result, the share capital and other reserves of the Group increased by RMB268 million and RMB7.6 billion, respectively and the same amounts of financial liabilities of the bonds were derecognised. No gain or loss was recognised for the conversion for the year ended 31 December 2023.

As at 31 December 2023, the Company remeasured the remaining derivative components of the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bonds at their fair values. As a result, the Group recognised changes in fair value gain on derivative financial instruments of RMB1.3 billion for the year ended 31 December 2023.

9 EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Costs of properties sold	**132,544,336**	72,209,201
Value-added tax surcharges	**288,291**	896,767
Staff costs	**5,917,553**	6,017,696
Net impairment losses on properties	**11,519,476**	11,905,530
Depreciation and amortisation*	**3,584,039**	3,189,150
Advertisement and promotion costs	**3,340,940**	3,056,373
Net impairment losses on financial assets	**2,524,972**	2,470,295
Professional service expenses	**371,976**	618,758
Auditors' remunerations		
– Audit services	**21,690**	21,690
– Non-audit services	**160**	160

* Depreciation and amortisation expense of RMB2.83 billion (for the year ended 31 December 2022: RMB2.38 billion) has been charged to "cost of sales" for the year ended 31 December 2023.

10 OTHER INCOME AND GAINS

	2023	2022
	RMB'000	*RMB'000*
Gains from offshore debt restructuring	**31,511,766**	–
Gains from disposal of subsidiaries	**1,605,570**	534,781
Interest income	**1,523,303**	2,829,342
Net fair value gains on derivative financial instruments	**1,299,322**	–
Gains from disposal of joint ventures and associates	**617,249**	466,278
Net gains on disposal of financial assets at FVPL	**24,858**	–
Net changes in fair value gains on financial assets at FVPL	**–**	354,870
Others	**1,951,391**	1,602,476
	38,533,459	5,787,747

11 OTHER EXPENSES AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Impairment provisions for PP&E	**11,602,617**	–
Net fair value losses on investment properties	**3,946,872**	583,199
Provision for litigation	**2,314,810**	913,731
Losses from disposal of joint ventures and associates	**2,058,293**	4,161,174
Net fair value losses on financial assets at FVPL	**1,427,380**	–
Losses from disposal of subsidiaries	**1,220,115**	3,963,282
Losses from disposal of PP&E, investment properties, right-of-use assets and intangible assets	**929,341**	861,371
Impairment provision for goodwill and other intangible assets	**779,052**	472,167
Donations	**23,510**	16,546
Losses on project demolition	**–**	126,261
Losses from disposal of financial assets at FVPL	**–**	108,903
Losses on derivative financial instruments	**–**	77,983
Others	**771,662**	473,574
	25,073,652	11,758,191

12 FINANCE INCOME AND EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Financial expenses:		
Interest expenses	**25,890,731**	24,784,091
Interest expenses for lease liabilities	**50,896**	56,936
Less: capitalised finance costs	**(20,993,805)**	(18,904,659)
	4,947,822	5,936,368
Net exchange losses	**1,352,039**	6,847,848
	6,299,861	12,784,216
Finance income:		
Interest income on bank deposits	**(239,153)**	(781,485)
	6,060,708	12,002,731

13 INCOME TAX EXPENSES/(CREDITS)

	2023	2022
	RMB'000	*RMB'000*
Corporate income tax		
– Current income tax	**5,899,927**	4,851,022
– Deferred income tax	**(5,317,565)**	(8,847,639)
	582,362	(3,996,617)
Land appreciation tax	**4,695,208**	2,584,993
	5,277,570	(1,411,624)

14 LOSSES PER SHARE

(a) Basic

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

	2023	2022
Loss attributable to owners of the Company *(RMB'000)*	**(7,968,963)**	(27,669,007)
Weighted-average number of ordinary shares in issue *(thousand)*	**5,651,547**	5,434,024
Adjusted for shares repurchased for share award scheme *(thousand)*	**(76,325)**	(76,325)
Weighted-average number of ordinary shares for basic earnings per share *(thousand)*	**5,575,222**	5,357,699

(b) Diluted

For the years ended 31 December 2023 and 2022, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from share options and awarded shares were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

15 DIVIDENDS

No dividend was paid in 2023 (2022: Nil). No final dividend was recommended in respect of the year ended 31 December 2023.

16 EVENTS AFTER THE BALANCE SHEET DATE

(a) Restructuring Cooperation of the Target Company

On 8 February 2024, Sunac Real Estate, Global Sunac Exhibition & Travel Group Co., Ltd.* (環球融創會展文旅集團有限公司), Chengdu Minglu Enterprise Management Consulting Co., Ltd.* (成都銘簏企業管理諮詢有限公司) (collectively, the "**Sunac Parties**"), Guotou Zhongdian (Xianyang) Science Park Co., Ltd.* (國投中電(咸陽)科技園有限公司) ("**GTZD**") and the relevant parties entered into an agreement, pursuant to which, GTZD agreed to take up 70% equity interest in and the debts of Sichuan Sancha Lake International Tourism Resort Co., Ltd.* (四川三岔湖長島國際旅遊度假中心有限公司) (the "**Target Company**", a subsidiary of the Group) by way of the restructuring cooperation at the total consideration of approximately RMB3.97 billion. Upon completion of the above transactions, the Group no longer controls the Target Company and its results are not included into the consolidated financial statements of the Group.

(b) Disposal of Shijiazhuang Central Business District Project

On 18 March 2024, Shijiazhuang Heya Real Estate Development Co., Ltd.* (石家莊和雅房地產開發有限公司) ("Shijiazhuang Heya", an indirect wholly-owned subsidiary of the Company), Shijiazhuang Zhengtai Construction Development Co., Ltd.* (石家莊正太建設發展有限公司) (the "**Cooperation Partner**") and Shijiazhuang Central Business District Development Co., Ltd.* (石家莊市中央商務區開發有限公司) ("**Central Business District**", a joint venture of the Group) entered into an agreement, pursuant to which, the Cooperation Partner agreed to take up 80% equity interest in the Central Business District at the consideration of approximately RMB814 million. Immediately after completion of the disposal, Central Business District will cease to be a joint venture of the Group.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the independent auditor’s report by BDO Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2023:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulated effects on the consolidated financial statements as described in the “Basis for Disclaimer of Opinion” section of our report. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As disclosed in note 2.1(iii) to the consolidated financial statements, the Group incurred a net loss of approximately RMB10.41 billion for the year end 31 December 2023 and, as at 31 December 2023, the Group had net current liabilities of approximately RMB20.74 billion. The Group’s current and non-current borrowings amounted to approximately RMB181.20 billion and RMB96.63 billion as at 31 December 2023 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB24.62 billion. As at 31 December 2023, the Group had not repaid borrowings of RMB109.06 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings of approximately RMB41.64 billion in aggregate might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB116.71 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of approximately RMB43.55 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as disclosed in note 36(B) to the consolidated financial statements.

Nevertheless, the consolidated financial statements have been prepared on a going concern basis. The Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and have developed debt solutions which are set out in note 2.1(iii) to the consolidated financial statements. The validity of going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including (i) whether sufficient funds can be raised to repay onshore and offshore public debts, if unable to raise sufficient funds, whether new solutions can be reached with bondholders; (ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings; and (iii) whether sales strategy can be executed to ensure asset value and improve the stability of future sales business.

Since last year, the real estate market in mainland China has gone through adjustment with time and depth beyond previous expectations, the overall sales has continued to decline, and the financing has not yet improved. There is uncertainty as to the stabilization and recovery of the Group's sales and the continued support from banks and the Group's lenders, hence, there is significant uncertainty as to the Group's ability to implement the above plans and measures.

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

As a result of the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.1(iii) to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2022 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2022 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1 REVENUE

For the year ended 31 December 2023, most of the Group's revenue came from sales of residential and commercial properties business, and the other revenue came from cultural and tourism city construction and operation, property management and other businesses.

As at 31 December 2023, the Group's real estate development business is mainly located in the Yangtze River Delta, Bohai Rim, South China, cities of Central regions and Western regions, which are divided into 10 major regional groups for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin and Shenyang, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou and Hainan Province, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Chengdu-Chongqing region (including Chongqing and Chengdu, etc.), Yun Gui region (including Kunming and Guiyang, etc.) and Global Sunac region (including Huan Rong projects in Sichuan, Yunnan and Hunan, etc.).

Total revenue of the Group for the year ended 31 December 2023 amounted to approximately RMB154.23 billion, representing an increase of 59.4% compared with the total revenue of approximately RMB96.75 billion for the year ended 31 December 2022.

For the year ended 31 December 2023, the total revenue of the Group and its joint ventures and associates was approximately RMB329.38 billion, representing an increase of approximately RMB63.84 billion (approximately 24.0%) as compared with the total revenue of approximately RMB265.54 billion for the year ended 31 December 2022, of which approximately RMB206.61 billion was attributable to owners of the Company, representing an increase of approximately RMB47.12 billion (approximately 29.5%) as compared to approximately RMB159.49 billion for the year ended 31 December 2022.

The following table sets forth certain details of the revenue:

	Year ended 31 December			
	2023		2022	
	RMB billion	*%*	*RMB billion*	*%*
Revenue from sales of properties	**140.47**	**91.1%**	82.84	85.6%
Cultural and tourism city construction and operation income	**5.91**	**3.8%**	4.77	4.9%
Property management income	**6.60**	**4.3%**	6.26	6.5%
Revenue from other business	**1.25**	**0.8%**	2.88	3.0%
Total	**154.23**	**100.0%**	96.75	100.0%
Total gross floor area delivered during the year *(in million sq.m.)*	**12.782**		8.096	

For the year ended 31 December 2023, revenue from sales of properties increased by approximately RMB57.63 billion (approximately 69.6%) as compared with that for the year ended 31 December 2022. Total area of delivered properties increased by 4.686 million square meters ("sq.m.") (approximately 57.9%) as compared with that for the year ended 31 December 2022, the increase in revenue from sales of properties was basically in line with the increase in delivery area.

2 COST OF SALES

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

For the year ended 31 December 2023, the Group's cost of sales was approximately RMB156.73 billion, representing an increase of approximately RMB59.16 billion (approximately 60.6%) as compared to the cost of sales of approximately RMB97.57 billion for the year ended 31 December 2022. The increase in the cost of sales was mainly due to the increase in the delivered area of the properties.

3 GROSS LOSS

For the year ended 31 December 2023, the Group's gross loss was approximately RMB2.50 billion, representing an increase of approximately RMB1.68 billion as compared with the gross loss of approximately RMB0.82 billion for the year ended 31 December 2022. Increase in gross loss was mainly due to the increase in the provision for impairment of properties made by the Group during the year.

For the year ended 31 December 2023, the Group's gross profit margin was approximately minus 1.6%, representing a decrease as compared to approximately minus 0.8% for the year ended 31 December 2022.

For the year ended 31 December 2023, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of approximately RMB5.25 billion. The Group's gross profit would have been approximately RMB10.53 billion and gross profit margin would have been approximately 6.8% for the year ended 31 December 2023 without taking into account such impact of fair value adjustments and provision for impairment of properties and inventories on gross profit.

For the year ended 31 December 2023, total gross profit of the Group and its joint ventures and associates was approximately RMB15.09 billion, with a gross profit margin of approximately 4.6%, of which approximately RMB5.90 billion was gross profit attributable to owners of the Company. For the year ended 31 December 2022, total gross profit of the Group and its joint ventures and associates was approximately RMB19.01 billion, with a gross profit margin of approximately 7.2%, of which approximately RMB7.93 billion was gross profit attributable to owners of the Company.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs decreased by approximately 15.9% from approximately RMB5.79 billion for the year ended 31 December 2022 to approximately RMB4.87 billion for the year ended 31 December 2023. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the year ended 31 December 2023.

The Group's administrative expenses decreased by approximately RMB1.49 billion from approximately RMB6.98 billion for the year ended 31 December 2022 to approximately RMB5.49 billion for the year ended 31 December 2023.

5 OTHER INCOME AND GAINS

For the year ended 31 December 2023, the Group recognised other income and gains of approximately RMB38.53 billion, which mainly comprised gains from offshore debt restructuring of approximately RMB31.51 billion, gains from the disposal of subsidiaries, joint ventures and associates of approximately RMB2.22 billion, income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB1.52 billion and gains from fair value changes of derivative financial instruments of approximately RMB 1.30 billion. The Group recorded an increase in other income and gains of approximately RMB32.74 billion as compared with that for the year ended 31 December 2022 of approximately RMB5.79 billion, mainly due to the gains from offshore debt restructuring.

6 OTHER EXPENSES AND LOSSES

For the year ended 31 December 2023, other expenses and losses recognised by the Group amounted to approximately RMB25.07 billion, mainly including the provision for impairment of long-term assets of approximately RMB12.38 billion, net fair value losses of investment properties of approximately RMB3.95 billion, losses of approximately RMB3.28 billion from the disposal of subsidiaries, joint ventures and associates, the provision for litigations of approximately RMB2.31 billion, net fair value losses from financial assets at FVPL of approximately RMB1.43 billion and losses of approximately RMB0.93 billion from the disposal of various assets. The Group recorded an increase in other expenses and losses of approximately RMB13.31 billion as compared with that for the year ended 31 December 2022 of approximately RMB11.76 billion, mainly due to the provision for impairment of long-term assets and net fair value losses of investment properties.

7 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the year ended 31 December 2023, the Group made provisions for expected credit losses of approximately RMB2.52 billion on amounts due from related companies, amounts due from non-controlling interests and other receivables, representing an increase of approximately RMB0.05 billion as compared with that of approximately RMB2.47 billion for the year ended 31 December 2022.

8 OPERATING LOSS

Concluding from the above analysis, the Group's operating loss decreased by approximately RMB20.10 billion from approximately RMB22.03 billion for the year ended 31 December 2022 to the operating loss of approximately RMB1.93 billion for the year ended 31 December 2023, mainly due to the following reasons:

(i) gross loss increased by approximately RMB1.68 billion;

(ii) selling and marketing costs and administrative expenses decreased by approximately RMB2.41 billion;

(iii) the provisions for expected credit losses on financial assets increased by approximately RMB0.05 billion; and

(iv) other income and gains increased by approximately RMB32.74 billion and other expenses and losses increased by approximately RMB13.31 billion.

9 FINANCE INCOME AND EXPENSES

The Group's finance expenses decreased by approximately RMB6.48 billion from approximately RMB12.78 billion for the year ended 31 December 2022 to approximately RMB6.30 billion for the year ended 31 December 2023, and finance income decreased by approximately RMB0.54 billion from approximately RMB0.78 billion for the year ended 31 December 2022 to approximately RMB0.24 billion for the year ended 31 December 2023 at the same time, mainly due to the following reasons: (i) the construction area of the Group's property development projects increased, resulting in an increase in proportion of capitalised interests in total interest expenses as compared to that of the year ended 31 December 2022, which led to a decrease of approximately RMB0.99 billion in expensed interest from approximately RMB5.94 billion for the year ended 31 December 2022 to approximately RMB4.95 billion for the year ended 31 December 2023; and (ii) due to the change in trend of foreign exchange rates fluctuations, the exchange gain or loss of the Group decreased by approximately RMB5.50 billion from a net exchange loss of approximately RMB6.85 billion for the year ended 31 December 2022 to a net exchange loss of approximately RMB1.35 billion for the year ended 31 December 2023.

10 SHARE OF POST-TAX PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Share of post-tax profits of investments accounted for using the equity method, net recognised by the Group increased by approximately RMB0.13 billion from approximately RMB2.73 billion for the year ended 31 December 2022 to approximately RMB2.86 billion for the year ended 31 December 2023, with no material change.

11 LOSS

Loss of the Group attributable to owners of the Company decreased by approximately RMB19.70 billion from approximately RMB27.67 billion for the year ended 31 December 2022 to loss of approximately RMB7.97 billion for the year ended 31 December 2023.

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

	Year ended 31 December	
	2023	2022
	RMB billion	*RMB billion*
Loss during the year	**10.41**	29.89
Attributable to:		
Owners of the Company	**7.97**	27.67
Non-controlling interests	**2.44**	2.22
	10.41	29.89

12 CASH STATUS

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

The Group's cash balances (including restricted cash) decreased to approximately RMB24.62 billion as at 31 December 2023 from approximately RMB37.54 billion as at 31 December 2022, of which non-restricted cash decreased to approximately RMB7.06 billion as at 31 December 2023 from approximately RMB11.60 billion as at 31 December 2022.

The decrease in non-restricted cash was mainly due to:

(i) approximately RMB15.79 billion of net cash outflow used in operating activities;

(ii) approximately RMB2.74 billion of net cash inflow from investing activities; and

(iii) approximately RMB8.48 billion of net cash inflow from financing activities.

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

13 BORROWINGS AND SECURITIES

As at 31 December 2023, the total borrowings of the Group were approximately RMB277.83 billion, representing a decrease of approximately RMB20.59 billion as compared to approximately RMB298.42 billion as at 31 December 2022. Approximately RMB273.54 billion (as at 31 December 2022: approximately RMB278.44 billion) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, etc. (total amount was approximately RMB414.03 billion (as at 31 December 2022: approximately RMB231.85 billion)) and equities or disposal gains of certain of the Group's subsidiaries.

As at 31 December 2023, the total borrowings of the Group and its joint ventures and associates were approximately RMB378.51 billion, representing a decrease of approximately RMB25.74 billion as compared to approximately RMB404.25 billion as at 31 December 2022, of which the total borrowings of joint ventures and associates were approximately RMB100.68 billion, representing a decline of approximately RMB5.15 billion as compared to approximately RMB105.83 billion as at 31 December 2022.

14 GEARING RATIO

The gearing ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 31 December 2023, the Group's gearing ratio was approximately 75.2%, without material changes as compared to approximately 75.2% as at 31 December 2022.

The Group will proactively deal with debt situation, and release operating cash flow so as to improve the gearing ratio.

15 INTEREST RATE RISK

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

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

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

	As at 31 December 2023	As at 31 December 2022
	RMB billion	*RMB billion*
Floating interests		
Less than 12 months	**46.27**	56.77
1–5 years	**12.35**	4.13
Over 5 years	**2.61**	–
Subtotal	**61.23**	60.90
Fixed interests		
Less than 12 months	**134.93**	196.71
1–5 years	**70.75**	37.22
Over 5 years	**10.92**	3.59
Subtotal	**216.60**	237.52
Total	**277.83**	298.42

The Group will continue to pay attention to and monitor interest rate risks.

16 FOREIGN EXCHANGE RISKS

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at fair value through profit or loss, derivative financial instruments, senior notes, convertible bonds and other borrowings are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. For the year ended 31 December 2023, the Group recorded an exchange loss in the amount of approximately RMB1.35 billion due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign exchange risks.

17 CONTINGENT LIABILITIES

(a) Guarantee on mortgage facilities

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was approximately RMB79.98 billion as at 31 December 2023 as compared with approximately RMB102.09 billion as at 31 December 2022. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties' delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

(b) Litigation

Up to the date of approval of these consolidated financial statements, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operation payables, delayed delivery of projects and other matters. Among them, there were about 330 cases with individual amounts exceeding RMB50 million, and the aggregated amounts of these cases amounted to approximately RMB125 billion, which mainly includes unpaid borrowings and outstanding construction payables. The Directors have assessed the impact of the litigation on the consolidated financial statements for the year ended 31 December 2023 and accrued provisions in the Group's consolidated financial statements. The Group is also actively negotiating with the relevant creditors and seeking various ways to resolve these litigation.

Chairman's Statement

Dear Shareholders and Investors,

Since 2023, the real estate market downturn has continued. The government has continued to adjust and optimize real estate control policies and intensively launch supportive policies to stabilize market expectations, strive to promote the stable and healthy development of the real estate market, and build a new model for real estate development. With the support of the government policies, the Group continued to make every effort to implement various tasks such as guaranteeing property delivery, revitalizing assets and resolving debt risks, and made significant progress.

In 2023, for the domestic corporate bonds that have completed the overall extension in 2022, the Group has completed two payments as agreed, ensuring the stability of the domestic open market. In 2023, the Group officially completed the offshore open market debt restructuring and the success of the offshore debt restructuring relieved the Company's debt repayment pressure in the next two years, and the over US $4.5 billion deleveraging plan greatly optimized the Company's capital structure and increased its net assets. Most of the Group's project-level loans maintain a normal status. For some of the financing that needs to be extended due to the market decline, the Group continues to actively communicate with financial institutions to promote solutions. At the same time, the Group will actively promote the reduction of the cost of existing financing and reduce the interest burden. The Group continues to promote cooperation with asset management companies, introduces financial support for high-quality projects and revitalises assets. In 2023, the Group has successfully implemented financing arrangements for some projects including Shanghai Dongjiadu, Shanghai Yalong and Wuhan Taohuayuan Project. At present, there are still financing arrangements for a number of projects in progress. As the real estate market downturn continued and the adjustment depth and time exceeded expectations, in 2024, the Company will continue to actively communicate with creditors on current debt problems and potential debt pressures, seek extension and overall solutions, and strive to maintain the stability of debt fundamentals; At the same time, we will also focus on reducing the cost of existing financing. In 2024, the Group will continue to deepen the overall principal-to-principal communication and cooperation with core financial institutions, and seek flexible and diverse solutions to resolve debt risks and revitalize assets. At the same time, we will closely follow the new financing support policies of the industry, and actively promote the undertaking of new policies to support debt risk resolution, guaranteed property delivery and asset revitalization.

The Group has always taken the guaranteed delivery of properties as its primary operational objective, actively responded to the government's requirements for guaranteed delivery of properties, actively implemented the primary responsibilities, and actively applied for resources such as special loans for guaranteed delivery of properties and supporting financing to support the development and construction of property projects and the smooth completion and delivery of property projects. In 2023, the Group completed the delivery of approximately 310,000 houses in 101 cities with unremitting efforts. In 2024, the Group will continue to actively undertake guaranteed delivery property support policies, take multiple measures at the same time, and strive to achieve delivery targets of more than 200,000 houses.

In 2023, the Group's revenue was approximately RMB154.23 billion, representing an increase of approximately 59.4% as compared to last year, and its gross loss was approximately RMB2.50 billion, representing an increase of approximately 204.9% as compared to last year. The loss attributable to owners of the Company was approximately RMB7.97 billion due to the Group's completion of offshore debt restructuring in 2023, which resulted in the recording of other business income, representing a significant decrease in loss of approximately 71.2% as compared with the previous year. Due to the continuous downturn in the market, the Group, out of prudence, has accumulated more than RMB85 billion after the provision of various impairments for three consecutive years, and the Group's net assets attributable to the parent company at the end of 2023 still amounted to RMB62.43 billion, indicating that the Company's asset base was stable.

At the end of 2023, the Group, together with its joint ventures and associates, had a total land bank of approximately 154 million square meters (attributable land bank was approximately 102 million square meters) with a total saleable resources of approximately RMB1.7 trillion (saleable resources of attributable land bank was approximately 1.13 trillion), of which the unsold land bank was approximately 110 million square meters (attributable land bank is approximately 73 million square meters) and the unsold saleable resources was approximately RMB1.23 trillion (saleable resources of attributable land bank is expected to be approximately RMB0.81 trillion). Adequate and high-quality land bank is a solid foundation to support the Group's gradual resumption of normal operations.

In 2023, the operating performance of Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK) of the Group's property management sector was improving steadily, and its operating quality has improved significantly. In 2023, Sunac Services achieved revenue of approximately RMB7.01 billion, gross profit of approximately RMB1.67 billion and core net profit of approximately RMB793 million, representing a year-on-year increase of approximately 3%. The annual operating net cash inflow was approximately RMB862 million, covering core net profit by 1.1 times, and the book cash balance was approximately RMB4.44 billion. In the revenue structure, non-related party business revenue increased by 10% year-on-year to RMB6.44 billion, accounting for approximately 92% of revenue. By the end of 2023, Sunac Services' business focused on first- and second-tier core cities with contracted GFA of approximately 374 million square meters and GFA under management of approximately 273 million square meters.

In 2023, the operating results of the Group's theme park, commercial, hotel and ice and snow businesses in the cultural tourism sector improved steadily. In 2023, the cultural tourism sector achieved revenue of approximately RMB5.91 billion, an increase of approximately 29.9% as compared to last year, and management profit of approximately RMB860 million, a significant increase of RMB1.57 billion compared to the loss of RMB710 million last year. Rapid growth in the operating results of the cultural tourism segment was achieved with new record in revenues and profits.

Looking forward, it is expected that the Central Government will adopt more proactive monetary policies and fiscal policies to stabilize the macro-economic development in 2024. At the same time, the Central Government will continue to formulate policies to support the healthy development of the real estate industry. Although real estate industry still faces great pressures and challenges in the short term, it is believed that under the support of policies, along with the overall positive economic direction and the continuous accumulation of market confidence, the long-term supply and demand of the real estate market will return to balance and the market will gradually stabilize. We will maintain our long-term confidence, maintain sufficient patience and focus, and make long-term arrangements and preparations. With the assistance and support from all parties, we will continue to steadily promote various work such as the guaranteed delivery, the resolution of debt risks and the asset revitalization, and actively respond and solve problems in an orderly manner, so as to gradually and steadily advance the Company back to the track of healthy development.

Summary of Land Bank

As at 31 December 2023, the Group and its joint ventures and associates had a total land bank of approximately 154 million sq.m. and attributable land bank of approximately 102 million sq.m.. The breakdown of land bank by city is as follows:

Urban circle	**City**	**Attributable land bank** *0'000 sq.m.*	**Total land bank** *0'000 sq.m.*
Yangtze River Delta	Hangzhou	206.79	381.06
	Wenzhou	201.30	241.37
	Shanghai	181.29	244.35
	Xuzhou	141.60	161.10
	Wuxi	132.13	212.78
	Shaoxing	107.63	201.73
	Haiyan	69.64	69.64
	Ningbo	66.08	112.16
	Nantong	64.65	101.87
	Changzhou	63.54	101.54
	Suzhou	61.72	109.26
	Hefei	52.75	68.86
	others	259.17	591.46
	Subtotal	**1,608.29**	**2,597.18**

Urban circle	City	Attributable land bank *0'000 sq.m.*	Total land bank *0'000 sq.m.*
Bohai Rim	Qinggao	654.20	827.48
	Tianjin	568.32	616.50
	Taiyuan	193.11	292.10
	Harbin	183.77	201.39
	Dalian	151.26	152.00
	Jinan	142.73	199.83
	Shenyang	105.00	191.30
	Beijing	97.71	146.70
	Yantai	87.70	136.61
	Tangshan	87.36	107.06
	Langfang	76.48	88.41
	others	190.53	241.26
	Subtotal	**2,538.17**	**3,200.64**
Southern China	Jiangmen	204.79	219.79
	Qingyuan	136.31	145.40
	Guangzhou	108.07	234.66
	Hainan Province	104.00	124.30
	Zhongshan	74.89	75.48
	Huizhou	70.09	73.63
	Zhaoqing	63.90	63.90
	Zhuhai	55.66	55.66
	others	236.54	434.99
	Subtotal	**1,054.25**	**1,427.81**

Urban circle	City	Attributable land bank *0'000 sq.m.*	Total land bank *0'000 sq.m.*
Western regions	Chongqing	794.06	1,258.42
	Meishan	721.24	1,053.27
	Xishuangbanna	246.67	285.83
	Xi'an	244.39	406.20
	Chengdu	218.67	289.67
	Guiyang	197.63	333.81
	Kunming	186.05	344.62
	Guilin	162.39	277.09
	Dali	123.51	205.86
	Nanning	122.35	256.28
	Yinchuan	82.55	93.28
	Liuzhou	80.92	182.15
	Beihai	55.41	137.34
	others	383.11	791.03
	Subtotal	**3,618.95**	**5,914.85**
Central regions	Wuhan	590.48	1,055.99
	Zhengzhou	265.16	451.94
	Changsha	167.61	221.29
	Xinxiang	121.26	121.26
	Xianning	56.93	81.33
	others	176.87	339.07
	Subtotal	**1,378.31**	**2,270.88**
	Total	**10,197.97**	**15,411.36**

OTHER INFORMATION

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

Purchase, Sale or Redemption of Company's Listed Securities

The Company has adopted a share award scheme (the "Share Award Scheme") on 8 May 2018 (the "Adoption Date"), details of which are set out in the announcement of the Company dated 8 May 2018. During the period from the Adoption Date to 30 June 2019, the trustee of the Share Award Scheme purchased on the open market a total of 94,653,000 Shares at the total consideration of approximately HK$2.57 billion pursuant to the rules of the Share Award Scheme and the terms of the trust deed. Since 30 June 2019 and for the year ended 31 December 2023, the trustee of the Share Award Scheme did not purchase any Shares.

Save as the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

Completion of the Offshore Debt Restructuring

On 28 March 2023, the Company entered into a restructuring support agreement with the ad-hoc group of offshore creditors for the terms of the offshore debt. At the meeting of the creditors of the scheme relating to the restructuring of offshore debts (the "Scheme Meeting") held on 18 September 2023, among the scheme creditors who attended the Scheme Meeting and voted, 98.3% of the value of scheme claims and 99.75% of the number voted in favor of the scheme. On 5 October 2023, the scheme was approved pursuant to an order made by the High Court of the Hong Kong Special Administrative Region (the "High Court"). On 20 November 2023, the various conditions of the restructuring of the Company were fulfilled and the restructuring took effect on the same date.

Withdrawal of Winding-up Petition

On 8 September 2022, the Company received a winding-up petition against the Company (the "Petition") filed by Chen Huaijun at the High Court in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US$22 million and accrued interests. As at 13 June 2023, the High Court has granted an order withdrawing the Petition, and the winding-up proceedings against the Company have been discontinued.

Significant Investment, Material Acquisitions and Disposals

1. Disposal of 51% Equity Interest in Shenzhen Ronghua with a Repurchase Option

On 3 January 2023, Shenzhen Sunac Culture & Tourism Industry Development Group Co., Ltd.* (深圳融創文旅產業發展集團有限公司) ("Shenzhen Sunac Culture & Tourism", an indirect wholly-owned subsidiary of the Company), Zhuhai Huafa Property Development Co., Ltd.* (珠海華發房地產開發有限公司) ("Zhuhai Huafa") and Shenzhen Ronghua Land Investment Co., Ltd.* (深圳融華置地投資有限公司) ("Shenzhen Ronghua") entered into an agreement, pursuant to which, Shenzhen Sunac Culture & Tourism agreed to sell, and Zhuhai Huafa agreed to acquire, 51% equity interest in Shenzhen Ronghua and the debt claims at an aggregate consideration of approximately RMB3.58 billion. Pursuant to the agreement, Shenzhen Sunac Culture & Tourism has the option to repurchase the 51% equity interest in Shenzhen Ronghua and the debt claims before 23 November 2025. Please refer to the announcement of the Company dated 3 January 2023 for details.

2. Restructuring arrangement in relation to Tianjin Greentown

On 25 May 2023, Sunac Huabei Development Group Co., Ltd. (融創華北發展集團有限公司) ("Sunac Huabei"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) ("Greentown Real Estate"), AVIC Trust Co., Ltd. ("AVIC Trust") and Tianjin Greentown National Games Village Construction Development Co., Ltd. (天津綠城全運村建設開發有限公司) ("Tianjin Greentown"), pursuant to which Sunac Huabei agreed to acquire the 51% equity interests in the Tianjin Greentown held by Greentown Real Estate through the restructuring arrangement at a consideration of approximately RMB1,486 million, which has been offset by existing claims and debts and no actual cash payment had been made. Upon completion of the transaction, Sunac Huabei holds 99.608% equity interests in the Tianjin Greentown and the Tianjin Greentown has become an indirect subsidiary of the Company. Please refer to the announcement of the Company dated 29 May 2023 for details.

3. Transaction with Xinxing Group

On 30 June 2023, the Group and Xinxing Cathay Asset Management Co., Ltd. and Xinxing Heavy Industries Group Co., Ltd. (collectively as "Xinxing Group") entered into an agreement, pursuant to which Xinxing Group shall transfer its 45% interest in Zhaoqing Xingrong Real Estate Development Co., Ltd. (the "Zhaoqing Xingrong") to the Group at a consideration of RMB511.41 million. The consideration payable in respect of the transaction has been paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which has settled the debt and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group. Upon completion of the transaction, the Group will hold 100% interest in Zhaoqing Xingrong. Zhaoqing Xingrong will become an indirect wholly-owned subsidiary of the Company. Please refer to the announcements of the Company dated 3 July and 25 July 2023 for details.

4. Transfer of Equity Interests in Ningde Rongxi to BCDC

On 10 August 2023, the Group, AVIC Trust and Beijing Capital Development Co., Ltd. ("BCDC") entered into an agreement, pursuant to which the aggregate of 67% equity interests in Ningde Rongxi Real Estate Co., Ltd. ("Ningde Rongxi"), a wholly-owned subsidiary of the Group, and interests in the debt of RMB14,021,443.57 owed by Ningde Rongxi to AVIC Trust have been transferred to BCDC at a consideration of RMB800 million collectively. As Ningde Rongxi is owned as to 33% by the Group following completion of the transaction, Ningde Rongxi has become an associate of the Group. Please refer to the announcement of the Company dated 10 August 2023 for details.

5. Disposal Transactions with Rongfeng Company

On 7 July 2023, the Group and Rongfeng (Shanghai) Hotel Management Co., Ltd. ("Rongfeng Company") entered into an agreement to sell 100% equity interests of Hangzhou Rongxinhan Real Estate Co., Ltd. (the "Zhenhuafu Project Company", a wholly-owned subsidiary of the Group) to Rongfeng Company or its designated party at a consideration of RMB0.20 billion. Zhenhuafu Project Company is principally engaged in the development of one Building 4 of the self-owned residences and 81 ancillary underground parking spaces in Hangzhou. On 17 August 2023, the Group and Rongfeng Company entered into a sale and purchase agreement to sell the 100% interest in the Wangjinsha hotel project to Rongfeng Company or its designated party at a consideration of approximately RMB0.30 billion. Wangjinsha hotel project was under construction developed by Hangzhou Yuanrongkun Real Estate Development Co., Ltd. (a wholly-owned subsidiary of the Group). On 17 August 2023, the Group and Rongfeng Company entered into an agreement to sell 100% equity interests in Anhui Rongyuantai Real Estate Development Co., Ltd. (the "Anhui Rongyuantai") to Rongfeng Company or its designated party at a consideration of RMB0.73 billion. Anhui Rongyuantai was a wholly-owned subsidiary of the Group and mainly engaged to develop and construct the Hefei Xiuchang hotel project. Upon completion of the transaction, the Group no longer controlled the Wangjinsha hotel project, and Zhenhuafu Project Company and Anhui Rongyuantai have ceased to be subsidiaries of the Company. Please refer to the announcement of the Company dated 17 August 2023 for details.

6. Transaction with Hangzhou Jinhan

On 15 September 2023, (a) Hainan Sunac Properties Co., Ltd.("Hainan Sunac"), (b) Hangzhou Jinhan Holding Group Co., Ltd.("Hangzhou Jinhan"), (c) the Platform Companies (collectively, Hangzhou Heming Investment Co., Ltd., Hangzhou Rongyue Investment Co., Ltd., and Zhejiang Yuecheng Investment Co., Ltd.), and (d) the Project Companies (collectively, Project Company I and Project Company II, defined below) entered into the equity transfer framework agreement, pursuant to which, the parties have achieved, through equity transfer and other means, the respective independent development of the corresponding land parcels of the target project by the Group through Qionghai Huayue Enterprise Co., Ltd. (the Project Company I) and by Hangzhou Jinhan through Hainan Herong Property Development Co., Ltd. (the Project Company II). After considering the equity value difference and the setting off of the debts among the Group, Hangzhou Jinhan, the Platform Companies and the Project Companies, the Hangzhou Jinhan shall pay to Hainan Sunac the difference in the amount of RMB17.23 million. Please refer to the announcement of the Company dated 15 September 2023 for details.

7. Restructuring Arrangements in relation to Shanghai Yalong Project

On 15 November 2023, Shanghai Yalong Ancient City Real Estate Development Co., Ltd. ("Shanghai Yalong"), a joint venture of the Company, as borrower, and Shanghai Haolong Enterprise Management Partnership (Limited Partnership) ("Shanghai Haolong"), as lender, entered into the loan agreement, pursuant to which Shanghai Haolong provided a loan in an aggregate amount of not exceeding RMB3,480,000,000 to Shanghai Yalong for a term of not more than 3 years, of which the last 1 year will be a grace period (subject to the written consent of Shanghai Haolong), for the development and construction of Shanghai Yalong project("Huarong Loan"). On 21 November 2023, Sunac Real Estate Group Co., Ltd. ("Sunac Real Estate"), a wholly-owned subsidiary of the Company, entered into the loan guarantee agreement in relation to the loan agreement with Shanghai Haolong, pursuant to which Sunac Real Estate agreed to provide a joint liability guarantee for the corresponding principal amount of not exceeding RMB1,740,000,000 to Shanghai Yalong for a term of three years from the maturity date of the indebtedness under the loan agreement. Please refer to the announcement of the Company dated 21 November 2023 for details.

On 27 November 2023, in order to sort out and resolve the existing debt issues of the Shanghai Yalong project to meet the prerequisite for cooperation in respect of the Huarong Loan, Shanghai Haoxuan Enterprise Management Co., Ltd ("Shanghai Haoxuan", a non-wholly owned subsidiary of the Company), Shanghai Sunac Real Estate Development Group Co., Ltd ("Shanghai Sunac", an indirect wholly-owned subsidiary of the Company) and Hangzhou Xio Lift Co., Ltd. ("Hangzhou Xio") entered into the agreement, pursuant to which, Hangzhou Xio agreed to take up, by way of the restructuring arrangement, 15.625% equity interest in, and the creditors' rights of, Zhejiang Qilong Industries Co., Ltd. ("Zhejiang Qilong"), which indirectly holds the Shanghai Yalong Project. The consideration was approximately RMB2.5 billion, of which approximately RMB2.4 billion would be offset by the existing creditors' rights and debts and the remaining amount for approximately RMB100 million would be settled through the repayment of the debts owed to Xinhu Zhongbao Company Limited, by Hangzhou Xio on behalf of Shanghai Haoxuan. Please refer to the announcement of the Company dated 27 November 2023 for details.

Subsequent Events

1. Restructuring Cooperation of the Target Company

On 8 February 2024, Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司), Global Sunac Exhibition & Travel Group Co., Ltd.* (環球融創會展文旅集團有限公司), Chengdu Minglu Enterprise Management Consulting Co., Ltd.* (成都銘籙企業管理諮詢有限公司)(collectively, the "Sunac Parties"), Guotou Zhongdian (Xianyang) Science Park Co., Ltd.* (國投中電(咸陽)科技園有限公司) ("GTZD") and the relevant parties entered into an agreement, pursuant to which, GTZD agreed to take up 70% equity interest in and the debts of Sichuan Sancha Lake International Tourism Resort Co., Ltd.* (四川三岔湖長島國際旅遊度假中心有限公司) (the "Target Company") by way of the restructuring cooperation at the total consideration of approximately RMB3,974 million, comprising (i) the consideration for the 70% equity interest in the Target Company (approximately RMB3,129 million); and (ii) the consideration for the debts owed by the Target Company and Chongqing Yujinhong Enterprise Management Partnership (Limited Partnership)* (重慶渝錦鴻企業管理合夥企業(有限合夥)) to the Sunac Parties (approximately RMB845 million). Immediately following the completion of the restructuring cooperation, the Target Company will cease to be a subsidiary of the Company. Please refer to the announcement of the Company dated 9 February 2024 for details.

2. Disposal of Shijiazhuang Central Business District Project

On 18 March 2024, Shijiazhuang Heya Real Estate Development Co., Ltd.* (石家莊和雅房地產開發有限公司) ("Shijiazhuang Heya"), Shijiazhuang Zhengtai Construction Development Co., Ltd.* (石家莊正太建設發展有限公司) (the "Cooperation Partner") and Shijiazhuang Central Business District Development Co., Ltd.* (石家莊市中央商務區開發有限公司) ("Central Business District") entered into an agreement, pursuant to which, the Cooperation Partner agreed to take up 80% equity interest in the Central Business District at the consideration of approximately RMB814 million. Approximately RMB148 million of the consideration will be offset by the Group's debts owed to the Cooperation Partner, and the remaining approximately RMB666 million (subject to adjustments) will be settled in cash by the Cooperation Partner. Such cash consideration will be utilised by the Group mainly for constructing and guaranteeing the delivery of properties in Shijiazhuang. Please refer to the announcement of the Company dated 18 March 2024 for details.

According to the valuation report prepared by an independent professional valuer using the asset-based method, the valuation of 80% equity interest in Central Business District as at 31 December 2023 is approximately RMB814 million. Based on the total assets of approximately RMB4.83 billion (the key identifiable asset of which was inventory, representing approximately 91% of the total assets), and total liabilities of approximately RMB4.04 billion (the key identifiable liabilities of which were contract liabilities, representing approximately 87% of the total liabilities), the book value of net asset of Central Business District was approximately RMB793 million. After adjusting for the profit derived from certain pre-sale properties and the inventory appreciation, the fair value of Central Business District was approximately RMB1.018 billion. Given the subject of the Disposal is 80% equity interest in Central Business District, the appraised value of 80% equity interest in Central Business District as at 31 December 2023 was approximately RMB814 million.

Employee and Remuneration Policy

As at 31 December 2023, the Group had a total of 39,228 employees (as at 31 December 2022: 45,198 employees). The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts two performance appraisals for its employees every year, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in Mainland China in accordance with the relevant PRC regulations. The Group also operates insurance and mandatory provident fund schemes for Hong Kong employees. The Group also makes contributions to social security or other retirement schemes for its overseas employees (if any) in accordance with local regulations.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code in relation to their securities dealings during the year ended 31 December 2023, if any.

Compliance with the Corporate Governance Code

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2023, complied with all applicable code provisions under the Corporate Governance Code.

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

Audit Committee

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group's results for the year ended 31 December 2023.

Review of Results Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Group's auditor, BDO Limited, to the figures set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

Publication of the Annual Results Announcement and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's 2023 annual report, the AGM circular, the notice of AGM, the proxy form for use at the AGM and relevant documents will be published on the aforementioned websites in due course.

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

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

Hong Kong, 27 March 2024

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