SHINSUN 祥生

**Shinsun Holdings (Group) Co., Ltd.**

**祥生控股（集團）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 02599)**

# ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

**FINANCIAL HIGHLIGHTS**

- Contracted sales attributable to the Group amounted to approximately RMB80,331.0 million, increased by approximately 2.8% as compared with the corresponding period in the previous year.

- Total revenue amounted to approximately RMB43,719.0 million, decreased by approximately 6.3% as compared with the corresponding period in the previous year.

- Profit for the Relevant Year amounted to approximately RMB480.7 million, decreased by approximately 84.3% as compared with the corresponding period in the previous year.

- Total gross profit amounted to approximately RMB4,571.6 million, decreased by approximately 45.8% as compared with the corresponding period in the previous year.

- Net gearing ratio increased from 1.4 as at 31 December 2020 to 1.5 as at 31 December 2021.

- Core net profit[1] amounted to approximately RMB479.9 million, decreased by approximately 84.5% as compared with the corresponding period in 2020. Core net profit margin[1] was approximately 1.1%, decreased by 5.5 percentage points as compared with 2020.

- The interest-bearing liabilities of the Company amounted to RMB34,386.4 million, decreased by approximately 25.5% as compared with the end of last year.

- Cash and bank balances[2] amounted to approximately RMB8,448.1 million, decreased by approximately 65.2% as compared with the corresponding period in the previous year.

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1 Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes. Core net profit margin is based on core net profit for the year divided by revenue for the year and multiplied by 100%.

2 Cash and bank balances comprise restricted cash, pledged deposits, time deposits and cash and cash equivalents.

## ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shinsun Holdings (Group) Co., Ltd. (the "**Company**") is pleased to announce the unaudited annual results of the Company and its subsidiaries (collectively, referred to as the "**Group**" or "**we**") for the year ended 31 December 2021 (the "**Relevant Year**"), together with comparative audited figures for the year ended 31 December 2020, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the year ended 31 December | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| **REVENUE** | *3* | **43,719,028** | 46,638,413 |
| Cost of sales | | **(39,147,417)** | (38,203,574) |
| **GROSS PROFIT** | | **4,571,611** | 8,434,839 |
| Finance income | | **306,770** | 75,773 |
| Other income and gains | *3* | **129,638** | 108,621 |
| Selling and distribution expenses | | **(1,266,839)** | (1,240,318) |
| Administrative expenses | | **(999,754)** | (1,132,252) |
| Other expenses | | **(306,661)** | (101,221) |
| Fair value gains on investment properties | | **17,726** | 4,624 |
| Finance costs | *4* | **(1,257,317)** | (1,113,405) |
| Share of profits and losses of: | | | |
| Joint ventures | | **349,184** | 2,026 |
| Associates | | **95,563** | (19,770) |
| **PROFIT BEFORE TAX** | *5* | **1,639,921** | 5,018,917 |
| Income tax expense | *6* | **(1,159,246)** | (1,965,546) |
| **PROFIT FOR THE YEAR** | | **480,675** | 3,053,371 |
| Attributable to: | | | |
| Owners of the parent | | **(215,363)** | 2,646,006 |
| Non-controlling interests | | **696,038** | 407,365 |
| | | **480,675** | 3,053,371 |
| **(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted (loss)/earnings per share | *8* | **RMB(0.07)** | RMB1.07 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the year ended 31 December | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| **PROFIT FOR THE YEAR** | | **480,675** | 3,053,371 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive income that will be reclassified to profit or loss in subsequent periods: | | | |
| Revaluation gains on transfer from property, plant and equipment to investment properties | | **–** | 161,395 |
| Income tax effect | | **–** | (40,348) |
| Net other comprehensive income that will be reclassified to profit or loss in subsequent periods | | **–** | 121,047 |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | | **–** | 121,047 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **480,675** | 3,174,418 |
| Attributable to: | | | |
| Owners of the parent | | **(215,363)** | 2,767,053 |
| Non-controlling interests | | **696,038** | 407,365 |
| | | **480,675** | 3,174,418 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 31 December | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **105,672** | 127,132 |
| Right-of-use assets | | **58,122** | 74,064 |
| Investment properties | | **2,029,480** | 2,018,554 |
| Intangible assets | | **9,917** | 10,832 |
| Investments in joint ventures | | **1,467,007** | 1,164,904 |
| Investments in associates | | **1,399,643** | 686,226 |
| Deferred tax assets | | **2,203,424** | 2,100,518 |
| **Total non-current assets** | | **7,273,265** | 6,182,230 |
| **CURRENT ASSETS** | | | |
| Properties under development | | **96,433,665** | 105,840,944 |
| Completed properties held for sale | | **6,441,718** | 4,272,697 |
| Trade and bills receivables | *9* | **13,281** | 127,380 |
| Contract assets | | **248,320** | 227,970 |
| Due from related parties | | **4,284,362** | 2,700,144 |
| Prepayments, deposits and other receivables | | **19,103,774** | 13,265,996 |
| Tax recoverable | | **2,656,552** | 2,191,243 |
| Financial assets at fair value through profit or loss | | **840,117** | 626,231 |
| Cash and bank balances | | **8,448,078** | 24,304,747 |
| | | **138,469,867** | 153,557,352 |
| Assets of a subsidiary classified as held for sale | | **–** | – |
| Total current assets | | **138,469,867** | 153,557,352 |

| | | As at 31 December | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | *10* | **6,587,113** | 6,977,322 |
| Other payables and accruals | | **11,238,515** | 13,220,334 |
| Contract liabilities | | **70,018,866** | 68,791,434 |
| Due to related parties | | **4,236,529** | 5,809,050 |
| Interest-bearing bank and other borrowings | | **14,040,104** | 20,754,820 |
| Senior notes | | **3,204,513** | 1,437,058 |
| Corporate bonds | | **3,267** | 3,164 |
| Tax payable | | **2,044,991** | 2,409,194 |
| Lease liabilities | | **32,332** | 34,207 |
| | | **111,406,230** | 119,436,583 |
| Total current liabilities | | **111,406,230** | 119,436,583 |
| **NET CURRENT ASSETS** | | **27,063,637** | 34,120,769 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **34,336,902** | 40,302,999 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank and other borrowings | | **15,382,675** | 21,531,087 |
| Senior notes | | **1,258,377** | 1,952,929 |
| Corporate bonds | | **497,500** | 497,500 |
| Lease liabilities | | **35,343** | 51,910 |
| Deferred tax liabilities | | **210,651** | 232,537 |
| Total non-current liabilities | | **17,384,546** | 24,265,963 |
| **NET ASSETS** | | **16,952,356** | 16,037,036 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | | **199,616** | 199,616 |
| Reserves | | **7,518,097** | 8,231,939 |
| | | **7,717,713** | 8,431,555 |
| Non-controlling interests | | **9,234,643** | 7,605,481 |
| **TOTAL EQUITY** | | **16,952,356** | 16,037,036 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted limited liability company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's share were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 November 2020.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing and the provision of property management services.

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

## 2.1 BASIS OF PRESENTATION

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

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | *Interest Rate Benchmark Reform – Phase 2* |
| Amendment to IFRS 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted) |

The nature and the impact of the revised IFRS are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalents to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

During the year, the amendments did not have any significant impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognized as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

The Group has changed its accounting policy of the classification of the interest paid in the consolidated statement of cash flows. In prior periods, interest paid was classified as cash flows from operating activities, whereas interest paid is now classified as cash flows from financing activities (the "**Policy Change**"). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group's borrowings, as cash flows from financing activities in the consolidated statement of cash flows to reflect the nature of the cash flows associated with the Group's borrowings, including the interest paid as a cost of financing, and will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

Set out below are the amounts by which each financial statement line item was affected for the years ended 31 December 2021 and 2020 as a result of the Policy Change:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Interest paid | **4,423,306** | 5,595,242 |
| Increase in cash flows related to operating activities | **4,423,306** | 5,595,242 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Interest paid | **(4,423,306)** | (5,595,242) |
| Decrease in cash flows related to financing activities | **(4,423,306)** | (5,595,242) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | **–** | – |

The adoption of the Policy Change has had no impact on the consolidated statements of profit or loss, comprehensive income, financial position and changes in equity.

**ISSUED BUT NOT YET EFFECTIVE IFRSs**

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

| | |
|---|---|
| Amendments to IFRS 3 | *Reference to the Conceptual Framework*[1] |
| Amendments to IFRS 10 and IAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| IFRS 17 | *Insurance Contracts*[2] |
| Amendments to IFRS 17 | *Insurance Contracts*[2,4] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current*[2] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | *Disclosure of Accounting Policies*[2] |
| Amendments to IAS 8 | *Definition of Accounting Estimates*[2] |
| Amendments to HKAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2] |
| Amendments to IAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use*[1] |
| Amendments to IAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract*[1] |
| *Annual Improvements to IFRS Standards 2018-2020* | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1] |

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

## 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| *Revenue from contracts with customers* | **43,642,561** | 46,599,222 |
| *Revenue from other sources* | | |
| Property lease income | **76,467** | 39,191 |
| | **43,719,028** | 46,638,413 |

**Revenue from contracts with customers**

***a) Disaggregated revenue information***

| | **2021** | 2020 |
|---|---|---|
| **Types of goods or services:** | | |
| Sale of properties | **43,560,590** | 46,487,347 |
| Property management services | **17,323** | 12,084 |
| Hotel operation | **–** | 16,408 |
| Management consulting services | **64,648** | 83,383 |
| Total revenue from contracts with customers | **43,642,561** | 46,599,222 |
| **Timing of revenue recognition:** | | |
| Properties transferred at a point in time | **43,560,590** | 46,487,347 |
| Services transferred over time | **81,971** | 111,875 |
| Total revenue from contracts with customers | **43,642,561** | 46,599,222 |

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

| | **2021** | 2020 |
|---|---|---|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Sale of properties | **42,527,785** | 41,692,890 |

### *b) Performance obligations*

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

*Sale of properties*

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment properly.

*Property management services*

For property management services, the Group recognises revenue when the services are provided on a monthly basis and the Group has a right to invoice which corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

*Management consulting services*

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amounts expected to be recognised as revenue: | | |
| Within one year | **41,834,067** | 37,526,237 |
| After one year | **35,289,725** | 43,882,495 |
| | **77,123,792** | 81,408,732 |

An analysis of other income and gains is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other income and gains** | | |
| Subsidy income | **41,364** | 32,384 |
| Investment income from financial assets at fair value through profit or loss | **6,040** | 31,285 |
| Gain on disposal of joint ventures | **55,914** | 14,403 |
| Deposit forfeiture | **10,025** | 4,405 |
| Gain on disposal of items of property, plant and equipment | **1,539** | 553 |
| Others | **14,756** | 25,591 |
| | **129,638** | 108,621 |

## 4. FINANCE COSTS

An analysis of finance costs is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on loans and borrowings | **3,683,091** | 4,304,057 |
| Interest on senior notes | **461,827** | 278,737 |
| Interest on corporate bonds | **38,605** | 3,164 |
| Interest on asset-backed securities | **–** | 15,464 |
| Interest on lease liabilities | **6,601** | 7,771 |
| Interest expense arising from revenue contracts | **722,530** | 1,541,798 |
| Total interest expense on financial liabilities not at fair value through profit or loss | **4,912,654** | 6,150,991 |
| Less: Interest capitalised | **(3,655,337)** | (5,037,586) |
| | **1,257,317** | 1,113,405 |

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories sold | **39,119,606** | 38,171,068 |
| Cost of services provided | **27,811** | 32,506 |
| Impairment losses recognised for properties under development | **–** | 14,277 |
| Impairment losses recognised for completed properties held for sale | **134,611** | – |
| Impairment of financial assets | **12,403** | 5,174 |
| Depreciation of property, plant and equipment | **31,682** | 56,206 |
| Depreciation of right-of-use assets | **26,467** | 40,224 |
| Amortisation of intangible assets | **3,370** | 2,353 |
| Lease payments not included in the measurement of lease liabilities | **5,517** | 14,221 |
| Listing expense | **–** | 51,889 |
| Auditor's remuneration | **8,800** | 6,833 |
| Employee benefit expense (including directors' and chief executive's remuneration): | | |
| Wages and salaries | **763,868** | 826,193 |
| Pension scheme contributions | **76,128** | 73,628 |

## 6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2021 (2020: Nil).

Subsidiaries of the Group operating in Mainland China were subject to People's Republic of China (the "**PRC**") corporate income tax with a tax rate of 25% (2020: 25%) for the year.

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current tax: | | |
| Corporate income tax | **909,260** | 1,456,612 |
| LAT | **343,261** | 581,575 |
| Deferred tax | **(93,275)** | (72,641) |
| Total tax charge for the year | **1,159,246** | 1,965,546 |

## 7. DIVIDENDS

The Company has not declared any final dividend for the year ended 31 December 2021.

## 8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,043,403,000 (2020: 2,472,468,271) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(Loss)/Earnings** | | |
| (Loss)/Profit attributable to ordinary equity holders of the parent | **(215,363)** | 2,646,006 |

| | **Number of shares** | |
|---|---|---|
| | **2021** | 2020 |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year | **3,043,403,000** | 2,472,468,271 |
| **(Loss)/Earnings per share** | | |
| Basic and diluted | **RMB(0.07)** | RMB1.07 |

## 9. TRADE AND BILLS RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade and bills receivables | **14,594** | 128,855 |
| Impairment | **(1,313)** | (1,475) |
| | **13,281** | 127,380 |

The Group's trade and bills receivables primarily consist of receivables from its property management services, management consulting services provided to its customers, property leasing and sale of properties.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **12,768** | 98,185 |
| 1 to 3 years | **513** | 29,195 |
| Over 3 years | **–** | – |
| | **13,281** | 127,380 |

## 10. TRADE AND BILLS PAYABLES

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Less than 1 year | **6,284,308** | 6,764,319 |
| Over 1 year | **302,805** | 213,003 |
| | **6,587,113** | 6,977,322 |

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

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

## MARKET REVIEW

As the ballast and pillar industry of the PRC's economy, the annual sales and investment scale of the PRC's real estate industry maintained its growth trend and reached a new high during 2021. However, the real estate market has begun to enter into new normal and shown new features as the industry pattern has changed and the control trend has become refined and focused. Over the past year, under the industry keynote of housing is for living in, not for speculation, a turning point in the direction of marginal changes in regulation and control policies has gradually emerged.

Under the impact of the coronavirus disease (the "**COVID 19**") pandemic, against the backdrop of continued depletion of market demand, coupled with multiple internal and external factors, various industry indicators in 2021 showed the trend of eventual decline following its initial growth. In particular, new challenges emerged in the areas of financing pressure, debt repayment pressure and sales pressure on real estate enterprises. During the Relevant Year, the Group insisted on actively responding to regulatory requirements, complying with regulatory policies and embracing changes in the industry, reducing costs and increasing efficiency internally and improving quality externally, and always striving to achieve long-term, healthy and sound sustainable development of the Company.

## BUSINESS REVIEW

The year of 2021 was the second year of the outbreak of the COVID-19 pandemic, macroeconomic and social development was still subject to many uncertainties and major challenges. During the Relevant Year, the Group always adhered to its corporate positioning as a "Happy Life Operator (幸福生活運營商)". With the vision of becoming a healthy and sustainable quality benchmark enterprise and the management policy of "market-oriented, quality-made, talent-first and win-win cooperation (市場導向, 匠心質造, 人才為先, 合作共贏)", we actively faced the new landscape of market and industry.

At this time of market changes, the Group has always been firm in its goal and path. In terms of overall development strategy, the Group followed the "1+1+X" strategy, focusing on long-term deep rooting, and continued to explore the value of regions, cities and segments. With Zhejiang as the main base and Pan-Yangtze River Delta as the main battlefield, the Group has concluded the "localized model (根據地模式)" and "flagship model (旗艦模式)" and other strategic grasps that match with the development of the Group in the course of continuous deep cultivation, so as to constantly strengthen the quality of corporate growth and improve the quality of products and services.

From January to December 2021, the Group has realized the sales amount for equity contract of RMB80,331.0 million, with a gross floor area ("**GFA**") for equity contract of 5,946.7 thousand square meter ("**sq.m.**"). In terms of replenishment of land value, the Group insisted on efficiency first and the strategy of deep cultivation and selective expansion to make deployment with prudence. During the Relevant Year, the Group obtained 20 new pieces of land in 15 cities, with a total attributable land area of 1,294,922 sq.m. and estimated total attributable GFA of 2,913,783 sq.m..

Since its presence in the capital market, the Group has continued to strengthen the "safety barriers (安全壁壘)" and carried through the goal of achieving quality growth rather than seeking expansion indiscriminately. In 2021, the Group achieved revenue of RMB43.7 billion, representing a decrease of 6.3% as compared with the corresponding period in 2020; net profit of approximately RMB0.5 billion, with a year-on-year decrease of 84.3% and core net profit of RMB0.5 billion, with a year-on-year decrease of 84.5%.

Under the Matthew effect, the markets in the first-tier and second-tier cities and core development areas have been further opened up, and the continuous deep cultivation of real estate enterprises in the advantageous areas also gradually unfolded its advantages. Riding on the wave of integrated development of the Yangtze River Delta, the Group has persisted in the layout of Zhejiang and the Pan-Yangtze River Delta region for more than 20 years, and has achieved long-term layout in high-quality cities such as Hangzhou, Shaoxing, Wenzhou, Ningbo and Hefei.

In terms of the distribution of land bank, the Group's attributable total land bank was 20.81 million sq.m. by the end of 2021, including 7.74 million sq.m. in the Pan-Yangtze River Delta region and 10.46 million sq.m. in Zhejiang Province and accounting for 37.2% and 50.3% of the attributable total land bank, respectively. Up to now, the Company's land bank in the whole Yangtze River Delta has accounted for 87.5% of the total existing land bank. In the light of the above, under the industry trend of gradual differentiation of the urban market, the fundamentals of the Company's overall layout are sound, and the prospects in the development areas of the core urban agglomeration are stable and considerable.

In the second half of 2021, the regulation and control policies have been tightened rapidly, including the newly introduced credit-based lottery policy for new houses, reference price policy for second-hand houses in Shenzhen, competition in quality policy in Nanjing, Suzhou, Chengdu and other cities, which have put forward more specific directions and requirements for the long-term healthy development of the industry.

In a market with a growing sense of wait-and-see, it has become the key points of development for real estate enterprises to open up a new landscape, grasp opportunities and continuously improve their competitiveness in the new phase. During the Relevant Year, the Group insisted on continuously improving the quality of its products and services, focusing on ensuring the progress of construction and delivery of products, and delivered over 40,000 new happy homes through the year. The Shinsun Club platform, focusing on customer services, had over 70,000 registered users by the end of 2021 in the Group.

At the product level, the Group fully leveraged the advantages and product characteristics of the four product lines of TOP Series, Cloud Series, Mansion series and Arbor series to achieve customer needs of full-cycle, full-region and full-age, so as to ensure that the Company can precisely deliver the most suitable residential products in each city and each project.

In 2021, the Group received a number of honors for its commitment to product quality, including Top 20 Super Product Power of China Real Estate Enterprises in 2021, Top 15 Benchmark Projects of China Real Estate Enterprises in 2021 – Shinsun • Jing Hang Mansion and Top 10 Regional Product Power of China Real Estate Enterprises in 2021 – Shinsun • Eastern Region in Zhejiang.

In the face of the industry reform of "speed reduction and quality enhancement", the requirements for enterprises to open up sources of income and reduce costs and increase efficiency are also increasing in the future, and enterprises are required to give full play to the efficiency of management and operation in the process of development. The Group has adhered to the proposition of efficient operation and development while emphasizing the high quality development of "scale and quality" and has fully opened up its business model under the guidance of the "four-pronged approach（四全打法）" and through the five front "（五前置）" and "12 formulations（十二定）" models to enhance operational efficiency.

In addition, the Group has been practicing long-termism and striving to become a quality environment, social and corporate governance (the "**ESG**") enterprise. The Group is focusing on its efforts to achieve high standards of the ESG management with key directions of continuously strengthening green construction, actively promoting anti-corruption and integrity, attaching great importance to occupational safety and health of employees, and actively fulfilling corporate social responsibility.

In the aspect of practicing public welfare undertakings, the Group actively participates in various public welfare undertakings, such as urban construction, poverty alleviation and education, helping the disabled and orphans and disaster relief and charity. Under the Clover Plan, the Group has continued to implement public welfare and support activities through the four sub-items of Health Fund, Education Fund, Children's Dream Fund and Sharing Fund. Up to now, the accumulated donations have exceeded RMB400 million. The Shinsun Foundation of Zhejiang (浙江省祥生公益基金會) was officially credited as a social organization of 4A level in 2021.

During the Relevant Year, the Group focused on the health and well-being of owners and community sectors, and has visited nearly 10 families affected by serious illnesses and distributed condolence gifts and grants to them. Under the premise of precise epidemic prevention, the Flying Elephant Charity Summer Camp (小飛象公益夏令營), focusing on caring for children aged 5 to 12 in need of help, was re-launched with two sections, namely the Dream Camp focusing on extracurricular practices and the Vital Camp focusing on football training, to provide a platform for children in need to grow up and a more colorful summer experience.

In addition, the Sharing Fund project under the Clover Plan of Shinsun was officially launched in 2021, targeting to provide one-to-one precise support to the employees and elderly owners of Shinsun who have difficulties in life so as to relieve the financial pressure brought to their families in case of critical diseases or accidents and to enhance their sense of security and belonging. During the Relevant Year, two cases of support have been successfully implemented.

## OUTLOOK

With the nationwide systematic prevention and control of the epidemic and the solid promotion of economic and social development, the toughness of economic development continues to appear. However, the new variant of the COVID-19 pandemic is still causing a global epidemic backlash, and we are still facing a complex and severe environment both domestically and internationally. To further resisting against financial risks, the prudent real estate financial management policies will remain the main trend at this stage. It is expected that the illegal inflow of funds into the real estate market will be strictly investigated while the regulatory policy system for the supply aspect will continue to be improved and deepen, to ensure that the development goal of stableness of the land prices, the housing prices and expectations is achieved.

In anticipation of the tightening regulation of the industry, coupled with the cooling market and the poor sales rate of projects, the enterprises engaged in real estate development will generally face challenges such as sales pressure and short-term capital. In 2022, the Group will continue to actively market its projects and promote sales rate and cash recovery while ensuring the supply of goods.

In the face of industry consolidation, the Group will continue to adhere to its positioning as a happy life operator, steadily promote its business, continue to optimize its financial structure, operate prudently, move closer to the management logic of production based on revenue and investment based on sales, and continuously enhance its awareness of risk prevention and response capabilities. We will provide better products and services for consumers, create higher value for shareholders and investors and make efforts to enhance social well-being.

## MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF OPERATING RESULTS

| | For the year ended 31 December | | Change in percentage |
|---|---|---|---|
| | **2021** | 2020 | |
| **Contracted sales** (Note 1) | | | |
| Contracted sales attributable to the Group's interests (RMB'000) (Note 1) | **80,331,016** | 78,168,082 | 2.8% |
| Contracted GFA sold attributable to the Group (sq.m.) | **5,946,696** | 5,672,190 | 4.8% |
| Contracted average selling price ("**ASP**") attributable to the Group's interests (RMB/sq.m.) | **13,509** | 13,781 | (2.0)% |
| **Selected financial information** | | | |
| Revenue (RMB'000) | **43,719,028** | 46,638,413 | (6.3)% |
| Gross profit (RMB'000) | **4,571,611** | 8,434,839 | (45.8)% |
| Profit for the year (RMB'000) | **480,675** | 3,053,371 | (84.3)% |
| Core net profit (Note 2) (RMB'000) | **479,940** | 3,097,156 | (84.5)% |
| Profit attributable to owners of the Company (RMB'000) | **(215,363)** | 2,646,006 | (108.1)% |
| Gross profit margin (%) (Note 3) | **10.5%** | 18.1% | |
| Core net profit margin (%) (Note 4) | **1.1%** | 6.6% | |
| (Loss)/Earnings per share (basic and diluted) (RMB cents) | **(7)** | 107 | |
| Core (loss)/earnings per share (basic and diluted) (RMB cents) | **(7)** | 109 | |

| | As at 31 December | | Change in percentage |
|---|---|---|---|
| | **2021** | 2020 | |
| Total assets (RMB'000) | **145,743,132** | 159,739,582 | (8.8)% |
| Cash and bank balances (RMB'000) (Note 5) | **8,448,078** | 24,304,747 | (65.2)% |
| Total indebtedness (RMB'000) (Note 6) | **34,386,436** | 46,176,558 | (25.5)% |
| Total equity (RMB'000) | **16,952,356** | 16,037,036 | 5.7% |
| Equity attributable to owners of the Company (RMB'000) | **7,717,713** | 8,431,555 | (8.5)% |
| Net gearing ratio (Note 7) | **153.0%** | 136.4% | |
| Weighted average costs of indebtedness (%) (Note 8) | **8.8%** | 9.1% | |

*Notes:*

(1) Contracted sales include contracted sales attributable to the Group. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.

(2) Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.

(3) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the year and multiplied by 100%.

(4) The calculation of core net profit margin is based on core net profit for the year divided by revenue for the year and multiplied by 100%.

(5) Cash and bank balances comprise restricted cash, pledged deposits, time deposits and cash and cash equivalents.

(6) Total indebtedness represents total interest-bearing bank and other borrowings, senior notes, corporate bonds and asset-backed securities.

(7) The calculation of net gearing ratio is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%.

(8) Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial year.

## PROPERTY DEVELOPMENT AND SALES

### Contracted Sales

During the Relevant Year, the Group achieved contracted sales attributable to the Group of approximately RMB80,331.0 million, increased by approximately 2.8% from approximately RMB78,168.1 million in 2020 mainly due to the rapid growth in sales in the Pan-Yangtze River Delta Region (including Shanghai municipality, Jiangsu province, Shandong province, Anhui province and Jiangxi province, but excluding Zhejiang province).

During the Relevant Year, the contracted sales in GFA attributable to the Group amounted to 5,946,696 sq.m., representing an increase of approximately 4.8% from 5,672,190 sq.m. in 2020. The Group's contracted ASP in 2021 was RMB13,509/sq.m., representing a decrease of approximately 2.0% from RMB13,781/sq.m. in 2020.

Contracted sales attributable to the Group from the Zhejiang province, Pan-Yangtze River Delta region and other regions, which represents regions in the PRC other than Zhejiang province and the Pan-Yangtze River Delta region, including Hubei province, Hunan province, Inner Mongolia Autonomous region, Fujian province and Liaoning province, accounted for approximately 58.7%, 32.0% and 9.3% of total attributable contracted sales of the Group in 2021, respectively.

The following table sets forth the details of contracted sales attributable to the Group for the Relevant Year:

| | Contracted sales attributable to the Group's interests *(RMB'000)* | Percentage of total contracted sales *(%)* | GFA attributable to the Group's interests *(sq.m.)* | Contracted ASP *(RMB/sq.m.)* |
|---|---|---|---|---|
| Hangzhou | 15,492,087 | 19% | 579,961 | 26,712 |
| Shaoxing | 12,328,764 | 15% | 689,821 | 17,872 |
| Hefei | 4,116,714 | 5% | 198,946 | 20,693 |
| Huhhot | 3,525,051 | 4% | 362,111 | 9,735 |
| Ningbo | 3,519,580 | 4% | 152,916 | 23,016 |
| Taizhou | 3,212,765 | 4% | 199,706 | 16,087 |
| Wenzhou | 2,912,234 | 4% | 129,201 | 22,540 |
| Nantong | 2,867,569 | 4% | 88,070 | 32,560 |
| Suqian | 2,143,847 | 3% | 223,032 | 9,612 |
| Huzhou | 2,134,550 | 3% | 187,669 | 11,374 |
| Ji'nan | 2,078,839 | 3% | 265,747 | 7,823 |
| Quzhou | 2,064,044 | 3% | 106,012 | 19,470 |
| Zhoushan | 1,968,603 | 2% | 133,351 | 14,763 |
| Nanchang | 1,916,258 | 2% | 116,709 | 16,419 |
| Xuancheng | 1,912,448 | 2% | 244,349 | 7,827 |
| Others | 18,137,662 | 23% | 2,269,095 | 7,993 |
| **Total** | **80,331,016** | **100%** | **5,946,696** | **13,509** |

**Land Bank**

During the Relevant Year, the Group acquired a total of 20 land parcels with a total attributable occupied area of 1,294,922 sq.m. and a total attributable GFA of 2,913,783 sq.m.. The average cost of land parcels acquired was approximately RMB6,202 per sq.m. (in terms of GFA).

The following table sets forth details of the Group's newly acquired land parcels during the Relevant Year:

**The Group and its subsidiaries**

| No. | City | Name of the land/project | Land use | Attributable occupied area *(sq.m.)* | Total attributable GFA *(sq.m.)* | Attributable land cost *(RMB million)* | Average land cost (in terms of GFA) *(RMB/sq.m.)* | Date of land auction |
|---|---|---|---|---|---|---|---|---|
| **Zhejiang** | | | | | | | | |
| 1 | Hangzhou | Hangzhou Xiasha College Town North Plot 03 (杭州下沙大學城北 03 地塊) | Residential and commercial | 52,412 | 208,428 | 2,612 | 12,531 | 2021/5/7 |
| 2 | Hangzhou | Shuangpu Unit Plot XH2301-09 (雙浦單元 XH2301-09 地塊) | Residential and commercial | 96,162 | 227,859 | 2,823 | 12,389 | 2021/5/7 |
| 3 | Shaoxing | Shaoxing Zeshui Pai Plot 7-2 (紹興則水牌 7-2) | Residential | 106,509 | 190,522 | 3,111 | 16,329 | 2021/3/24 |
| 4 | Shaoxing | Zhuji Shinsun City Light (諸暨祥生城市之光) | Residential and commercial | 207,043 | 330,010 | 1,425 | 4,318 | 2021/2/7 |
| 5 | Taizhou | Wenling Shinsun Cloud Garden (溫嶺祥生雲境名苑) | Residential and commercial | 15,404 | 51,519 | 448 | 8,696 | 2021/4/2 |
| 6 | Quzhou | Quzhou Shinsun Xiyue Villa (衢州祥生熙悅雲庭) | Residential and commercial | 105,109 | 271,977 | 2,290 | 8,420 | 2021/4/20 |
| **Shandong** | | | | | | | | |
| 1 | Ji'nan | Jiyang Shinsun Chengnan Yipin (濟陽祥生城南壹品) | Residential and commercial | 49,497 | 133,297 | 154 | 1,153 | 2021/5/24 |
| **Anhui** | | | | | | | | |
| 1 | Anqing | Anqing Wanxing Shinsun Yicheng Jianglai (安慶萬興祥生宜城江來) | Residential and commercial | 34,424 | 67,739 | 380 | 5,610 | 2021/4/16 |
| 2 | Anqing | Anqing Wanxing Shinsun Yicheng Future (安慶萬興祥生宜城未來) | Residential and commercial | 35,702 | 96,971 | 486 | 5,012 | 2021/4/13 |
| 3 | Wuhu | Nanling Shinsun Qunxian Mansion (南陵祥生群賢府) | Residential | 47,843 | 72,401 | 161 | 2,217 | 2021/3/25 |
| 4 | Fuyang | Fuyang Shinsun Yunjing (阜陽祥生雲境) | Residential and commercial | 79,519 | 234,990 | 905 | 3,853 | 2021/4/26 |
| **Jiangxi** | | | | | | | | |
| 1 | Jiujiang | Yongxiu Shinsun Junyue Mansion (永修祥生君悅華庭) | Residential and commercial | 55,647 | 142,059 | 342 | 2,408 | 2021/5/7 |
| | | **Subtotal** | | 885,271 | 2,027,772 | 15,137 | 7,465 | |

**Joint ventures and associates of the Group**

| No. | City | Name of the land/project | Land use | Attributable occupied area *(sq.m.)* | Total attributable GFA *(sq.m.)* | Attributable land cost *(RMB million)* | Average land cost (in terms of GFA) *(RMB/sq.m.)* | Date of land auction |
|---|---|---|---|---|---|---|---|---|
| **Zhejiang** | | | | | | | | |
| 1 | Shaoxing | Shaoxing Jianhu Ming Arbor (紹興鑑湖明樾) | Residential | 31,280 | 60,211 | 1,003 | 16,657 | 2021/3/30 |
| 2 | Shaoxing | Zhuji Sunflower Sun City (諸暨向日葵太陽城) | Commercial | 176,878 | 290,814 | 336 | 1,154 | 2021/1/1 |
| 3 | Wenzhou | Wenzhou Shinsun New Town Bokeyuan (溫州祥生新城博科園) | Residential and commercial | 17,195 | 70,917 | 521 | 7,342 | 2021/4/14 |
| 4 | Wenzhou | Wenzhou Plot E-08 (溫州 E-08 地塊) | Residential and commercial | 5,383 | 23,343 | 185 | 7,914 | 2021/4/14 |
| 5 | Jiaxing | Jiaxing Plot 025 (嘉興 025 地塊) | Residential | 12,708 | 38,027 | 255 | 6,706 | 2021/8/30 |
| **Shandong** | | | | | | | | |
| 1 | Zibo | Zibo Yuchang Project (淄博裕昌項目) | Residential and commercial | 31,119 | 121,594 | 181 | 1,488 | 2021/5/25 |
| **Anhui** | | | | | | | | |
| 1 | Xuancheng | 宣城群賢府 Xuancheng Qunxian Mansion | Residential | 32,630 | 81,185 | 210 | 2,592 | 2021/9/10 |
| **Jiangxi** | | | | | | | | |
| 1 | Fuzhou | Fuzhou Jinxi Xinxue Ancient City (撫州金溪心學古城) | Commercial | 102,459 | 199,920 | 246 | 1,230 | 2021/3/12 |
| | | **Subtotal** | | 409,651 | 886,011 | 2,936 | 3,314 | |
| | | **Total** | | **1,294,922** | **2,913,783** | **18,073** | **6,202** | |

As at 31 December 2021, the total land bank attributable to the Group, taking into account the total land bank of projects developed by subsidiaries, joint ventures and associates, was 20.81 million sq.m., among which 4.05 million sq.m. was completed properties available for sale/lease/investment, 13.10 million sq.m. was under development and 3.66 million sq.m. was for future development.

The following table sets out a breakdown of the total land bank developed by the subsidiaries, joint ventures and associates of the Group attributable to the Group by geographical location as at 31 December 2021:

**Developed by the Group's subsidiaries**

| Cities | Number of projects | Completed properties available for sale/lease and for investment *(sq.m.)* | Planned GFA under development *(sq.m.)* | Estimated GFA for future development *(sq.m.)* | Total land bank attributable to the Group *(sq.m.)* | Percentage of total land bank attributable to the Group *(%)* |
|---|---|---|---|---|---|---|
| **Shanghai** | **1** | **–** | **132,842.94** | **148,525.80** | **281,368.74** | **1.5%** |
| Shanghai | 1 | – | 132,842.94 | 148,525.80 | 281,368.74 | 1.5% |
| **Zhejiang** | **102** | **1,945,410.25** | **6,286,624.45** | **1,006,293.21** | **9,238,327.91** | **48.7%** |
| Hangzhou | 15 | 192,409.09 | 1,812,259.76 | 405,321.10 | 2,409,989.95 | 12.7% |
| Ningbo | 4 | 14,904.61 | 394,544.23 | – | 409,448.84 | 2.2% |
| Shaoxing | 41 | 623,130.78 | 2,175,764.61 | 190,522.00 | 2,989,417.39 | 15.8% |
| Wenzhou | 6 | 5,183.66 | 316,546.36 | – | 321,730.02 | 1.7% |
| Taizhou | 10 | 296,757.58 | 683,204.24 | – | 979,961.82 | 5.2% |
| Jiaxing | 5 | 69,398.22 | – | – | 69,398.22 | 0.4% |
| Huzhou | 6 | 325,565.06 | 78,411.84 | – | 403,976.90 | 2.1% |
| Zhoushan | 4 | 157,530.52 | 167,731.25 | – | 325,261.77 | 1.7% |
| Quzhou | 7 | 260,530.73 | 271,977.10 | – | 532,507.83 | 2.8% |
| Lishui | 4 | – | 386,185.06 | 410,450.11 | 796,635.17 | 4.2% |
| **Jiangsu** | **18** | **691,651.94** | **745,261.32** | **–** | **1,436,913.26** | **7.6%** |
| Suzhou | 2 | 10,644.37 | – | – | 10,644.37 | 0.1% |
| Yangzhou | 1 | 74,880.04 | 94,285.09 | – | 169,165.13 | 0.9% |
| Nantong | 3 | 21,401.73 | 177,355.00 | – | 198,756.73 | 1.0% |
| Lianyungang | 2 | 98,288.85 | – | – | 98,288.85 | 0.5% |
| Yancheng | 1 | 17,254.53 | – | – | 17,254.53 | 0.1% |
| Suqian | 3 | 24,198.90 | 473,621.23 | – | 497,820.13 | 2.6% |
| Taizhou | 6 | 444,983.52 | – | – | 444,983.52 | 2.3% |
| **Shandong** | **8** | **138,091.10** | **1,188,030.67** | **566,800.65** | **1,892,922.42** | **10.0%** |
| Ji'nan | 6 | 138,091.10 | 487,369.17 | 402,312.36 | 1,027,772.63 | 5.4% |
| Ji'ning | 1 | – | 567,873.50 | 164,488.29 | 732,361.79 | 3.9% |
| Liaocheng | 1 | – | 132,788.00 | – | 132,788.00 | 0.7% |
| **Anhui** | **36** | **572,922.40** | **1,905,774.46** | **319,680.35** | **2,798,377.21** | **14.8%** |
| Hefei | 2 | – | 374,442.49 | – | 374,442.49 | 2.0% |
| Wuhu | 6 | 133,732.06 | 338,526.49 | – | 472,258.55 | 2.5% |

| Cities | Number of projects | Completed properties available for sale/lease and for investment *(sq.m.)* | Planned GFA under development *(sq.m.)* | Estimated GFA for future development *(sq.m.)* | Total land bank attributable to the Group *(sq.m.)* | Percentage of total land bank attributable to the Group *(%)* |
|---|---|---|---|---|---|---|
| Xuancheng | 10 | 194,309.21 | 203,586.70 | 196,671.15 | 594,567.06 | 3.1% |
| Chuzhou | 11 | 196,303.37 | 322,148.61 | – | 518,451.98 | 2.7% |
| Ma'anshan | 2 | 48,577.76 | 109,997.37 | – | 158,575.13 | 0.8% |
| Anqing | 2 | – | 164,709.33 | – | 164,709.33 | 0.9% |
| Suzhou | 2 | – | 280,382.28 | – | 280,382.28 | 1.5% |
| Fuyang | 1 | – | 111,981.19 | 123,009.20 | 234,990.39 | 1.2% |
| **Jiangxi** | **7** | **118,975.85** | **460,667.10** | **142,059.13** | **721,702.08** | **3.8%** |
| Nanchang | 1 | – | 130,353.99 | – | 130,353.99 | 0.7% |
| Jiujiang | 2 | 56,476.69 | – | 142,059.13 | 198,535.82 | 1.0% |
| Fuzhou | 4 | 62,499.16 | 330,313.11 | – | 392,812.27 | 2.1% |
| **Hubei** | **13** | **128,558.19** | **249,333.30** | **404,527.96** | **782,419.45** | **4.1%** |
| Wuhan | 4 | 12,736.61 | – | 67,293.00 | 80,029.61 | 0.4% |
| Xiantao | 5 | 86,350.16 | 112,721.32 | 155,033.57 | 354,105.05 | 1.9% |
| Jingmen | 1 | 7,277.48 | 136,611.98 | 182,201.39 | 326,090.85 | 1.7% |
| Jingzhou | 3 | 22,193.94 | – | – | 22,193.94 | 0.1% |
| **Hunan** | **3** | **89,525.25** | **363,187.50** | **146,894.39** | **599,607.14** | **3.2%** |
| Hengyang | 1 | – | 233,449.50 | – | 233,449.50 | 1.2% |
| Yueyang | 1 | 42,600.53 | 69,501.50 | 18,312.80 | 130,414.83 | 0.7% |
| Changde | 1 | 46,924.72 | 60,236.50 | 128,581.59 | 235,742.81 | 1.2% |
| **Inner Mongolia** | **6** | **39,318.70** | **875,204.47** | **–** | **914,523.17** | **4.8%** |
| Hohhot | 6 | 39,318.70 | 875,204.47 | – | 914,523.17 | 4.8% |
| **Fujian** | **1** | **68,582.00** | **–** | **192,521.34** | **261,103.34** | **1.4%** |
| Nanping | 1 | 68,582.00 | – | 192,521.34 | 261,103.34 | 1.4% |
| **Liaoning** | **3** | **44,417.65** | **–** | **–** | **44,417.65** | **0.2%** |
| Anshan | 3 | 44,417.65 | – | – | 44,417.65 | 0.2% |
| **Subtotal** | **198** | **3,837,453.33** | **12,206,926.21** | **2,927,302.83** | **18,971,682.37** | **100.0%** |

### Developed by the Group's joint ventures and associates

| Cities | Number of projects | Completed properties available for sale/lease and for investment *(sq.m.)* | Planned GFA under development *(sq.m.)* | Estimated GFA for future development *(sq.m.)* | Total land bank attributable to the Group *(sq.m.)* | Percentage of total land bank attributable to the Group *(%)* |
|---|---|---|---|---|---|---|
| **Zhejiang** | **23** | **93,404** | **734,456** | **396,804** | **1,224,663** | **5.9%** |
| Hangzhou | 3 | 63,742 | 254,660 | – | 318,402 | 1.5% |
| Ningbo | 1 | 17,309 | – | – | 17,309 | 0.1% |
| Shaoxing | 8 | 9,983 | 105,106 | 358,777 | 473,867 | 2.3% |
| Wenzhou | 1 | – | 40,914 | – | 40,914 | 0.2% |
| Jiaxing | 5 | – | 171,633 | 38,027 | 209,660 | 1.0% |
| Huzhou | 2 | 2,370 | – | – | 2,370 | 0.0% |
| Quzhou | 1 | – | 46,666 | – | 46,666 | 0.2% |
| Jinhua | 2 | – | 115,476 | – | 115,476 | 0.6% |
| **Jiangsu** | **4** | **20,591** | **52,748** | **–** | **73,338** | **0.4%** |
| Nanjing | 1 | 14,133 | 19,158 | – | 33,291 | 0.2% |
| Zhenjiang | 1 | – | 33,590 | – | 33,590 | 0.2% |
| Taizhou | 2 | 6,458 | – | – | 6,458 | 0.0% |
| **Shandong** | **1** | **–** | **24,103** | **97,491** | **121,594** | **0.6%** |
| Zibo | 1 | – | 24,103 | 97,491 | 121,594 | 0.6% |
| **Anhui** | **4** | **41,887** | **81,185** | **39,382** | **81,269** | **0.4%** |
| Xuancheng | 1 | – | 81,185 | – | 81,185 | 0.4% |
| Chuzhou | 2 | 23,732 | – | – | 23,732 | 0.1% |
| Anqing | 1 | 18,154 | – | 39,382 | 57,537 | 0.3% |
| **Jiangxi** | **2** | **54,098** | **–** | **200,000** | **254,098** | **1.2%** |
| Shangrao | 1 | 54,098 | – | – | 54,098 | 0.3% |
| Fuzhou | 1 | – | – | 200,000 | 200,000 | 1.0% |
| **Subtotal** | **34** | **209,980** | **892,491** | **733,677** | **1,836,148** | **8.8%** |
| **Total** | **232** | **4,047,433** | **13,099,417** | **3,660,980** | **20,807,830** | **100.0%** |

| | Number of projects | Completed GFA available for sale/lease *(sq.m.)* | Planned GFA under development *(sq.m.)* | Estimated GFA for future development *(sq.m.)* | Total land bank attributable to the Group *(sq.m.)* | Percentage of total land bank attributable to the Group *(%)* |
|---|---|---|---|---|---|---|
| **By regions** | | | | | | |
| Zhejiang | 125 | 2,038,814 | 7,021,080 | 1,403,097 | 10,462,991 | 50.3% |
| Pan-Yangtze River Delta | 81 | 1,638,217 | 4,590,612 | 1,513,939 | 7,742,768 | 37.2% |
| Other regions | 26 | 370,402 | 1,487,725 | 743,944 | 2,602,071 | 12.5% |
| **Total** | **232** | **4,047,433** | **13,099,417** | **3,660,980** | **20,807,830** | **100%** |

**Completed properties held for sale**

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 31 December 2021, the Group had 134 completed property projects with completed properties held for sale amounted to approximately RMB6,441.7 million, representing an increase from RMB4,272.7 million as at 31 December 2020. The Group's total completed GFA amounted to 4.05 million sq.m., representing an increase from 3.02 million sq.m as at 31 December 2020.

**Projects under development**

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2021, the Group had 89 property projects under development with properties under development amounted to RMB96,433.7 million, representing a decrease from RMB105,840.9 million as at 31 December 2020. The Group's total GFA under development amounted to 13.10 million sq.m., representing a decrease from 16.22 million sq.m as at 31 December 2020.

## FINANCIAL REVIEW

### Revenue

During the Relevant Year, the Group derived its revenue from five business lines, namely (i) property development and sales; (ii) management consulting services; (iii) property leasing; (iv) hotel services; and (v) property management services. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

| | **For the year ended 31 December** | | **Change in Percentage** |
|---|---|---|---|
| | **2021** | 2020 | |
| | ***(RMB'000)*** | *(RMB'000)* | |
| **Revenue** | | | |
| Property development and sales | **43,560,590** | 46,487,347 | (6.3)% |
| Management consulting services | **64,648** | 83,383 | (22.5)% |
| Property leasing | **76,467** | 39,191 | 95.1% |
| Property management services | **17,323** | 12,084 | 43.4% |
| **Total** | **43,719,028** | 46,638,413 | (6.3)% |

***Revenue from property development and sales***

The following sets forth the details of revenue and GFA recognised for the years indicated:

| | **For the year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2021** | | | 2020 | | |
| | **Revenue (RMB'000)** | **Recognised GFA (sq.m.)** | **Recognised ASP (RMB/sq.m.)** | Revenue (RMB'000) | Recognised GFA (sq.m.) | Recognised ASP (RMB/sq.m.) |
| Zhejiang | **30,155,104** | **1,938,251** | **15,558** | 28,517,643 | 1,789,071 | 15,940 |
| Pan-Yangtze River Delta | **10,815,850** | **1,472,739** | **7,344** | 16,990,106 | 2,207,621 | 7,696 |
| Other regions | **2,589,635** | **365,763** | **7,080** | 979,598 | 190,430 | 5,144 |
| **Total** | **43,560,590** | **3,776,753** | **11,534** | 46,487,347 | 4,187,123 | 11,102 |

The Group's revenue from property development and sales in 2021 amounted to approximately RMB43,560.6 million, representing a year-on-year decrease of 6.3%, mainly due to a 9.8% decrease in GFA delivered as compared to 2020 and an increase of 3.9% in average selling price as compared to 2020.

***Revenue from management consulting services***

The Group's revenue from management consulting services in 2021 amounted to approximately RMB64.6 million, representing a year-on-year decrease of 22.5%, primarily due to the decrease in the content and number of projects for which we provided management consulting services.

***Revenue from property leasing***

The Group's revenue from property leasing in 2021 amounted to approximately RMB76.5 million, representing a year-on-year increase of approximately 95.1%, mainly due to (i) leasing of new project assets; and (ii) the decrease in vacancy rate of related assets as compared to the previous period, and thus leading to the increase in rental income.

***Revenue from hotel services***

The Group had no revenue from hotel services in 2021, primarily due to the disposal of the hotel business as part of the reorganisation.

***Revenue from property management services***

The Group's revenue from property management services in 2021 amounted to approximately RMB17.3 million, representing a year-on-year increase of approximately 43.4%, primarily due to the increase in business management income from commercial plazas.

**Cost of sales**

The Group incurred the vast majority of its cost of sales in its property development and sales business. The Group's cost of sales increased by approximately 2.5% from approximately RMB38,203.6 million in 2020 to approximately RMB39,147.4 million for 2021. Such increase was due to the impact of the different regions in which the property projects are located, as well as fluctuations in costs due to the different business types of the properties sold.

**Gross profit and gross profit margin**

The Group's gross profit for the year ended 31 December 2021 amounted to approximately RMB4,571.6 million, representing a year-on-year decrease of 45.8%.

Gross profit margin for the year ended 31 December 2021 was 10.5%, representing a decrease of 7.6% as compared to 18.1% for the same period of last year, mainly due to changes in gross profit margin as a result of the different layout of properties in different regions and the difference in selling price and gross profit margin levels resulted from the different structure of properties sold, and furthermore, as affected by the systemic risk of the real estate sector in 2021, the Group sold those projects in slow destocking located in third-tier and fourth-tier cities at a discount in order to improve its liquidity, resulting in a decrease in the overall gross profit margin in 2021.

**Finance income**

Finance income primarily consists of interest income from bank deposits. The Group's finance income increased by approximately 304.8% from approximately RMB75.8 million in 2020 to approximately RMB306.8 million in 2021, mainly due to the increase in interest income from associates and joint ventures, interest income from wealth management products and income from bank demand deposit accounts recognized in 2021.

**Other income and gains**

The Group's other income and other gains primarily include (i) gain on disposal of joint ventures; (ii) subsidy income; and (iii) deposit forfeiture.

The Group's other income and gains increased by 19.3% from approximately RMB108.6 million for the year ended 31 December 2020 to approximately RMB129.6 million for the year ended 31 December 2021, which was mainly due to (i) subsidies or returns from some local governments in order to support those companies which were impacted by the COVID-19 pandemic; and (ii) gain arising from the conversion of a joint venture into a subsidiary.

**Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately 2.1% from approximately RMB1,240.3 million for the year ended 31 December 2020 to approximately RMB1,266.8 million for the year ended 31 December 2021, primarily due to (i) the increase in marketing facilities expenses as we increased our investment in marketing facilities to upgrade the interior decoration of such facilities; and (ii) the increase in advertising expenses.

**Administrative expenses**

The Group's administrative expenses decreased by approximately 11.7% from approximately RMB1,132.3 million for the year ended 31 December 2020 to approximately RMB999.8 million for the year ended 31 December 2021, mainly due to the non-incurring of listing expenses in 2021 as compared to 2020.

**Other expenses**

The Group's other expenses primarily consist of (i) donations to non-profit organizations and local communities for purposes of poverty elimination, tuition sponsorship, infrastructure construction, disaster relief and elderly care; (ii) compensation for delayed delivery of property projects; and (iii) the increase in late payment of taxes and penalties due to larger increase in penalties related to construction violations and losses incurred in the disposal of subsidiaries. For the year ended 31 December 2021, the Group's other expenses increased by approximately 203.0% from RMB101.2 million to approximately RMB306.7 million as compared with the corresponding period in the previous year, primary due to the increase in construction and taxation penalties and the increase in loss on disposal of investments in subsidiaries.

**Fair value gains on investment properties**

The Group's fair value gains on investment properties increased by approximately 283.4% from approximately RMB4.6 million in 2020 to approximately RMB17.7 million in 2021, which was mainly due to the increase in appraisal value as compared to the previous period as the vacancy rate decreased due to the increase in the business hours of Xiangsheng Tiantai Commercial Plaza.

**Finance costs**

Finance costs mainly consist of (i) interest on loans and other borrowings, asset-backed securities, senior notes, corporate bonds and lease liabilities; and (ii) interest expense arising from revenue contracts which represents interest expenses recognised for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties, less capitalised interests.

The Group's finance costs increased from approximately RMB1,113.4 million in 2020 to approximately RMB1,257.3 million in 2021, mainly due to (i) a decrease in the size of interest-bearing liabilities, resulting in a decrease in total interest expense of RMB419.1 million, or 9%, in 2021 as compared to 2020; (ii) a decrease in the capitalization rate in 2021 as compared to 2020, mainly due to the interest expense on bonds.

**Share of profits and losses of joint ventures**

The Group recorded share of profit of RMB2.0 million in 2020 and share of profit of RMB349.2 million in 2021. In 2020, most joint ventures projects that the Group co-developed were not delivered and therefore did not generate significant revenue. The Group recorded share of profit of joint ventures in 2021 in relation to the profit from joint venture projects operated by joint ventures in Nanjing, Huzhou and other cities.

**Share of profits and losses of associates**

The Group recorded shares of loss of RMB19.8 million in 2020 and share of profit of RMB95.6 million in 2021, mainly due to the recognition of revenue from the delivery of the Nantong project.

**Profit before tax**

As a result of the foregoing, the Group's profit before tax was approximately RMB1,639.9 million in 2021, compared to its profit before tax of approximately RMB5,018.9 million in 2020.

**Income tax expense**

The Group's income tax expense decreased from approximately RMB1,965.5 million in 2020 to approximately RMB1,159.2 million in 2021, primarily due to a decrease in the LAT as a result of a decrease in gross profit.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and property development requires substantial capital investments for land acquisition and property construction. As at the date of this announcement, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of property lease income from its investment properties, management consulting service fees, and property management service fees, as well as bank and other borrowings, asset-backed securities and senior notes. The financing methods of the Group vary from project to project, and are subject to limitations imposed by PRC regulations and monetary policies.

### Cash position

The Group's cash and bank balances, comprising cash and cash equivalents, restricted cash, time deposits and pledged deposits, amounted to approximately RMB8,448.1 million in total as at 31 December 2021, of which RMB7,825.3 million, RMB598.9 million, RMB23.9 million were denominated in RMB, HKD and USD, respectively (31 December 2020: approximately RMB24,304.7 million), representing a decrease of approximately 65.2%.

### Borrowings

As at 31 December 2021, the Group's total borrowings, comprising interest-bearing bank and other borrowings, corporate bonds and senior notes, amounted to approximately RMB34,386.4 million (31 December 2020: RMB46,176.6 million), representing a decrease of approximately 25.5% as compared with 31 December 2020.

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

| | **As at 31 December** | |
|---|---|---|
| | **2021** | 2020 |
| | ***(RMB'000)*** | *(RMB'000)* |
| Repayable within one year | **17,247,884** | 22,195,042 |
| Repayable in the second year | **8,634,377** | 10,827,031 |
| Repayable within two to five years | **8,504,175** | 12,359,215 |
| Repayable over five years | **–** | 795,000 |
| **Total** | **34,386,436** | 46,176,558 |

**Net current assets**

As at 31 December 2021, the Group's net current assets amounted to approximately RMB27,063.6 million (31 December 2020: RMB34,120.8 million). Specifically, the Group's total current assets decreased by approximately 9.8% from approximately RMB153,557.4 million as at 31 December 2020 to approximately RMB138,469.9 million as at 31 December 2021. The Group's total current liabilities decreased by approximately 6.7% from approximately RMB119,436.6 million as at 31 December 2020 to approximately RMB111,406.2 million as at 31 December 2021. The decrease in the Group's net current assets was mainly due to (i) the decrease in cash and cash equivalents of RMB15,856.7 million, which was mainly due to the repayment of borrowings, payment for land, construction work and counterparties, etc., (ii) the decrease in bank borrowings, senior notes and corporate bonds of RMB4,947.2 million.

**Pledge of assets**

As at 31 December 2021, the Group's borrowings were secured by the Group's assets of approximately RMB38,012.2 million which include investment properties, properties under development, pledged deposits (31 December 2020: approximately RMB71,391.8 million), primarily due to the decrease in the amount of the Group's loans.

**Financial risks**

The main risks arising from the Group's activities are: interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks.

***Interest rate risk***

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

### *Credit risk*

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

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk.

The Group expects that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

### *Foreign currency risk*

The Group primarily operates its business in the PRC. Therefore, the Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transaction included mainly receipts of proceeds from the initial public offering of the Company's shares, proceeds from senior notes and payment of professional fees which are dominated in HK$ or US$. As at 31 December 2021, major non-RMB assets are 7,285.3 million denominated in HK$ in the amount of RMB5,956.5 million. Major non-RMB assets are 1,356.2 million denominate in US$ in the amount of RMB8,646.5 million. Major non-RMB liabilities are 1,348.5 million denominated in US$ in the amount of RMB8,597.6 million. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

### *Liquidity risk*

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the property projects in order to monitor its liquidity requirements in the short and long terms.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, the Group has no plan for any material investments or capital assets.

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

For the year ended 31 December 2021, the Group has no significant investments or material acquisitions or disposal of subsidiaries, associates and joint ventures.

## CONTINGENT LIABILITIES

### Mortgage guarantees

In line with market practice in the PRC, the Group has arrangements with various banks for the provision of mortgage financing and where required, provide its customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, the Group is obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to RMB22,250.9 million as at 31 December 2021 (31 December 2020: RMB27,241.5 million).

The Group did not incur any material losses during the year ended 31 December 2021 in respect of the guarantees provided for mortgage facilities granted to purchasers of its completed properties held for sale.

**Financial guarantees**

As at 31 December 2021, the Group guaranteed certain of the bank and other borrowings made to its related companies up to RMB1,287.5 million (as at 31 December 2020, the Group guaranteed certain of the bank and other borrowings made to its related companies and a third party up to RMB943.6 million).

**Legal contingents**

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

## COMMITMENTS

As at 31 December 2021, the Group had capital commitment of RMB29,611.2 million in relation to the signing of a construction contract or land contract that is being or will be performed (31 December 2020: RMB29,718.7 million).

## KEY FINANCIAL RATIOS

**Current Ratio**

As at 31 December 2021, the current ratio of the Group was approximately 1.2 times (31 December 2020: approximately 1.3 times). The Group's current ratio was relatively stable and the increase was mainly due to the decrease in current assets.

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%.

**Gearing Ratio**

As at 31 December 2021, the gearing ratio of the Group was approximately 88.4% (2020: approximately 90.0%), mainly due to the increase in net assets as a result of revenue recognition. This ratio is calculated as total debts divided by total assets as shown in the consolidated balance sheet.

**Net gearing ratio**

As at 31 December 2021, the Group's net gearing ratio increased to 1.5 as compared with the net gearing ratio of 1.4 as at 31 December 2020 (which was calculated based on total bank and other borrowings, asset-backed securities, corporate bonds and senior notes less cash and bank balances divided by total equity as of the respective dates), which was primarily due to the increase in net assets as a result of revenue recognition.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, the Group has not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. The Group does not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to the Group.

## NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of the Stock Exchange on 18 November 2020 (the "**Listing**"). The net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$3,514.0 million. The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Further details on the utilisation of the net proceeds for the year ended 31 December 2021 will be disclosed in the annual report for the year ended 31 December 2021 of the Company.

## EMPLOYEE, REMUNERATION POLICY AND TRAINING

As at 31 December 2021, the Group employed a total of 2,966 full-time employees (31 December 2020: 3,488). For the year ended 31 December 2021, the staff cost recognised as expenses of the Group amounted to RMB840 million (31 December 2020: RMB900 million).

The remuneration policy of the Group is to provide remuneration packages, including salary, bonus and other cash subsidies. The Company has also conditionally adopted a share option scheme on 20 October 2020 to recognise and reward the eligible employees for their contributions to the business and development of the Group. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory housing funds and social insurance funds.

The Group has also incorporated mentorship, assessment, feedback and evaluation processes into its various training programs, which the Group believes will facilitate its employees to better learn and grow. The Group believes that its training programs, combined with on-the-job learning, facilitate advancement of its employees.

The Group has a labor union which represents the interests of its employees and works closely with its management on labor-related issues. As at 31 December 2021, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the Group's operations.

## SIGNIFICANT EVENTS AFTER THE RELEVANT YEAR

As disclosed in the announcement of the Company dated 31 January 2022, following the resignation of Mr. Wong Kon Man Jason from independent non-executive Director and his cessation to be the chairman of the audit committee of the Company (the "**Audit Committee**") on 31 January 2022, (i) the number of independent non-executive Directors of the Company fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Company did not meet the requirement under Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and (iii) the Company did not meet the composition requirements of the Audit Committee under Rule 3.21 of the Listing Rules to comprise a majority of independent non-executive Directors and with at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2).

Following the appointment of Mr. Hung Yuk Miu Jason as independent non-executive Director and chairman of the Audit Committee on 1 March 2022, the Company had complied with Rules 3.10(1), 3.10(2), 3.10A, 3.21 of the Listing Rules.

In January 2022, the Company and its subsidiary, Xiang Sheng Overseas Limited commenced the exchange offer (the "**Exchange Offer**") to the holders of the existing 12.5% senior notes with an aggregate principal amount of US$300 million due in January 2022 (the "**2020 Notes 1**") issued by Xiang Sheng Holding Limited. The Exchange Offer allowed the existing senior note holders to convert their notes into new notes maturing in January 2023 with a coupon rate of 13% per annum. On 18 January 2022, the Exchange Offer was completed and an aggregate principal amount of US$19,470,000 of the 2020 Notes 1 remains outstanding.

On 20 March 2022, the board of directors of the Company announced that the Group was unable to pay the amount of US$12,000,000 interest under the 12% senior notes due 2023 issued in August 2021 with a principal amount of US$200,000,000 (ISIN: XS2369849745; Common Code: 236984974, "**2021 Notes 2**") before the expiry of the grace period (the "**Non-Payment**"). On 21 March 2022, at the request of the Company, trading of the 2021 Notes 2 of the Company on the Stock Exchange has been suspended. The Company is in the process of assessing its liquidity position, overall business operation and operating environment. As at the date of this announcement, the Non-Payment has not triggered cross-default under the terms of the outstanding US$200,000,000 10.5% senior notes due 2022 (ISIN: XS2347497906; common code: 234749790; stock code: 40713), as the Company has not received any notice from the trustee or the holders of at least 25% in aggregate principal amount of the 2021 Notes 2 to accelerate principal payment under the 2021 Notes 2 as a result of the Non-Payment.

Save as disclosed above, as at the date of this announcement, the Group did not have any other significant event subsequent to 31 December 2021.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the "**Shareholders**") of the shares of the Company (the "**Shares"**) and to enhance corporate value and accountability.

The Company has adopted and applied the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code on corporate governance and, to the best knowledge of the Directors, during the year ended 31 December 2021, the Company had complied with all applicable code provisions under the Corporate Governance Code in force during the year ended 31 December 2021 and as at 31 December 2021. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2021.

## 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 as contained in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the Directors' dealings in the securities of the Company since the Listing. Following specific enquiries to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code for the year ended 31 December 2021.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

### US$200,000,000 10.5% SENIOR NOTES DUE 2022

On 8 June 2021, the Company issued US$200 million 10.5% senior notes due June 2022 (the "**2022 Notes**") (stock code: 40713). The 2022 Notes are listed and traded on the Stock Exchange. As at 31 December 2021, the 2022 Notes with an aggregate principal amount of US$200,000,000 remained outstanding.

### US$200,000,000 12% SENIOR NOTES DUE 2023

On 18 August 2021, the Company issued US$200 million 12% senior notes due August 2023 (the "**2023 Notes**") (stock code: 40808). The 2023 Notes are listed and traded on the Stock Exchange. As at 31 December 2021, the 2023 Notes with an aggregate principal amount of US$200,000,000 remained outstanding.

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021 and up to the date of this announcement.

## SUFFICIENCY OF PUBLIC FLOAT

The Company has been granted a waiver by the Stock Exchange pursuant to Rule 8.08(1) of the Listing Rules and the Stock Exchange has accepted the minimum public float of 20.8% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of the Shares held by the public for the year ended 31 December 2021 and up to the date of this announcement has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

## FINAL DIVIDEND

The Board recommended not to declare a final dividend for the year ended 31 December 2021 (2020: HK$0.20 per share).

## AUDIT COMMITTEE

The Board established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shinsunholdings.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. As at the date of this announcement, the Audit Committee consists of three members, namely Mr. Hung Yuk Miu, Mr. Ding Jiangang and Mr. Ma Hongman, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Hung Yuk Miu, who possesses appropriate professional qualifications.

## REVIEW OF UNAUDITED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the Company's management and auditor and has reviewed the unaudited annual results of the Group for the year ended 31 December 2021 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the unaudited annual results of the Group for the year ended 31 December 2021. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have yet been agreed by the Company's auditor, Messrs. Ernst and Young.

Reference is made to the announcement of the Company dated 21 March 2022, due to the COVID-19 epidemic and the re-implementation of the related travel and quarantine restrictions in the PRC, the Group's auditing process for the year ended 31 December 2021 has been affected to certain extent. The Company's auditor is unable to complete the necessary audit procedures in order for the Group to finalise its audited consolidated financial statements for the year ended 31 December 2021.

After discussion with the Company's auditor, the Group currently expects its audited annual results for the year ended 31 December 2021 will be published by 9 May 2022, subject to any further epidemic prevention measures in the PRC. An announcement relating to the audited annual results for the year ended 31 December 2021 of the Group will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

## ANNUAL GENERAL MEETING

Due to the uncertainties of publishing of audited annual results of the Group for the year ended 31 December 2021, the time of convening the annual general meeting of the Company (the "**Annual General Meeting**") for the year of 2021 will be determined after the publishing of the audited annual results of the Group for the year ended 31 December 2021. A notice convening the Annual General Meeting and the relevant circular will be despatched to the Shareholders in due course.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at http://www.shinsunholdings.com. The Company (i) will issue further announcement in relation to the audited annual results of the Group for the year ended 31 December 2021 as agreed by the Company's auditor and the adjustments (if any) to the unaudited annual results contained herein, following the completion of the auditing process; and (ii) will issue further announcement(s) as and when necessary if there are other material development in the auditing process. The Company's 2021 annual report will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board
**Shinsun Holdings (Group) Co., Ltd.**
**Chen Guoxiang**
*Chairman*

Hong Kong, 31 March 2022

*As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Han Bo and Mr. Zhao Leiyi as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.*