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**中国三迪**

CHINA SANDI

**CHINA SANDI HOLDINGS LIMITED**

**中國三迪控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 910)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”, together with its subsidiaries collectively, the “Group”) announces the audited consolidated final results of the Company for the year ended 31 December 2022 (the “reporting period” or “Year”) together with the comparative figures for the year ended 31 December 2021.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue			
Goods and services	4	<b>3,333,142</b>	2,783,154
Rental of investment properties	4	<b>115,826</b>	144,400
Total revenue		<b>3,448,968</b>	2,927,554
Cost of sales and services		<b>(2,491,971)</b>	(2,113,085)
Gross profit		<b>956,997</b>	814,469
Other income	6	<b>7,414</b>	6,718
Other gains and losses	7	<b>(38,670)</b>	33,596
Recovery of trade receivables written-off		–	8,141
Change in fair value of investment properties		<b>(7,111)</b>	9,499
Change in fair value of derivative component of convertible bond		<b>101,430</b>	121,832
Loss on disposal of subsidiaries		<b>(401,989)</b>	–
Selling and marketing expenses		<b>(202,180)</b>	(218,415)
Administrative expenses		<b>(125,700)</b>	(213,980)
Finance costs	8	<b>(117,778)</b>	(178,165)
Profit before tax	9	<b>172,413</b>	383,695
Income tax expense	10	<b>(158,137)</b>	(178,277)
Profit for the year		<b>14,276</b>	205,418

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>6,276</u>	<u>(6,696)</u>
Total comprehensive income for the year		<u><b>20,552</b></u>	<u>198,722</u>
Profit for the year attributable to:			
– Owners of the Company		<b>42,103</b>	169,707
– Non-controlling interests		<u>(27,827)</u>	<u>35,711</u>
		<u><b>14,276</b></u>	<u>205,418</u>
Total comprehensive income attributable to:			
– Owners of the Company		<b>48,379</b>	163,011
– Non-controlling interests		<u>(27,827)</u>	<u>35,711</u>
		<u><b>20,552</b></u>	<u>198,722</u>
EARNINGS PER SHARE			
Basic (RMB cents)	<i>12</i>	<u><b>0.83</b></u>	<u>3.34</u>
Diluted (RMB cents)	<i>12</i>	<u><b>0.16</b></u>	<u>0.96</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

		2022	2021
	<i>Notes</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>Non-current assets</b>			
Property, plant and equipment		57,694	62,106
Investment properties		10,734,280	10,564,740
Deferred tax assets		74,601	56,373
		<u>10,866,575</u>	<u>10,683,219</u>
<b>Current assets</b>			
Inventories of properties		12,971,557	15,993,608
Contract costs		76,682	121,063
Trade and other receivables and prepayments	13	886,185	924,345
Deposits for land use rights for properties under development for sale		105,689	105,689
Prepaid income tax		91,904	187,526
Amounts due from related companies		66,322	311,644
Amounts due from non-controlling shareholders of subsidiaries		257,550	559,586
Restricted/pledged bank deposits		487,926	509,164
Bank balances and cash		310,947	592,854
		<u>15,254,762</u>	<u>19,305,479</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	14	2,208,681	2,396,604
Contract liabilities		8,977,138	10,271,377
Income tax payable		482,271	444,089
Amounts due to related companies		10,873	730,337
Amount due to ultimate controlling shareholder		99,626	99,626
Bank and other borrowings due within one year	15	1,933,730	1,798,570
		<u>13,712,319</u>	<u>15,740,603</u>
<b>Net current assets</b>		<u>1,542,443</u>	<u>3,564,876</u>
<b>Total assets less current liabilities</b>		<u><u>12,409,018</u></u>	<u><u>14,248,095</u></u>

	<i>Note</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>Capital and reserves</b>			
Share capital		<b>42,890</b>	42,890
Reserves		<b>4,838,740</b>	4,793,162
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>4,881,630</b>	4,836,052
Non-controlling interests		<b>192,711</b>	269,609
		<hr/>	<hr/>
<b>Total equity</b>		<b>5,074,341</b>	5,105,661
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Amount due to a related company		<b>223,750</b>	443,750
Debt component of convertible bond		<b>404,491</b>	344,973
Derivative component of convertible bond		<b>6,179</b>	102,071
Promissory note		<b>519,026</b>	455,357
Deferred tax liabilities		<b>1,394,941</b>	1,389,621
Bank and other borrowings – due after one year	<i>15</i>	<b>4,786,290</b>	6,406,662
		<hr/>	<hr/>
		<b>7,334,677</b>	9,142,434
		<hr/>	<hr/>
		<b>12,409,018</b>	14,248,095
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent company is United Century International Limited (incorporated in the British Virgin Islands). The ultimate controlling party is Mr. Guo Jiadi, an executive director and chairman of the Company. The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 2008, 20th Floor, 118 Connaught Road West, Hong Kong respectively.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 3. APPLICATION OF AMENDMENTS TO HKFRSs

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

The adoption of the above new or amendments to HKFRSs has had no material impact on the Group’s financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

## New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the related impact to the Group of the above new or amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations.

#### 4. REVENUE

##### Disaggregation of revenue

Segments	For the reporting period		Total <i>RMB'000</i>
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	
<b>Types of goods or service</b>			
Sales of properties	3,296,618	–	3,296,618
Property management and related fee income	–	36,524	36,524
Revenue from contracts with customers within scope of HKFRS 15	3,296,618	36,524	3,333,142
Rental income	–	115,826	115,826
	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Geographical market</b>			
Mainland China	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Timing of revenue recognition</b>			
At a point in time	3,296,618	–	3,296,618
Over time	–	36,524	36,524
	<u>3,296,618</u>	<u>36,524</u>	<u>3,333,142</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the reporting period		Total <i>RMB'000</i>
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	
<b>Revenue disclosed in segment information</b>			
External customer	3,296,618	152,350	3,448,968
Less: rental income	–	(115,826)	(115,826)
Revenue from contracts with customers	<u>3,296,618</u>	<u>36,524</u>	<u>3,333,142</u>

Segments	For the year ended 31 December 2021		
	Property Development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>			
Sales of properties	2,767,676	–	2,767,676
Property management and related fee income	–	15,478	15,478
Revenue from contracts with customers within scope of HKFRS 15	2,767,676	15,478	2,783,154
Rental income	–	144,400	144,400
	<u>2,767,676</u>	<u>159,878</u>	<u>2,927,554</u>
<b>Geographical market</b>			
Mainland China	<u>2,767,676</u>	<u>159,878</u>	<u>2,927,554</u>
<b>Timing of revenue recognition</b>			
At a point in time	2,767,676	–	2,767,676
Over time	–	15,478	15,478
	<u>2,767,676</u>	<u>15,478</u>	<u>2,783,154</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the year ended 31 December 2021		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	2,767,676	159,878	2,927,554
Less: rental income	–	(144,400)	(144,400)
Revenue from contracts with customers within scope of HKFRS 15	<u>2,767,676</u>	<u>15,478</u>	<u>2,783,154</u>

The Group receives 30%-100% of the contract value from customers when they sign the sale and purchase agreement (the customers who use mortgage loans provided by the banks and the remaining amount of the total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks) while construction work of properties is still ongoing. These advance payment of 30%– 100% of the contract value from customers resulted in contract liabilities being recognised throughout the property construction period until sales of properties is recognised. The Group receives full payment from the customers before physical delivery of the completed property.

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by customers of the Group's properties. Pursuant to the terms of the guarantees, if a customer defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. The guarantee period commences from the dates of grant of the relevant mortgage loans and end after the customer obtained the individual property ownership certificate. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial.

For property management and related services to the tenants of the Group's investment properties, the Group agrees the fixed rate for services with the customers upfront. As the tenant simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Monthly payment of the transaction is invoiced to the customers in advance each month.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognising revenue are as follows:

	<b>Sales of properties</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
– Within one year	<b>6,903,240</b>	6,702,782
– More than one year but not more than two years	<b>2,073,897</b>	3,010,558
– More than two years but not more than five years	–	1,882,594
	<u><b>8,977,137</b></u>	<u>11,595,934</u>

#### **Operating leases**

	<b>Rental income</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Lease payments that are fixed	<b>115,547</b>	133,372
Variable lease payments that do not depend on an index or a rate	<b>279</b>	11,028
	<u><b>115,826</b></u>	<u>144,400</u>

## 5. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker ("CODM")) for the purposes of resource allocation and assessment of segment performance focuses on the type of goods and services delivered or provided. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties and provision of property management service

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

#### For the reporting period

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External revenue	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Segment profit</b>	<u>175,959</u>	<u>19,921</u>	195,880
Other income			63
Other gains and losses			(38,393)
Change in fair value of derivative component of convertible bond			101,429
Unallocated corporate expenses			(6,511)
Finance costs			<u>(80,055)</u>
Profit before tax			<u>172,413</u>

**For the year ended 31 December 2021**

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External revenue	<u>2,767,676</u>	<u>159,878</u>	<u>2,927,554</u>
<b>Segment profit</b>	<u><u>152,231</u></u>	<u><u>154,108</u></u>	306,339
Other income			60
Other gains and losses			31,201
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)			2,587
Change in fair value of derivative component of convertible bond			121,832
Unallocated corporate expenses			(6,584)
Finance costs			<u>(71,740)</u>
Profit before tax			<u><u>383,695</u></u>

The accounting policies of the operating segments are the same as the Group’s accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of part of other income, part of other gains and losses, change in fair value of financial assets at FVTPL, change in fair value of derivative component of convertible bond, unallocated corporate expenses and part of finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

The following is an analysis of the Group’s assets and liabilities by reportable and operating segments:

***Segment assets***

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Property development	<b>15,110,857</b>	19,311,816
Property investment	<b>10,861,778</b>	10,671,468
Total segment assets	<b>25,972,635</b>	29,983,284
Unallocated assets:		
Bank balances and cash	<b>1,904</b>	2,508
Unallocated corporate assets	<b>146,798</b>	2,906
Consolidated assets	<u><u>26,121,337</u></u>	<u><u>29,988,698</u></u>

## Segment liabilities

	2022 RMB'000	2021 RMB'000
Property development	17,573,013	21,672,314
Property investment	2,478,270	2,243,191
<b>Total segment liabilities</b>	<b>20,051,283</b>	<b>23,915,505</b>
Unallocated liabilities:		
Debt component of convertible bond	404,491	344,973
Derivative component of convertible bond	6,179	102,071
Promissory note	519,026	455,357
Unallocated corporate liabilities	66,017	65,131
<b>Consolidated liabilities</b>	<b>21,046,996</b>	<b>24,883,037</b>

For the purposes monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain restricted/pledged bank deposits, bank balances and cash and unallocated corporate assets not attributable to respective segment.
- all liabilities are allocated to operating segments other than debt component of convertible bond, derivative component of convertible bond, promissory note and unallocated corporate liabilities not attributable to respective segment.

## Other segment information

	For the reporting period				
	Property development RMB'000	Property investment RMB'000	Total reportable segment RMB'000	Unallocated RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition of non-current assets	1,073	215,628	216,701	–	216,701
Bank interest income	3,024	30	3,054	2	3,056
Finance costs	(24,269)	(462)	(24,731)	(80,055)	(104,786)
Depreciation of property, plant and equipment	(5,885)	–	(5,885)	(23)	(5,908)
Gain on disposal of property, plant and equipment	304	–	304	–	304
Change in fair value of investment properties	–	(46,088)	(46,088)	–	(46,088)

	For the reporting period				Total RMB'000
	Property development RMB'000	Property investment RMB'000	reportable segment RMB'000	Unallocated RMB'000	
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition of non-current assets	1,073	215,628	216,701	–	216,701
Bank interest income	3,024	30	3,054	2	3,056
Finance costs	(24,269)	(13,454)	(37,723)	(80,055)	(117,778)
Depreciation of property, plant and equipment	(5,885)	–	(5,885)	(23)	(5,908)
Gain on disposal of property, plant and equipment	304	–	304	–	304
Change in fair value of investment properties	–	(7,111)	(7,111)	–	(7,111)
Loss on disposal of subsidiaries	(401,989)	–	(401,989)	–	(401,989)

For the year ended 31 December 2021

	Total				Total RMB'000
	Property development RMB'000	Property investment RMB'000	reportable segment RMB'000	Unallocated RMB'000	
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition of non-current assets	3,647	799,720	803,367	–	803,367
Bank interest income	3,426	58	3,484	10	3,494
Finance costs	(105,818)	(607)	(106,425)	(71,740)	(178,165)
Depreciation of property, plant and equipment	(8,327)	–	(8,327)	(97)	(8,424)
Depreciation of right-of-use assets	(11,952)	–	(11,952)	(122)	(12,074)
Gain (loss) on disposal of property, plant and equipment	5	–	5	(167)	(162)
Loss on disposal of an investment property	–	(237)	(237)	–	(237)
Change in fair value of financial assets at FVTPL	–	–	–	2,587	2,587
Gain of early termination of lease	11	–	11	75	86
Change in fair value of investment properties	–	9,499	9,499	–	9,499
Recovery of trade receivables written-off	8,141	–	8,141	–	8,141

## Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

### *Revenue from external customers:*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Nanping	9,015	806,097
Xian	1,455,478	825,298
Baoji	1,054,215	547,316
Jilin	6,980	75,479
Shanghai	455,579	561,019
Yongtai	65,584	–
Weinan	179,631	–
Fuzhou	222,486	112,345
	<u>3,448,968</u>	<u>2,927,554</u>

### *Non-current assets:*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fuzhou	4,656,013	4,654,773
Shanghai	3,896,654	3,813,571
Baoji	1,569,365	1,545,340
Xiamen	184,900	186,200
Hangzhou	237,100	205,500
Yongtai	217,610	184,715
Xian	28,647	30,502
Nanping	205	2,515
Jilin	50	50
Hong Kong	79	112
Others	1,351	3,568
	<u>10,791,974</u>	<u>10,626,846</u>

*Note:* Non-current assets excluded deferred tax assets.

### Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2022 and 2021.

## 6. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	3,057	3,494
Government grants	1,224	318
Others	3,133	2,906
	<u>7,414</u>	<u>6,718</u>

## 7. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	(304)	(162)
Loss on disposal of an investment property	–	(237)
Gain on early termination of lease	–	86
Change in fair value of financial assets at FVTPL	–	2,587
Exchange gain, net	(38,366)	32,459
Others	–	(1,137)
	<u>(38,670)</u>	<u>33,596</u>

## 8. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interests on bank and other borrowings	376,229	722,899
Effective interests on convertible bond	34,681	30,471
Effective interests on promissory note	45,373	41,268
Interests on amount due to a related company	58,294	53,310
Interests on contract liabilities	34,906	312,840
Interests on lease liabilities	–	9
	<u>549,483</u>	<u>1,160,797</u>
Total borrowing costs	549,483	1,160,797
Less: amounts capitalised to inventories of properties	(374,955)	(922,007)
amounts capitalised to investment properties under construction	(56,750)	(60,625)
	<u>117,778</u>	<u>178,165</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.02% (2021: 8.17%) per annum to expenditure on qualifying assets.

## 9. PROFIT BEFORE TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before tax has been arrived at after charging (crediting):		
Auditors remuneration	1,530	1,921
Directors emoluments	3,526	3,512
Staff salaries and allowances	82,755	165,856
Retirement benefit scheme contributions	10,493	10,568
	<hr/>	<hr/>
Total other staff costs	93,248	176,424
Less: amounts capitalised to inventories of properties	(17,159)	(47,674)
amounts capitalised to investment properties under construction	(1,592)	(1,315)
	<hr/>	<hr/>
	74,497	127,435
	<hr/>	<hr/>
Cost of inventories recognised as an expense	2,484,939	2,106,192
Depreciation of property, plant and equipment	5,908	8,424
Depreciation of right-of-use assets	–	12,074
Gross rental income from investment properties	(115,826)	(144,400)
Less: direct operating expenses from investment properties that generated rental income during the year	7,033	6,893
	<hr/>	<hr/>
	<b>(108,793)</b>	<b>(137,507)</b>
	<hr/> <hr/>	<hr/> <hr/>

## 10. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
Enterprise Income Tax (“EIT”) in the PRC	83,740	90,522
Land Appreciation Tax (“LAT”)	<u>62,801</u>	<u>90,311</u>
	146,541	180,833
Under provision in prior years:		
EIT in the PRC	93	3,972
LAT in the PRC	<u>22,812</u>	<u>—</u>
	22,905	3,972
Deferred tax	<u>(11,309)</u>	<u>(6,528)</u>
	<u><u>158,137</u></u>	<u><u>178,277</u></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulation. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company the (“Shareholders”) during the reporting period, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year attributable to owners of the Company	42,103	169,707
Effect of dilutive potential ordinary shares on convertible bond	<u>(32,078)</u>	<u>(108,693)</u>
Earnings for the purpose of diluted earnings per share	<u><u>10,025</u></u>	<u><u>61,014</u></u>

**Number of shares**

	<b>2022</b>	2021
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,088,208</b>	5,087,441
Effect of dilutive potential ordinary shares:		
Convertible bond	<b>1,213,592</b>	1,213,592
Share options	—	22,637
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>6,301,800</b>	6,323,670
	<hr/> <hr/>	<hr/> <hr/>

**13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables		
– contracts with customers	<b>17,768</b>	11,922
– rental income ( <i>note a</i> )	<b>28,747</b>	8,078
	<hr/>	<hr/>
	<b>46,515</b>	20,000
Other receivables	<b>157,195</b>	126,773
Less: Allowance for credit losses	<b>(73)</b>	(73)
	<hr/>	<hr/>
	<b>157,122</b>	126,700
Prepayments ( <i>note b</i> )	<b>359,947</b>	261,814
Other refundable deposits	<b>34,724</b>	40,228
Other tax prepayments	<b>287,877</b>	475,603
	<hr/>	<hr/>
	<b>886,185</b>	924,345
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) The Group had pledged trade receivables from rental income of RMB8,772,000 (2021: RMB6,987,000) as at 31 December 2022 to secure bank and other borrowings of the Group.
- (b) The amount mainly represents prepaid construction cost of RMB346,888,000 (2021: RMB217,388,000) for the Group's properties under development for sale.

The Group allows an average credit period of 30 days (2021: 30 days) to its trade customers from date of issuance of the invoices. Trade receivables arise from rental income which is invoiced in advance monthly or quarterly in accordance with the terms of the related rental agreements.

The following is an aging analysis of the Group's trade receivables presented based on the date of the properties delivered and date of demand note for rental income were recognised:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
0 – 30 days	22,418	1,750
31 – 90 days	3,683	169
Over 90 days	20,414	18,081
	<u>46,515</u>	<u>20,000</u>

#### 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables ( <i>note</i> )	761,790	877,928
Other payables	707,796	722,638
Deposits received from tenants	27,817	26,296
Other tax payables	110,681	58,756
Accrued construction costs	600,597	710,986
	<u>2,208,681</u>	<u>2,396,604</u>

*Note:* The following is an age analysis of trade payables presented based on the invoice date:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Unbilled	229,473	229,481
0 – 30 days	15,098	214,393
31 – 90 days	52,360	64,186
91 – 365 days	96,034	113,129
Over 1 year	368,825	256,739
	<u>761,790</u>	<u>877,928</u>

## 15. BANK AND OTHER BORROWINGS

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings	<b>5,689,490</b>	6,531,232
Secured other borrowings	<b>1,030,530</b>	1,674,000
	<u><b>6,720,020</b></u>	<u>8,205,232</u>

The carrying amounts of the above borrowings are repayable based on scheduled repayment dates set out in the loan agreements as follows:

	<b>Bank borrowings</b>		<b>Other borrowings</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	<b>1,580,198</b>	1,668,570	<b>353,532</b>	130,000
More than one year, but not exceeding two years	<b>2,315,092</b>	1,495,700	<b>60,732</b>	394,000
More than two years, but not exceeding five years	<b>807,200</b>	2,638,962	<b>616,266</b>	1,150,000
More than five years	<b>987,000</b>	728,000	—	—
	<u><b>5,689,490</b></u>	<u>6,531,232</u>	<u><b>1,030,530</b></u>	<u>1,674,000</u>
Less: Amounts due within one year shown under current liabilities	<u><b>(1,580,198)</b></u>	<u>(1,668,570)</u>	<u><b>(353,532)</b></u>	<u>(130,000)</u>
Amounts shown under non-current liabilities	<u><b>4,109,292</b></u>	<u>4,862,662</u>	<u><b>676,998</b></u>	<u>1,544,000</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

- Total revenue for the reporting period was approximately RMB3,449.0 million, representing an increase of approximately 17.8% as compared to approximately RMB2,927.6 million for the year ended 31 December 2021.
- Gross profit for the reporting period was approximately RMB957 million, representing an increase of approximately 17.5% as compared to approximately RMB814.5 million for the year ended 31 December 2021.
- Profit for the reporting period was approximately RMB14.3 million, representing a decrease of approximately 93.0% as compared to approximately RMB205.4 million for the year ended 31 December 2021.
- Profit attributable to owners for the reporting period was approximately RMB42.1 million, representing a decrease of approximately 75.2% as compared to approximately RMB169.7 million for the year ended 31 December 2021.
- Basic earnings per share was RMB0.83 cents (2021: RMB3.34 cents).
- Contracted sales amount of the Group for the reporting period amounted to approximately RMB2,277.0 million, representing a decrease of approximately 58.4% as compared to approximately RMB5,473.7 million for the year ended 31 December 2021.
- Contracted gross floor area (“GFA”) was approximately 209,343 square meters (“sq.m.”) for the reporting period, representing a decrease of approximately 57.0% as compared to approximately 487,388 sq.m. for the year ended 31 December 2021.

### **DIVIDEND**

The Board does not recommend the payment of any final dividend for the reporting period (2021: Nil).

### **BUSINESS REVIEW**

The Group is principally engaged in property development, and holding of property for investment and rental purpose.

## Property development

As at 31 December 2022, the Group had 18 property projects under development which are situated in different cities in the PRC. Key cities include Shanghai, Fuzhou, Xian, Baoji and Hangzhou. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, product types including apartments, offices, retail shops, villas, etc.

### *Contracted property sales*

During the reporting period, the Group achieved contracted sales of approximately RMB2,277.0 million with contracted GFA of approximately 209,343 sq.m., representing a decrease of 58.4% in contracted sales and 57.0% in contracted GFA in comparison with the year ended 31 December 2021. The decrease in contracted sales is mainly influenced by the COVID-19 epidemic in 2022.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the reporting period:

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted sales area <i>(sq.m.)</i>	Average price	Percentage of total	Group interest <i>%</i>
				of contracted sales <i>RMB/sq.m.</i>	contracted sales amount <i>%</i>	
<b>Shanghai</b>						
Sandi Manhattan	Commercial	517,853	14,955	33,527	22.7	100
<b>Zhejiang Province</b>						
Sandi Yasong Meizhu	Residential	382,301	25,747	14,545	16.8	100
<b>Shaanxi Province</b>						
Sandi Bahe Yihao	Residential	234,220	13,682	17,119	10.3	70
Sandi Century New City	Residential/ Commercial	207,617	26,698	7,177	9.1	100
Sandi Jinyu Bowan	Residential/ Commercial	157,785	30,934	5,101	6.9	51

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted sales area <i>(sq.m.)</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount %	Group interest %
<b>Fujian Province</b>						
Sandi Yunqitai	Residential	225,197	22,318	10,081	9.9	51
Sandi Jinyu Yunjing	Residential	186,284	13,678	13,619	8.2	100
Others	Residential/ Commercial	365,710	61,331	5,634	16.1	
Total		<u>2,276,967</u>	<u>209,343</u>	10,587	<u>100</u>	
Attributable to the Group		<u>2,029,392</u>	<u>174,037</u>			

*Notes:*

- (a) Contracted sales and the calculation of average selling price are based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.
- (b) Contracted sales and GFA attributable to the car parking spaces are excluded in the contracted GFA and average selling price calculation.

## Property under development

The table below summarises the major property development projects of the Group as at 31 December 2022:

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Shaanxi Province</b>							
Sandi Century New City	2023	169,923	1,084,484	91,750	81,268	–	100
Sandi Jinyu Gaoxin	2023	65,157	94,563	2,285	105,114	–	100
Qujiang Xiangsong Fengdan · Xian Sandi	2022	124,304	332,779	75,848	–	–	100
Sandi Yunding Fengdan	2024	52,870	42,848	–	87,832	–	100
Sandi Bahe Yihao	2024	77,018	–	–	235,433	–	70
Sandi Jinyu Bowan	2023	59,789	–	–	99,573	–	51
Sandi Jinyunfu	2023	40,592	–	–	77,331	–	51
<b>Fujian Province</b>							
Sandi Jiangshan Waterfront	2023	310,176	10,525	–	215,010	40,086	100
Sandi Xishanyuan	2024	177,010	–	–	96,449	–	100
Sandi Yungu Fengdan	2022	57,813	–	–	115,772	–	51
Sandi Fengdan Yazhu	2023	58,169	6,836	62,316	67,664	–	100
Sandi Yasong Fengdan Garden	2023	38,539	–	–	39,825	–	100
Sandi Yunqitai	2023	60,928	–	–	96,879	–	51
Sandi Jinyu Yunjing	2024	29,332	–	–	67,193	–	100
Sandi Jinyu Yunyue	2024	17,386	–	–	15,383	–	100

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Zhejiang Province</b>							
Sandi Fengdan Yaju	2023	27,491	–	–	54,769	–	100
Sandi Yasong Meizhu	2024	37,252	–	–	66,090	–	100
<b>Shanghai</b>							
Sandi Manhattan	2024	<u>104,251</u>	<u>150,713</u>	<u>62,724</u>	<u>120,280</u>	<u>–</u>	100
Total		<u>1,508,000</u>	<u>1,722,748</u>	<u>294,923</u>	<u>1,641,865</u>	<u>40,086</u>	
Attributable to the Group		<u><u>1,377,525</u></u>	<u><u>1,722,748</u></u>	<u><u>294,923</u></u>	<u><u>1,380,353</u></u>	<u><u>40,086</u></u>	

*Notes:*

- The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits or the Group has received the confirmation letter(s) on bidding of granting land use rights but is in progress to obtain the land use right certificate(s). The figures for “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.
- The figures of “Saleable GFA pre-sold” and “GFA available for sale” include saleable GFA of car parks spaces; while figures of “GFA under development” and “Planned GFA for future development” also include non-saleable GFA such as ancillary area.
- “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are derived from the Group’s internal records and estimates.

The following section provides further details of major ongoing projects of the Group.

### *Fujian Province*

#### Sandi Yasong Fengdan Garden

Sandi Yasong Fengdan Garden (“Yasong Fengdan”) is a residential project located in Gaoxin District, Nanyu County, Fuzhou City, Fujian Province with a total site area of approximately 38,539 sq.m.. Gaozin District is the fourth commercial district in Fuzhou City and Yasong Fengdan is close to 117 County Road, Qishan Avenue and Gaoxin Avenue, the central area of Gaozin District.

Yasong Fengdan is designed as an intelligent community and planned to be developed into 7 high-rise apartment buildings and 11 low-rise apartment buildings with ancillary facilities, including a supermarket. There is nearly 35% greening area inside the community. The project has been launched for pre-sales in September 2020. The contracted sales amount of approximately RMB716.9 million was recorded during the period from the pre-sales day up to 31 December 2022.

#### Sandi Jinyu Yunjing

Sandi Jinyu Yunjing (“Jinyu Yunjing”) is the first project of Jinyu series in Longyan City, Fujian Province. It is a privileged quality residential area with a commercial complex project located in Xinluo District, Longyan City with a total site area of approximately 29,332 sq.m..

Jinyu Yunjing is situated at the intersection of Gongye Road and Xinlu Road, linking to Longyan Bridge. It is in the vicinity of Xinhua Plaza, Minxi Trading Center and Exhibition Center.

Jinyu Yunjing is planned to be developed into 6 high-rise apartment buildings with ancillary facilities, including a kindergarten and a wet market. There is approximately 30% to 40% greening area inside the community. The project has been launched for pre-sales in February 2021. The contracted sales amount of approximately RMB290.0 million was recorded during the period from the pre-sales day up to 31 December 2022.

### *Zhejiang Province*

#### Sandi Yasong Meizhu

Sandi Fengdan Yaju (“Fengdan Yaju”) is located in Qiantang New District, Hangzhou City, Zhejiang Province. Qiantang New District is one of the high-speed developing areas in Hangzhou City, which is a “Pudong New Area” of Hangzhou planned by the government.

Fengdan Yaju is 12 kilometers from Hangzhou Xiaoshan Airport. Nearby Fengdan Yaju, there are two metro lines in construction and it is planning to have a high-speed railway station. In addition, there are national wetland park, commercial areas, school and hospital nearby Yasong Meizhu.

Yasong Meizhu is a privileged quality project of the Group, and planned to be developed into 11 high-rise apartment buildings. The project has been launched for pre-sales in November 2021. The contracted sales amount of approximately RMB475.3 million were recorded during the period from the pre-sales day up to 31 December 2022.

## *Shanghai*

### Sandi Manhattan

Shanghai Sandi Manhattan project (“Sandi Manhattan”) is a major project of the Group in Shanghai. It is situated in the prime location of Shanghai Songjiang District, Songjiang New Town International Ecology Business District with a site area of approximately 104,251 sq.m.. Sandi Manhattan is a mixed-use development complex, including offices, shopping malls and hotels. Hyatt Regency Shanghai Songjiang (“Hyatt Regency”) and Shanghai Sandi Xintiandi (“Sandi Xintiandi”), the projects of Sandi Manhattan, opened in July and December 2021, respectively.

Hyatt Regency, an international 5-star hotel, belongs to one of the major investment properties of the Group in Sandi Manhattan. Hyatt Regency is located at the core area of Songjiang New Town International Ecology Business District and provides privileged services to guests. It provides multi-functional spaces of approximately 1,900 sq.m. and 256 guestrooms, including 18 suites, with floor-to-ceiling views of Wulong Lake, gardens or Ecology Business District skyline.

Sandi Xintiandi is also located at the core area of Songjiang New Town International Ecology Business District. It is the first ecology semi-open commercial complex project, with approximately 170,000 sq.m. GFA. The contracted sales amount of approximately RMB1,885.6 million were recorded during the period from the pre-sales day up to 31 December 2022.

### ***Land bank replenishment***

The Group’s strategy is to maintain the sufficiency of land bank portfolio to support the Group’s own development pipeline for the next few years. As at 31 December 2022, the Group had a quality land bank amounting to a total GFA of approximately 1,879,000 sq.m., of which approximately 1,609,000 sq.m. were attributable to the owners of the Company.

The table below summarises the landbank by location as at 31 December 2022:

<b>Land bank by location</b>	<b>Total GFA</b> (‘000 sq.m.)	<b>Attributable GFA</b> (‘000 sq.m.)
Fujian Province	831	718
Shannxi Province	744	587
Shanghai	183	183
Zhejiang Province	121	121
<b>Total</b>	<b>1,879</b>	<b>1,609</b>

### Property Investment

During the reporting period, the Group recognised rental income and property management and related fee income of approximately RMB152.4 million (2021: approximately RMB159.9 million), which was mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group’s investment properties also include hotels, kindergarten, commercial and office premises, all of which are all located in the PRC and generated a stable income stream to the Group.

Set out below are the major investment properties held by the Group as at 31 December 2022:

<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA</b> <i>sq.m.</i>	<b>Group’s interest</b> %
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#### Completed investment properties

##### Fujian Province

Sandi Furniture Plaza, No. 173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City	Shopping Mall	113,252	100%
Fuzhou Sandi Chuangfu Square Zone B, Fuxiz Road, Cangshan District, Fuzhou City	Commercial/ Hotel	48,713	100%
Various blocks, Sandi Kaixuan Fengdan, No. 202 Minjiang Avenue, Cangshan District, Fuzhou City	Commercial/ Hotel	13,477	100%

##### Shaanxi Province

Red Star Macalline, Block 196 No. 8 Bao Guo Road Jin Tai District, Baoji City	Shopping Mall	63,643	100%
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<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA <i>sq.m.</i></b>	<b>Group's interest %</b>
Sandi Plaza, Block 186 No. 8 Bao Guo Road Jin Tai District, Baoji City	Shopping Mall	63,125	100%
Ramada Hotel Block No. 184 No. 8 Bao Guo Road Jintai District, Baoji City	Hotel	15,181	100%
Pesht Boutique, Block No. 25 No. 8 Bao Guo Road Jintai District, Baoji City	Hotel	12,248	100%
Jinjiang Inn, Block No. 18 No. 8 Bao Guo Road Jintai District, Baoji City	Hotel	7,094	100%
<b>Shanghai</b>			
Lot N5, No. 11 Zhongshan Street Neighbourhood, Congjiang District	Commercial/ Hotel	61,434	100%
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial	26,071	100%
<b>Investment properties under construction</b>			
<b>Fujian Province</b>			
Tang Kou, Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City	Hotel	89,187	100%
Northwest of Huandao East Road and Jinsan Road, 06 -11 Wutong Gaolin Area, Huli District, Xiamen City	Hotel	39,850	100%
<b>Shanghai</b>			
Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/ Hotel	117,629	100%
<b>Zhejiang Province</b>			
Northwest of Weiliu Road and Jingwu Road, Qiantang New District, Hangzhou City	Residential	16,356	100%
Northeast of Jingsi Road and Changfeng Road, Qiantang New District, Hangzhou City	Residential	8,337	100%

## OUTLOOK

In 2022, although the sales figures of the real estate market have declined compared to last year, the state has issued a number of important policies to give financing support to real estate companies and provide credit support to individual home buyers to drive the market sales recovery since November 2022. Also, the comprehensive optimization of preventive measures will further drive the economic recovery in 2023. It is believed that the real estate market will turn around and embark on a healthy development path in 2023.

The Group will keep abreast of policy changes, grasp changes in the market cycle and adjust its marketing strategies to promote sales returns. We will seize the opportunity of the new round of market restart, make scientific decisions, identify potential regions and cities, seize structural opportunities and enhance our product and service strength to achieve steady development.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 95.6% of the revenue for the reporting period. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property sales	<b>3,296,618</b>	<b>95.6</b>	2,767,676	94.5
Property investment	<b>152,350</b>	<b>4.4</b>	159,878	5.5
	<b><u>3,448,968</u></b>	<b><u>100</u></b>	<b><u>2,927,554</u></b>	<b><u>100</u></b>

### Revenue from property sales

The Group's revenue from property sales increased to approximately RMB3,296.6 million for the reporting period (2021: approximately RMB2,767.7 million).

The table below summarises the revenue from property sales for the reporting period:

Property projects	Type	Sales revenue RMB'000	GFA sq.m.	Average selling price RMB/sq.m.	Percentage of total amount %
<b>Shaanxi Province</b>					
Qujiang Xiangsong Fengdan Xian Sandi	Residential/Commercial	1,453,462	92,488	15,715	44.1
Sandi Century New City	Residential/Commercial	529,839	78,015	6,783	16.1
Sandi Jinyu Gaoxin	Residential	491,669	94,563	5,199	14.9
Sandi Yunding Fengdan	Residential	179,631	42,847	4,192	5.4
<b>Shanghai</b>					
Sandi Manhattan	Commercial	427,336	14,106	30,295	13.0
Others	Residential/Commercial	214,681	12,501	15,740	6.5
Total		<u>3,296,618</u>	<u>334,520</u>	<u>9,799</u>	<u>100</u>

Notes:

- i. Sales revenue amount and the calculation of average price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- ii. GFA and sales revenue attributable to the car parking spaces are excluded in the GFA sold and the average selling price calculation.

### Revenue from property investment

Revenue from property investment including rental income and property management and related fee income amounted to approximately RMB152.4 million for the reporting period (2021: approximately RMB159.9 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls, commercial buildings and kindergartens.

### **Cost of properties sales**

The Group's cost of properties sales increased to approximately RMB2,485.0 million for the reporting period (2021: approximately RMB2,106.2 million). The increase was primarily attributable to the increase in the cost of construction materials during the reporting period compared with 2021, which led to the increase in the cost of properties sales.

### **Change in fair value on investment properties and upon transfer to investment properties**

For the reporting period, the Group recognised a net fair value loss of approximately RMB7.1 million on its investment properties (2021: a net fair value gain of approximately RMB9.5 million).

### **Change in fair value of derivative components of convertible bonds**

During the reporting period, the Group recognised a fair value gain of approximately RMB101.4 million (2021: approximately RMB121.8 million) on the derivative components of the convertible bonds with principal amount of HK\$500 million, issued to Primary Partner International Limited ("Primary Partner"), which is wholly-owned by Mr. Guo Jiadi ("Mr. Guo"), on 30 January 2019 as the consideration for acquisition of All Excel Industries Limited. The derivative component of the convertible bonds represented the conversion option to convert into shares of the Company and early redemption option before its maturity date on 30 January 2024, which were classified as derivative financial instrument and measured at fair value with changes in fair value recognised in profit or loss.

### **Other gains and losses**

The Group recognised net other losses of approximately RMB38.7 million for the reporting period (2021: net other gains of approximately RMB33.6 million), which was mainly attributed to net exchange losses during the Year as mentioned above.

### **Selling and marketing expenses**

The Group's selling and marketing expenses decreased by approximately RMB16.2 million from approximately RMB218.4 million for the year ended 31 December 2021 to approximately RMB202.2 million for the reporting period.

### **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB88.3 million from approximately RMB214.0 million for the year ended 31 December 2021 to approximately RMB125.7 million for the reporting period.

## **Finance costs**

Finance costs consist of interest expenses on banks and other borrowings, convertible bonds, promissory note, contract liabilities, amounts due to a related company and lease liabilities. The finance costs amounted to approximately RMB117.8 million (2021: approximately RMB178.2 million) for the reporting period. The decrease in finance cost was attributable to contract liabilities.

## **Income tax expense**

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB158.1 million for the reporting period (2021: approximately RMB178.3 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB6,720.0 million denominated in RMB (31 December 2021: approximately RMB8,205.2 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amounts due to a related company in total amount to approximately RMB1,153.4 million denominated in HK\$ and RMB (31 December 2021: approximately RMB1,346.2 million denominated in HK\$ and RMB). As at 31 December 2022 and 2021, all bank and other borrowings were secured with fixed interest rate. The bank and other borrowings with maturities falling due within one year, in the second year, in the third to the fifth year, over five years amounted to approximately RMB1,933.7 million, RMB2,375.8 million, RMB1,423.5 million and RMB987 million, respectively (31 December 2021: approximately RMB1,798.6 million, RMB1,889.7 million, RMB3,788.9 million and RMB728.0 million, respectively). Further details of the bank and other borrowings, are set out in note 15, to the consolidated financial statements in this announcement.

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB310.9 million (31 December 2021: approximately RMB592.9 million) which were mainly denominated in HK\$ and RMB.

As at 31 December 2022, the gearing ratio for the Group was approximately 149.0% (31 December 2021: approximately 175.5%), calculated based on the net debts (comprising bank and other borrowings and other debts comprising convertible bonds, promissory note and amounts due to a related company less cash and cash equivalent) of approximately RMB7,562.5 million (31 December 2021: approximately RMB8,958.5 million) over the total equity of approximately RMB5,074.3 million (31 December 2021: approximately RMB5,105.7 million). The debt ratio was approximately 80.6% (31 December 2021: approximately 83.0%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 31 December 2022, the Group's net current assets amounted to approximately RMB1,542.4 million (31 December 2021: approximately RMB3,564.9 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 111.2% (31 December 2021: approximately 122.6%).

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, issue new shares or sell assets to reduce debt.

## **CAPITAL STRUCTURE**

The capital structure of the Group and fund raising activities during the reporting period are summarised as follows:

### **(i) Bank and other borrowings**

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB6,720.0 million (31 December 2021: approximately RMB8,205.2 million), of which approximately RMB1,933.7 million are repayable within one year and approximately RMB4,786.3 million are repayable beyond one year. The Group's bank and other borrowings bear interest rates ranging from approximately 2.8% to 12.8% per annum. All the bank and other borrowings were denominated in RMB.

### **(ii) Promissory note**

As at 31 December 2022 and 2021, the Company had a 5-year promissory note (the "Promissory Note") with principal amount of HK\$600 million issued to Mr. Guo, the chairman of the Board and an executive Director, with interest to be 3% per annum for the first and second years after the date of issuance, 4.5% per annum for the third and fourth years after the date of issuance and 6% per annum for the fifth year after the date of issuance, with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2024. Promissory Note is denominated in HK\$. There was no early redemption of the Promissory Note requested by the Company or Mr. Guo during the reporting period.

**(iii) Convertible bonds**

As at 31 December 2022 and 2021, the Company had a 5-year convertible bonds (the “CBs”) with principal amount of HK\$500 million issued to Primary Partner, which is wholly-owned by Mr. Guo, the chairman of the Board and an executive Director, with interest to be 1% per annum payable annually in arrears and carrying a conversion price of HK\$0.412 per conversion share, with conversion rights to convert into a maximum of 1,213,592,233 shares. The principal will be repaid when the CBs fall due on 30 January 2024 if no conversion happened on or before 30 January 2024. The CBs are denominated in HK\$. There was no early redemption of the CB requested by the Company or Mr. Guo during the reporting period.

**(iv) Amounts due to a related company**

As at 31 December 2022 and 2021, Nanping Sandi Yungu Real Estate Development Co., Limited, a subsidiary of the Company, had a 3-year borrowing with principal amount of RMB233.75 million, from Fujian Sandi Real Estate Development Co., Limited (“Fujian Sandi”), which is ultimately controlled by Mr. Guo. Interest is payable quarterly with interest rate of 12% per annum and the principal will be required to be fully repaid when the borrowing falls due on 14 April 2024. As at 31 December 2022, the balance of this borrowing is RMB31.75 million.

As at 31 December 2022 and 2021, Nanping Sandi Yunfu Real Estate Development Co., Limited, a subsidiary of the Company, had 2 year borrowings with principal amount of RMB82.0 million and RMB96.0 million, respectively, from Fujian Sandi. Interest is payable quarterly with interest of 9% and 11% per annum, respectively. The principal of the borrowings will be required to be fully repaid when the borrowings fall due on 6 January 2024 and 28 April 2024, respectively. As at 31 December 2022, the balance of this borrowing is RMB160.0 million.

As at 31 December 2022 and 2021, Wuyishan Gaojia Real Estate Development Co., Limited, a subsidiary of the Company, had a 2-year borrowing with principal amount of RMB32.0 million, from Fujian Sandi. Interest is payable monthly with interest of 9% per annum and the principal will be required to be fully repaid when the borrowing falls due on 13 January 2024.

There is no early repayment of the borrowings requested by Fujian Sandi during the reporting period.

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

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 December 2022.

The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the reporting period.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There was no material subsequent event undertaken by the Company or by the Group after 31 December 2022 and up to the date of this announcement.

## **CHARGE ON THE GROUP'S ASSETS**

As at 31 December 2022, the Group had pledged certain investment properties, properties under development, land use rights and certain inventories of properties of an aggregate carrying value of approximately RMB17,756.8 million (31 December 2021: approximately RMB22,195.9 million) together with certain rental proceeds over investment properties, and shares of certain subsidiaries of the Group to secure the bank and other facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage facilities granted to purchasers of the Group's properties. As at 31 December 2022, the Group provided guarantees for mortgage loans in an amount of approximately RMB4,692.2 million (31 December 2021: approximately RMB6,237.3 million) to banks in respect of such agreements. Certain subsidiaries of the Group has provided corporate guarantees of approximately RMB872.8 million (31 December 2021: approximately RMB896.6 million) to certain financial institutions in respect of loan facilities granted to certain companies that were indirectly wholly owned or controlled by Mr. Guo. In addition, certain subsidiaries of the Group had also provided corporate guarantees amounting to approximately RMB233.6 million (31 December 2021: approximately RMB270.0 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the reporting period.

## **COMMITMENTS**

As at 31 December 2022, the Group had capital commitments in respect of investment properties, properties under development and property, plant and equipment amounted to approximately RMB987.1 million (31 December 2021: approximately RMB1,098.4 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK\$, respectively. The functional currency of the Company and its subsidiaries which operate in Hong Kong as investment holdings companies and its principal operating subsidiaries in the PRC is RMB. As at 31 December 2022, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 31 December 2022, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

## **EMPLOYEES**

As at 31 December 2022, the Group employed a total of 417 employees (31 December 2021: 490 employees) of which 415 employees (31 December 2021: 488 employees) were hired in the PRC and 2 employees (31 December 2021: 2 employees) in Hong Kong. Total remuneration paid to the employees for the reporting period amounted to approximately RMB93.2 million (2021: approximately RMB176.4 million). In addition to competitive remuneration packages offered to the employees, the Group also provides other benefits including contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

## **PROPERTY VALUATION**

Property valuation on the Group's investment properties located in the PRC as at 31 December 2022 had been carried out by an independent qualified professional valuer, Graval Consulting Limited. The property valuation was used in preparing the annual results. The valuation was based on income capitalization approach by making reference to comparable market information as available in the relevant markets. For investment properties under development, the valuation has also taken into account the construction costs expended and to be expended to complete the development. The Group's investment properties were valued at approximately RMB10,734.3 million as at 31 December 2022 (31 December 2021: approximately RMB10,564.7 million). A net fair value loss of approximately RMB7.1 million (2021: net fair value gain of approximately RMB9.5 million) was recognised to the consolidated statement of profit or loss for the reporting period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry to all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code during the reporting period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the Shareholders.

The Board is committed to comply with the code provisions (the “Code Provisions”) as set out in the Corporate Governance Code (the “CG Code”) under Appendix 14 to the Listing Rules to the extent that the Directors consider it to be practical and applicable to the Company. During the reporting period and up to the date of this announcement, the Company has complied with the CG Code except for the following deviation:

### **Code Provision C.2.1**

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group’s business.

Mr. Guo currently serves as the chairman of the Board (the “Chairman”).

Up to date of this announcement, no individual was appointed as the chief executive officer of the Company (the “CEO”). The day-to-day management of the Group’s business is monitored by the executive Directors and senior management. Given the size of the Group, the current business operations and administration have been stable, the Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time and separate the roles of the Chairman and the CEO when necessary.

The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee which comprised Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Lam Wai Fung, Dominic, being all the independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication. The Audit Committee has reviewed with management, the Group’s consolidated results for the year ended 31 December 2022, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

## **SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group’s auditor (the “Auditor”), Moore Stephens CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or no assurance conclusion has been expressed by the Auditor on this preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinasandi.com.cn](http://www.chinasandi.com.cn)). The annual report of the Company for the year ended 31 December 2022 will be despatched to the Shareholders and will be published on the aforesaid websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I also want to express my gratitude to our management team and all staff of the Group for their hard work during the year. Last but not least, I am most grateful to our Shareholders for their continuous support and confidence.

By order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Lam Wai Fung, Dominic, being the independent non-executive Directors.*