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**銀城國際控股有限公司**

YINCHENG INTERNATIONAL HOLDING CO., LTD.

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

**(Stock Code: 1902)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

### **HIGHLIGHTS**

- Revenue in 2021 was approximately RMB8,747.0 million, representing a decrease of approximately 18.1% as compared to approximately RMB10,679.6 million in 2020.
- Gross profit in 2021 was approximately RMB1,506.1 million, representing an increase of approximately 30.1% as compared to approximately RMB1,157.4 million in 2020. Gross profit margin in 2021 was approximately 17.2%, indicating an increase of approximately 6.4 percentage points as compared to that in 2020.
- Profit in 2021 was approximately RMB485.4 million, representing an increase of approximately 25.7% as compared to approximately RMB386.1 million in 2020. Net profit margin in 2021 was approximately 5.5%, indicating an increase of approximately 1.9 percentage point as compared to that in 2020.
- Profit attributable to owners of the parent in 2021 was approximately RMB141.6 million, representing a decrease of approximately 22.5% as compared to approximately RMB182.6 million in 2020.
- Earnings per share attributable to ordinary equity holders of the Company in 2021 was approximately RMB0.1 per share.
- Contracted sales amount in 2021 was approximately RMB25,293.8 million, representing an increase of approximately 9.0% as compared to that in 2020; contracted sales GFA in 2021 was approximately 1,136,045 sq.m., representing a decrease of approximately 1.5% as compared to that in 2020.

## ANNUAL RESULTS

The board of directors (the “**Board**”) of Yincheng International Holding Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020. The annual results have been prepared in accordance with the International Financial Reporting Standards (the “**IFRS(s)**”) and reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>REVENUE</b>	5	<b>8,746,959</b>	10,679,634
Cost of sales		<u>(7,240,810)</u>	<u>(9,522,203)</u>
<b>GROSS PROFIT</b>		<b>1,506,149</b>	1,157,431
Other income and gains	5	<b>92,459</b>	64,773
Selling and distribution expenses		<b>(277,614)</b>	(258,419)
Administrative expenses		<b>(245,710)</b>	(226,693)
Other expenses		<b>(141,662)</b>	(20,142)
Fair value (loss)/gains on investment properties		<b>(3,212)</b>	125,670
Finance costs	7	<b>(253,007)</b>	(202,330)
Share of profits and losses of:			
Joint ventures		<b>(29,750)</b>	(9,879)
Associates		<b>32,542</b>	43,988
<b>PROFIT BEFORE TAX</b>	6	<b>680,195</b>	674,399
Income tax expense	8	<b>(194,751)</b>	(288,255)
<b>PROFIT FOR THE YEAR</b>		<b>485,444</b>	386,144
Attributable to:			
Owners of the parent		<b>141,551</b>	182,627
Non-controlling interests		<b>343,893</b>	203,517
		<b>485,444</b>	386,144
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	10	<b>RMB0.10</b>	RMB0.13

	2021 RMB'000	2020 RMB'000
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(21,953)</u>	<u>(20,988)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<b>(21,953)</b>	<b>(20,988)</b>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	<b>(74,951)</b>	109,509
Change in use from an owner-occupied property to an investment property carried at fair value	–	14,351
Income tax effect	<u>–</u>	<u>(3,588)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u><b>(74,951)</b></u>	<u>120,272</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u><b>(96,904)</b></u>	<u>99,284</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>388,540</b></u>	<u>485,428</u>
Total comprehensive income attributable to:		
Owners of the parent	<b>44,647</b>	281,911
Non-controlling interests	<u><b>343,893</b></u>	<u>203,517</u>
	<u><b>388,540</b></u>	<u>485,428</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		789,090	941,547
Investment properties		3,093,300	2,788,700
Right-of-use assets		164,062	163,755
Intangible assets		5,879	7,084
Investments in joint ventures		678,544	180,725
Investments in associates		3,433,364	2,142,510
Deferred tax assets		447,868	278,034
Other non-current assets		20,498	527,709
Equity investments designated at fair value through other comprehensive income (“FVOCI”)		632,157	643,710
Total non-current assets		<u>9,264,762</u>	<u>7,673,774</u>
<b>CURRENT ASSETS</b>			
Properties under development		19,575,100	20,327,503
Completed properties held for sale		2,633,439	2,851,239
Trade receivables	<i>11</i>	9,113	1,294
Due from related companies	<i>12</i>	3,755,083	971,286
Prepayments, deposits and other receivables	<i>13</i>	3,696,804	3,762,707
Financial assets at fair value through profit or loss (“FVTPL”)		574,303	1,934,292
Tax recoverable		825,464	629,284
Contract cost assets		132,703	56,610
Inventories		623	523
Cash and bank balances		2,731,889	6,420,932
Total current assets		<u>33,934,521</u>	<u>36,955,670</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>14</i>	3,880,873	4,001,807
Other payables, deposits received and accruals	<i>15</i>	1,346,798	3,166,054
Due to related companies	<i>12</i>	3,101,670	4,950,820
Interest-bearing bank and other borrowings		2,935,394	3,323,086
Senior notes		1,801,330	2,217,378
Lease liabilities		15,439	5,164
Contract liabilities		14,686,024	11,384,909
Tax payable		1,166,193	1,346,693
Provision for financial guarantee contracts		20,778	–
Total current liabilities		<u>28,954,499</u>	<u>30,395,911</u>
<b>NET CURRENT ASSETS</b>		<u>4,980,022</u>	<u>6,559,759</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>14,244,784</u>	<u>14,233,533</u>

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>8,889,999</b>	8,825,094
Lease liabilities	<b>4,048</b>	3,543
Deferred tax liabilities	<b>136,968</b>	143,125
	<hr/>	<hr/>
Total non-current liabilities	<b>9,031,015</b>	8,971,762
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>5,213,769</b>	5,261,771
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<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>124,119</b>	124,119
Treasury shares	<b>(7)</b>	(7)
Reserves	<b>2,598,615</b>	2,635,955
	<hr/>	<hr/>
	<b>2,722,727</b>	2,760,067
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>2,491,042</b>	2,501,704
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<b>TOTAL EQUITY</b>	<b>5,213,769</b>	5,261,771
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

### 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2021, the subsidiaries now comprising the Group were involved in property development, hotel operation, property investment and exhibition operation.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all standards and interpretations approved by the International Accounting Standards Board (“IASB”) , and International Accounting Standards (“IASs”), Standing Interpretations Committee interpretations approved by the IASB that remain in effect), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at FVTPL, equity investments designated at FVOCI and other financial liabilities 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.

#### **Going Concern Basis**

As at 31 December 2021, the Group’s current portion of interest-bearing bank, other borrowings and senior notes amounted to RMB4,736,724,000 while its cash and cash equivalents amounted to RMB1,427,599,000. Such condition indicates that a material uncertainty exists that may cast significant doubt over the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “**Directors**”) consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taken into account the past operating performance of the Group and the following:

- (i) Up to the date of approval of this consolidated financial information, the Company successfully consummated exchange offer and consent solicitation with respect of senior notes in aggregate amount of US\$95,965,000 (approximately RMB611,844,000), which has effectively extended the maturity date after March 2023, improving the liquidity of the Group. For details, please refer to the announcements of the Company dated 4 March 2022.
- (ii) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.
- (iii) The Group continues to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

- (iv) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations.
- (v) The Group continues to take action to tighten cost controls over various operating expenses.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial information.

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.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	Covid-19 (“ <b>Covid-19</b> ”) Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and the impact of the revised HKFRSs 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 equivalent 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.



The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate (“**HIBOR**”) and United States dollars based on the London Interbank Offered Rate (“**LIBOR**”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this the above-mentioned practical expedient upon the modification of these borrowings when instruments provided that the “economically equivalent” criterion is met.

- (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 recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the Covid-19 pandemic as at 31 December 2021.

#### **4. OPERATING SEGMENT INFORMATION**

Management monitors the operating results of the Group’s business which includes property development, property leasing, the provision of project management services, hotel and exhibition operation. Property leasing, the provision of project management services, hotel and exhibition operation are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

##### **Geographical information**

No further geographical information is presented as the Group’s revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

##### **Information about major customers**

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s revenue for the year ended 31 December 2021.

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management, hotel operation, exhibition operation and rental income during the reporting year.

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<b>8,695,149</b>	10,663,274
<i>Revenue from other sources</i>		
Rental income	<b>51,810</b>	16,360
	<b><u>8,746,959</u></b>	<b><u>10,679,634</u></b>
 <b>Revenue from contracts with customers</b>		
<b>Types of goods or services</b>		
Sale of properties	<b>8,563,830</b>	10,589,619
Project management service	<b>95,226</b>	30,489
Hotel operation	<b>27,859</b>	40,290
Exhibition operation	<b>8,234</b>	2,876
	<b><u>8,695,149</u></b>	<b><u>10,663,274</u></b>
 <b>Timing of revenue recognition</b>		
Recognised at a point in time:		
Revenue from sale of properties	<b>8,563,830</b>	10,589,619
Revenue from hotel operation	<b>16,944</b>	23,165
Recognised over time:		
Revenue from project management	<b>95,226</b>	30,489
Revenue from hotel operation	<b>10,915</b>	17,125
Revenue from exhibition operation	<b>8,234</b>	2,876
	<b><u>8,695,149</u></b>	<b><u>10,663,274</u></b>

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:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	<b><u>7,335,973</u></b>	<u>5,520,419</u>
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Other income		
Interest income	<b>42,867</b>	25,535
Others	<b><u>1,784</u></b>	<u>2,725</u>
	<b><u>44,651</u></b>	<u>28,260</u>
Gains		
Dividend income from FVOCI and FVTPL	<b>32,332</b>	15,154
Gain on disposal of subsidiaries	<b>13,335</b>	1,369
Forfeiture of deposits	<b>1,086</b>	1,463
Government grants	<b>976</b>	5,003
Gain on disposal of property, plant and equipment	<b>79</b>	–
Fair value gains from financial assets at FVTPL	<b><u>–</u></b>	<u>13,524</u>
	<b><u>47,808</u></b>	<u>36,513</u>
	<b><u>92,459</u></b>	<u>64,773</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	7,046,579	9,503,029
Project management costs	70,690	15,143
Operating costs for leased out properties	9,857	4,705
Exhibition costs	3,848	997
Hotel operation costs	22,213	23,441
Impairment loss recognised for completed properties for sales	87,623	3,932
Impairment loss recognised for property, plant and equipment	54,734	–
Depreciation of items of property, plant and equipment	107,374	23,201
Depreciation of right-of-use assets	16,593	15,532
Amortisation of other intangible assets	1,205	710
Loss on disposal of items of property plant and equipment	73	–
Expenses relating to short-term leases and leases of low-value assets	2,364	2,199
Auditors' remuneration	3,800	3,000
Changes in fair value of investment properties	3,212	(125,670)
Fair value losses/(gains), net:		
Financial assets at FVTPL	38,699	(13,524)
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	296,262	183,545
Pension scheme contributions and social welfare	41,200	39,816

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on interest-bearing bank and other borrowings, and senior notes	1,131,922	1,011,867
Interest expense arising from revenue contracts	384,852	313,401
Interests on lease liabilities	1,367	1,042
	<u>1,518,141</u>	<u>1,326,310</u>
Less: Interest capitalised	<u>(1,265,134)</u>	<u>(1,123,980)</u>
	<u><u>253,007</u></u>	<u><u>202,330</u></u>

## 8. INCOME TAX

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.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax ("CIT") rate of 25% for the year.

Land appreciation tax ("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 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.

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax:		
PRC CIT	<b>347,473</b>	268,329
PRC LAT	<b>23,269</b>	137,494
Deferred tax	<b>(175,991)</b>	(117,568)
Total tax charge for the year from continuing operations	<b><u>194,751</u></b>	<u>288,255</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each reporting period is as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before tax	<b>680,195</b>	674,399
At the statutory income tax rate	<b>170,049</b>	168,600
Profits and losses attributable to joint ventures and associates	<b>(698)</b>	(8,527)
Income not subject to tax	<b>(7,773)</b>	(3,789)
Expenses not deductible for tax	<b>7,473</b>	3,707
Withholding taxes on undistributed profits of the subsidiaries in the PRC	–	(26,085)
Deductible temporary differences not recognised	<b>15,576</b>	6,181
Tax losses and deductible temporary differences utilised from previous periods	<b>(79,160)</b>	(4,297)
Tax losses not recognised	<b>71,832</b>	49,344
Provision for LAT	<b>23,269</b>	137,494
Tax effect on LAT	<b>(5,817)</b>	(34,373)
Tax charge at the Group's effective rate	<b>194,751</b>	288,255

The share of tax charge attributable to joint ventures and associates amounted to RMB39,260,000 for the year (2020: RMB44,356,000). The share of tax credit attributable to joint ventures and associates amounted to RMB38,330,000 for the year (2020: RMB32,986,000). Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

Tax payable in the consolidated statement of financial position represents:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
PRC CIT payable	<b>499,476</b>	479,878
PRC LAT payable	<b>666,717</b>	866,815
Total tax payable	<b>1,166,193</b>	1,346,693

## 9. DIVIDENDS

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Proposed final — HK\$ Nil (2020: HK\$3.06 cents) per ordinary share	–	37,205

The Board has resolved not to declare any dividend for the year ended 31 December 2021.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,446,962,138 shares (2020: 1,446,962,138 shares) in issue during the year.

No adjustment has been made to the basic 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
Earnings		
Profit attributable to ordinary equity holders of the parent (RMB'000)	<u>141,551</u>	<u>182,627</u>
Shares		
Weighted average number of ordinary shares in issue during the year	<u>1,446,962,138</u>	<u>1,446,962,138</u>
Earnings per share Basic and diluted	<u>RMB0.10</u>	<u>RMB0.13</u>

## 11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	<u>9,113</u>	<u>1,294</u>
	<u>9,113</u>	<u>1,294</u>

## 12. OUTSTANDING BALANCES WITH RELATED PARTIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Due from related companies:		
Joint ventures and associates	3,735,302	962,868
Companies controlled by the controlling shareholder	<u>19,781</u>	<u>8,418</u>
	3,755,083	971,286
Due to related companies:		
Joint ventures and associates	2,863,722	2,147,355
Companies controlled by the controlling shareholder	<u>237,948</u>	<u>2,803,465</u>
	<u>3,101,670</u>	<u>4,950,820</u>

Balances with the above related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Due from non-controlling shareholders	2,420,325	1,726,824
Other tax recoverable	742,745	653,778
Due from third parties	337,407	826,460
Construction performance deposits	143,748	388,899
Other deposits	44,247	146,066
Due from employees	1,199	651
Prepayments for land auction	–	11,200
Other receivables	<u>9,900</u>	<u>13,761</u>
	<u>3,699,571</u>	<u>3,767,639</u>
Impairment allowance	<u>(2,767)</u>	<u>(4,932)</u>
	<u>3,696,804</u>	<u>3,762,707</u>



The movements in provision for impairment of prepayments, other receivables and other assets are as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Carrying amount at 1 January	<b>4,932</b>	–
Impairment losses recognised	<b>(2,165)</b>	4,932
	<hr/>	<hr/>
Carrying amount at 31 December	<b><u>2,767</u></b>	<u>4,932</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, due from third parties and other deposits was performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB2,767,000 as at 31 December 2021 (2020: RMB4,932,000).

#### 14. TRADE AND BILLS PAYABLES

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>3,650,317</b>	2,868,654
Over 1 year	<b>230,556</b>	1,133,153
	<hr/>	<hr/>
	<b><u>3,880,873</u></b>	<u>4,001,807</u>

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

As at 31 December 2021, approximately RMB69,999,000 commercial acceptance bills issued by the Company's indirectly non-wholly owned subsidiary, Nanjing Airport Exhibition Investment Management Co., Ltd., were overdue and unpaid.

## 15. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Retention deposits related to construction	<b>117,880</b>	109,279
Interests payable	<b>48,796</b>	99,378
Payroll and welfare payable	<b>4,984</b>	59,447
Other tax and surcharges	<b>63,215</b>	26,527
Advances from non-controlling shareholders	<b>785,926</b>	1,594,727
Advances from third parties	<b>285,660</b>	1,218,056
Accrued liabilities	<b>14,631</b>	25,460
Others	<b>25,706</b>	33,180
	<b><u>1,346,798</u></b>	<b><u>3,166,054</u></b>

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

On behalf of the Board, I am pleased to present you with the annual results of our Group for the year ended 31 December 2021, as well as the review and outlook for the business development of our Group over the year.

### **BUSINESS REVIEW**

The performance of the real estate industry varied greatly in 2021. Liquidity easing and the release of pent-up demand after the COVID-19 pandemic in the first half of the year boosted a new round of sales in the real estate industry, with the sales area and sales volume of commercial properties nationwide hitting record highs for successive months, and prices of new homes in 70 large and medium-sized cities in China recording month-on-month increases. The record high sales and the ample liquidity in the financial market led to fierce competition in the land market. The heated market environment has led to the tightening of regulatory policies in the real estate industry, such as the official implementation of the “three red lines” and the “centralised land supply” policies, which brought significant changes to the real estate industry. As a result, the pressure from the repayment of short-term debt on enterprises has increased, and that further investments and expansions are restrained.

Market activity declined sharply in the second half of 2021, mainly due to factors such as regulation policies in core cities, tightening of mortgage lines and liquidity crisis of real estate enterprises, which aggravated buyers’ wait-and-see attitude. Since the third quarter, the implementation of real estate regulations in various regions have continued, with second-tier cities such as Hangzhou, Xiamen, Haikou, Xi’an and Chengdu introducing different tightening policies. In addition, many real estate enterprises had to adopt price reduction strategies to guarantee the collection of receivables due to liquidity crisis. As a result, there was a dramatic downturn in the land market and the new housing market. From August 2021, property sales in the PRC dropped and remained at a low level. With increased credit risk for some real estate enterprises, frequent unsuccessful land bids in local land auctions, and weakening in receivables collection due to decline in sales, real estate enterprises generally face a more challenging business environment. However, there were some signs of easing in financing after the tight capital chain was eased by reasonable credit support from financial institutions in September 2021. The Central Bank mentioned for the first time at its regular meeting in the third quarter that: “safeguarding the healthy development of the real estate market and protecting the legitimate rights and interests of housing consumers”. The People’s Bank of China and the China Banking and Insurance Regulatory Commission jointly held a seminar on real estate finance to guide major banks to accurately understand and implement the prudent management system of real estate finance, so as to maintain the stable and orderly loan granting for real estate and the stable and healthy development of the real estate market, thereby enabling the gradual recovery of financing related to the real estate industry.

The overall cash flow risk and credit crisis in the real estate industry in 2021 was due to the reliance of debt by the industry in the previous years under the “high debt and high leverage” driven model. In the hope that the real estate industry will support economic development, the central government adhered to the guiding principle of “no speculation of residential properties” as well as stabilising land prices, housing prices and market expectations, rather than regarding real estate as a means to stimulate the economy for the short term, so as to ensure the stable and healthy development of the real-estate market. Therefore, after this round of adjustment, how to ensure long-term stable development notwithstanding the implementation of deleverage exercises, reduced debt financing and stabilised sales has become a question faced by every real estate developer.

Looking back at the Group’s business strategy for 2021, it has started to focus on the balance between scale and efficiency at the beginning of the year, emphasising the development concept of “achieving quality and stable scale growth”. Our Group consistently adhered to the development strategy of “based in Nanjing, cultivate the Yangtze River Delta Megalopolis”, pursued the product philosophy which places equal emphasis on both quality and service, and maintained robust development for our business in general. For the year ended 31 December 2021, our Group recorded revenue of approximately RMB 8,747.0 million, representing a decrease of approximately 18.1% as compared to approximately RMB10,679.6 million for the same period last year, mainly due to the recognition of sales of projects which have lower ASP; gross profit was approximately RMB1.51 billion, representing an increase of 30% as compared to RMB1.16 billion in the last year; and our Group’s profit for the year amounted to approximately RMB485.4 million, representing an increase of approximately 25.7% as compared to approximately RMB386.1 million in 2020. Meanwhile, gross profit margin for the year 2021 was approximately 17.2%, indicating an increase of approximately 6.4 percentage points as compared to that in 2020 and net profit margin was approximately 5.5%, indicating an increase of approximately 1.9 percentage point as compared to that in 2020. In an extremely challenging market and industry environment, the Group still strived to maintain a stable profit.

### **Precise deployment in key cities with sales and payment collection recording a record high**

Under the influence of the COVID-19 pandemic and the downturn in the industry, commencement of construction, investments and sales of the real estate industry were susceptible to certain constraints. Nevertheless, our Group responded proactively and in a timely manner by adjusting our project launch schedule and promoting our business through multiple measures, including increasing its efforts on online marketing channels and external channels via the use of channels such as “Yin Yuan Bao”. Through such approaches, our Group could develop our online customer base and undergo digital transformation on the other hand. Leveraging on its steady project launch strategy

throughout the year, as well as its good brand image and high market recognition accumulated over the years, the Group achieved a record high in total contracted sales for the year. For the year ended 31 December 2021, our Group recorded a record high in total contracted sales, amounting to approximately RMB25,293.8 million, representing a year-on-year increase of approximately 9.0%. Total contracted sales gross floor area (“GFA”) amounted to approximately 1,136,045 sq. m. with a contracted average selling price (“ASP”) of approximately RMB22,265 per sq.m., representing a year-on-year increase of approximately 10.6%. The compounded growth rate from 2018 to 2021 was 38.4%.

The projects that mainly contributed to the contracted sales were located in core cities such as Nanjing and Hangzhou. In particular, a number of projects in core cities that were newly launched during the year achieved excellent sales performance. For example, all 914 residential units in the Nanjing Yunwangfu project were immediately sold out after its launch in three phases, with 462 units at the first launch in April, 260 units at the second launch in June and 192 units at the third launch in September, all of which were sold out on the launch day. The Hangzhou Qingshanhupan project launched 310 additional units in May, with excellent sales performance, ranking first in the transaction volume of the Lin’an market of the year. The Guan Hu Zhi Chen project and Yue Hu Zhi Chen project have achieved excellent sales performance of “seven launches and seven sold out” from May to September 2021 upon their first launch in November 2020, with contracted sales of RMB 4,112 million and sales proceeds of RMB3.8 billion after 1,439 units were sold out in a sales cycle of less than one year. By the end of 2021, the residential units of Nanjing Jin Ling Jiu Yuan project, which was first launched at late December 2020, were sold out during the three launches, making it the No. 1 residential transaction in Nanjing’s midtown area in 2021 and the No. 1 in Nanjing in terms of area, number of units and total sales amount of residential units sold with a total price of over RMB20 million, leading the residential sales market in Nanjing.

At the same time, the Group achieved the fifth consecutive year of growth in receivables collection last year, while the consolidated recovery rate hit a record high for the Group, which was also an above par achievement in the industry.

### **Precise and efficient investment and prudent expansion of quality land reserves**

In 2021, our Group was committed to our existing strategies of serving the markets in the Yangtze River Delta Megalopolis. During the year, we further developed the five regional markets of Nanjing, Southern Jiangsu, Zhejiang, Huaihai and Anhui. Our Group had acquired a total of 14 land parcels within the year by continuing to adopt a diversified land acquisition channels, which contributed to an increase of approximately 2.97 million sq.m. in total GFA. As at 31 December 2021, the GFA of our Group’s total land bank amounted to approximately 7.25 million sq.m., of which, approximately 4.71 million sq.m. was attributable to our Group. In particular, the Group adjusted its investment strategy in a timely manner to return to the very essence of its operation. Adhering to the principle of

long-term investment, the Group has implemented strict control before, during and after investment, and maintained control with the operational indicators of new projects from multiple perspectives, with a positive cash flow-back cycle of 18 months for new project targets and a positive fund back cycle of 9 months. This not only brought a guarantee for future development in terms of scale, but also provided strong support for the Group's future profits and sustainable operation in the long run.

### **Industry-leading development and operation efficiency due to significant improvement in production and sales**

The Group continued the strategy of stable and efficient development to ensure the sustainable operation of the enterprise. Acquisition of four certificates required for land parcels takes approximately 3.8 months and our initial sales period was approximately 6.9 months. Particularly for the first time in 2021, “50% of the target sales were achieved after half of the sales period” during the first half of the year, thus more supply and sales were concentrated in the first half of the year. Based on the contracted amount, the Group's focus on key projects have yielded significant results, including projects such as Qingshanhupan in Lin'an and Qingyunfu in Xuzhou, which exceeded the progress of contracting and payment collection in 2021. In addition, a number of projects were delivered successively during the year, with an overall on-time delivery rate of 100%, and therefore no delivery was delayed.

In addition to maintaining its industry-leading development and operation speed, the Group also maintained high standards in product engineering quality and customer satisfaction indicators. The Group's overall loyalty rating for 2021 was 72, a slight increase from 71 in 2020, and the Group is ranked in the top 20% of the industry.

By the end of 2021, the Group's total resources at the end of the year amounted to approximately RMB70 billion, of which the aggregate inventory resources reached approximately RMB25 billion, including those pending the collection of issued licences and those which are eligible for obtaining licences. The resources in transit will be released gradually this year, approximately 90% of which would be distributed in the first-cities and second-tier cities so that the comparatively high overall safety margin provides reliable sources for future contracted sales.

The Group achieved an overall annual customer satisfaction of 88%, an annual delivery satisfaction rate of 87% and an overall housing inspection service satisfaction rate of 95%, all of which were at the industry benchmark level.

## **FUTURE OUTLOOK**

Looking into the future, the decline in profitability of real estate enterprises is an industrial trend underway and is a result from factors such as the tightened macro-control and the lagging effects brought by various policies. Property market crackdown is never a fundamental objective of macroeconomic control, however, it serves as a long-term mechanism for stabilising land prices, housing prices, and market expectations, as the property market remains to be of great significance to the Chinese economy. In the real estate industry, the development model where real estate companies previously achieved rapid expansion through high debt, high leverage, and high turnover is no longer sustainable. In this context, the real estate industry is transitioning from incremental development to stock operation.

In active response to challenges, the Group will continue to maintain a safe threshold for future development, and control business risks. By utilising the advantages of our own brands, products and services, the Group will actively secure room for survival and development in the regional market, and move forward to lean operation and high-quality development. As an important growth area for China's economic development, the Yangtze River Delta region where we are located remains as one of the most dynamic and robust markets in China, with a population continuing to concentrate in the cities. The scale of the real estate industry will continue to exist, and the demand which has not disappeared will be gradually released as the inhibitory factors disappear.

Accumulating more than 20 years of experiences in the real estate market, the Group has built good development capabilities and brand advantages, and continued to optimise and improve its products and services to maintain customer satisfaction at the industry benchmark level. In the future, we will continue to focus on the market in the Yangtze River Delta region by utilising the established compound advantages such as real estate, property, and healthcare. On the basis that the Group has sufficient capital, our Group will rationally expand the business scale, improve the quality of operations, and achieve steady and stable growth in profitability, as well as stable and robust business development. At the same time, the Group and all employees will work together to implement our culture of “honesty, responsibility, cooperation and innovation” to improve management efficiency. Bearing both responsibilities and missions in our mind, we will forge ahead with our original aspiration.

**Yincheng International Holding Co., Ltd.**

**HUANG Qingping**

*Chairman*

Nanjing, China

30 March 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company is an investment holding company. During the year ended 31 December 2021, the subsidiaries of the Company now comprising the Group were involved in property development, hotel operation, property investment and exhibition operation.

### **PROPERTY DEVELOPMENT**

The Group is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Group commenced its property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis.

For the year ended 31 December 2021, the Group continued to focus on developing quality residential properties in the Yangtze River Delta Megalopolis while expanding its footprint to other cities in the Yangtze River Delta Megalopolis, including Huai'an. The Group believes that the unique geographical advantages of the Yangtze River Delta Megalopolis will remain substantial in the future. Due to the prosperous economic development and growing population in the Yangtze River Delta Megalopolis, the residential properties development market has significant growth potential. The Group will continue to focus on the Nanjing market in the future and strategically expand its reach in other cities in the Yangtze River Delta Megalopolis, further accelerating asset turnover and improving operational efficiency while maintaining property quality, and strive to become the leading quality property developer catered to customers of all ages in the Yangtze River Delta Megalopolis.

### **Contracted Sales**

For the year ended 31 December 2021, contracted sales amount of the Group together with its joint ventures and associates amounted to approximately RMB25,293.8 million, representing an increase of approximately 9.0% from approximately RMB23,208.3 million for the year ended 31 December 2020, which was mainly attributable to the increase in the ASP recorded in the contracted sales of the Group together with its joint ventures and associates.

For the year ended 31 December 2021, ASP recorded in the contracted sales of the Group together with its joint ventures and associates was approximately RMB22,265 per sq.m., representing an increase of approximately 10.6% from approximately RMB20,125.0 per sq.m. for the year ended 31 December 2020. Such increase was mainly attributable to the higher ASP recognised for projects in Nanjing and Hangzhou.



Contracted sales from Nanjing, Wuxi, Hefei, Suzhou, Hangzhou, Zhenjiang, Ma'anshan, Xuzhou, Taizhou, Wenzhou and Huai'an contributed to approximately 31.2%, 7.1%, 2.9%, 3.4%, 33.9%, 2.8%, 0.0%, 4.5%, 7.5%, 6.7% and 0.0% respectively of the total contracted sales of the Group together with its joint ventures and associates in 2021.

The following table sets out the geographic breakdown of the contracted sales of the Group together with its joint venture and associates in 2021 with comparative figures in 2020.

City	For the year ended 31 December 2021			% of contracted sales in 2021	For the year ended 31 December 2020			% of contracted sales in 2020
	Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.		Contracted GFA sold sq.m.	Contracted sales RMB'000	Contracted ASP RMB/sq.m.	
Nanjing	340,946	7,913,580	23,211	31.2%	392,735	9,107,960	23,191	39.2%
Wuxi	79,214	1,789,290	22,588	7.1%	83,889	1,205,710	14,373	5.2%
Hefei	36,457	722,100	19,807	2.9%	57,704	1,123,450	19,469	4.8%
Suzhou	59,636	853,060	14,304	3.4%	47,167	1,169,630	24,798	5.0%
Hangzhou	321,850	8,589,490	26,688	33.9%	196,838	4,678,240	23,767	20.2%
Zhenjiang	47,404	697,060	14,705	2.8%	59,890	873,340	14,582	3.8%
Ma'anshan	-	-	-	0.0%	32,935	201,360	6,114	0.9%
Xuzhou	85,673	1,133,900	13,235	4.5%	132,287	1,574,580	11,903	6.8%
Taizhou	93,912	1,885,570	20,078	7.5%	44,729	830,680	18,571	3.6%
Wenzhou	70,024	1,698,640	24,258	6.7%	105,063	2,443,378	23,256	10.5%
Huai'an	929	11,130	11,981	0.0%	-	-	-	0.0%
<b>Total</b>	<b>1,136,045</b>	<b>25,293,820</b>	<b>22,265</b>	<b>100.0%</b>	<b>1,153,237</b>	<b>23,208,328</b>	<b>20,125</b>	<b>100.0%</b>

### GFA Delivered and Revenue Recognised from Sale of Properties

For the year ended 31 December 2021, total GFA delivered amounted to approximately 753,190 sq.m., representing an increase of approximately 28.4% from approximately 586,525 sq.m. for the year ended 31 December 2020.

Revenue recognised from sale of properties decreased by approximately 19.1% from approximately RMB10,589.6 million for the year ended 31 December 2020 to approximately RMB8,563.8 million for the year ended 31 December 2021, accounting for approximately 97.9% of the Group's total revenue. Such decrease was primarily due to the low recognised ASP of the First phase of Airport Exhibition Town (空港會展小鎮一期), Changjiangfu Mansion(長江賦), Hui Mountain International Community (惠山國際社區) and Yuefu Mansion (樾府) which generated revenue of approximately RMB2,857.6 million, RMB1,116.7 million, RMB1,035.7 million and RMB887.8 million, respectively, during 2021.

ASP recognised for the year ended 31 December 2021 was approximately RMB11,370 per sq.m., representing a decrease of approximately 37.0% from approximately RMB18,055 per sq.m. in 2020. Such decrease was primarily due to the low recognised ASP of the First phase of Airport Exhibition Town (空港會展小鎮一期), Changjiangfu Mansion (長江賦) and Hui Mountain International Community (惠山國際社區).

During the year ended 31 December 2021, the properties delivered by the Group mainly included the First phase of Airport Exhibition Town (空港會展小鎮一期), Changjiangfu Mansion (長江賦) and Hui Mountain International Community (惠山國際社區). The following table sets forth the details of the revenue recognised from the sale of properties of the Group by geographical location in 2021 with comparative figures in 2020.

	For the year ended 31 December					
	2021			2020		
	Revenue	GFA delivered	Recognised ASP	Revenue	GFA delivered	Recognised ASP
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
<b>Nanjing</b>						
Peaceful Paradise (君頤東方)	22,243	667	33,348	25,064	859	29,178
Blue Stream Town (藍溪郡)	-	-	-	26,018	1,069	24,339
Dongyue Mansion (東岳府)	6,061	1,976	3,067	509,792	13,232	38,527
Ideal Palace (一方山)	26,938	1,695	15,893	7,314	610	11,990
Honor Mansion (雲台天境)	91,686	3,717	24,667	2,373,919	94,810	25,039
Kinma Q+ Community (Kinma Q+社區)	12,435	586	21,220	33,721	1,911	17,645
Long Island Qin Park (長島觀瀾沁園)	26,513	1,245	21,296	-	-	-
Xidi International Community (西堤國際)	1,694	242	7,000	1,132	101	11,208
Bejoy Villa (鉞悅源墅)	470,153	18,612	25,261	1,731,287	57,858	29,923
First phase of Airport Exhibition Town (空港會展小鎮一期)	2,857,601	264,616	10,799	697,317	61,713	11,299
Jiang Shan Yu Mansion (江山御)	-	-	-	415,137	22,685	18,300
	<b>3,515,324</b>	<b>293,356</b>	<b>11,983</b>	<b>5,820,701</b>	<b>254,848</b>	<b>22,840</b>

	For the year ended 31 December					
	2021			2020		
	Revenue RMB'000	GFA delivered sq.m.	Recognised ASP RMB/sq.m.	Revenue RMB'000	GFA delivered sq.m.	Recognised ASP RMB/sq.m.
<b>Wuxi</b>						
Tianyuan Mansion (天元世家)	-	-	-	97	36	5,139
Canal Park (京梁合)	10,838	979	11,070	985	192	5,130
Hui Mountain International Community (惠山國際社區)	1,035,657	98,708	10,492	952,341	86,851	10,965
Sheltered Mansion (東樾府)	70,272	13,687	5,134	681,443	61,823	11,022
Qiuduhui Mansion (沈都匯)	203,414	16,099	12,635	-	-	-
Changjiangfu Mansion (長江賦)	1,116,710	115,501	9,668	-	-	-
	<u>2,436,891</u>	<u>244,974</u>	<u>9,948</u>	<u>1,634,866</u>	<u>148,902</u>	<u>10,979</u>
<b>Suzhou</b>						
Yuan Stream Mansion (原溪)	290,111	11,546	25,127	377,970	12,620	29,950
Shui Pan Hua Ting (水畔華庭)	528,022	52,702	10,019	-	-	-
	<u>818,133</u>	<u>64,248</u>	<u>12,734</u>	<u>377,970</u>	<u>12,620</u>	<u>29,950</u>
<b>Hangzhou</b>						
Yungutianjing Mansion (雲谷天境)	23,402	878	26,654	1,188,418	48,296	24,607
Qingshanhupan (青山湖畔)	206,704	14,384	14,370	621,425	37,303	16,659
	<u>230,106</u>	<u>15,262</u>	<u>15,077</u>	<u>1,809,843</u>	<u>85,599</u>	<u>21,143</u>
<b>Zhenjiang</b>						
Yuefu Mansion (樾府)	887,829	62,242	14,264	342,459	21,889	15,645
Tang Dynasty Mansion (盛唐府)	165,717	12,911	12,835	194,022	15,195	12,769
	<u>1,053,546</u>	<u>75,153</u>	<u>14,019</u>	<u>536,481</u>	<u>37,084</u>	<u>14,467</u>
<b>Xuzhou</b>						
Yinshan Road Parcel (銀山路)	509,830	60,197	8,469	409,758	47,472	8,632
	<u>509,830</u>	<u>60,197</u>	<u>8,469</u>	<u>409,758</u>	<u>47,472</u>	<u>8,632</u>
<b>Total</b>	<u>8,563,830</u>	<u>753,190</u>	<u>11,370</u>	<u>10,589,619</u>	<u>586,525</u>	<u>18,055</u>

## **Properties under Development**

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalised borrowing costs 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 properties under development of approximately RMB19,575.1 million, representing a decrease of approximately 3.7% from approximately RMB20,327.5 million as at 31 December 2020. The decrease was primarily due to the completion of the development of First phase of Airport Exhibition Town (空港會展小鎮一期), Hui Mountain International Community (惠山國際社區) and Changjiangfu Mansion(長江賦), which projects have been reclassified as completed properties held for sale thereafter.

## **Completed Properties Held for Sale**

Properties held for sale represent the completed development properties ready for sale and were unsold at the end of each reporting period.

As at 31 December 2021, the Group had completed properties held for sale of approximately RMB2,633.4 million, representing a decrease of approximately 7.6% from approximately RMB2,851.2 million as at 31 December 2020. The decrease was primarily due to the sales of completed properties of First phase of Airport Exhibition Town (空港會展小鎮一期), Changjiangfu Mansion(長江賦) and Hui Mountain International Community (惠山國際社區).

## **Project Management for Property Developments**

The Group provides various project management services to property projects developed by associates and joint ventures of the Group, including but not limited to engineering, procurement, design, cost control and customer services.

For the year ended 31 December 2021, revenue generated from the Group's project management services was approximately RMB95.2 million, representing an increase of approximately 212.1% from approximately RMB30.5 million for the year ended 31 December 2020. The increase was primarily due to the a rise in the number of property projects developed by joint ventures and associates of the Group.

## **HOTEL OPERATION**

The Group operates and manages the Hangzhou Zhongdu Qingshan Wonderland Hotel, which is the first ecotypic and commercial resort hotel constructed pursuant to the standard of five-star hotel in the Lin'an District.

For the year ended 31 December 2021, income generated from the operation of the hotel was approximately RMB27.9 million, representing a decrease of approximately 30.8% from approximately RMB40.3 million for the year ended 31 December 2020. The decrease was attributable to the negative impact of the COVID-19 pandemic in 2021.

## **PROPERTY INVESTMENT**

### **Rental Income**

The Group's rental income for the year ended 31 December 2021 was approximately RMB51.8 million, representing an increase of approximately 215.9% compared to the rental income of approximately RMB16.4 million for the year ended 31 December 2020. The sharp increase was mainly due to the growth in revenue generated from the leasing of investment properties of Peaceful Paradise (君頤東方) and Keya Mansion (科亞大廈).

### **Investment Properties**

As at 31 December 2021, the Group had seven investment properties with a total GFA of approximately 335,247 sq.m.. The Group had commenced the leasing of three investment properties with a total GFA of approximately 167,639 sq.m..

## **EXHIBITION OPERATION**

The Group provides exhibition management services, including but not limited to the leasing of venue, and the provision of administration and marketing services for exhibitions of various nature.

For the year ended 31 December 2021, income generated from such exhibition operation was approximately RMB8.2 million, representing an increase of 182.8% from approximately RMB2.9 million for the year ended 31 December 2020. The increase was attributable to the full launch of the Group's exhibition operation over the year ended 31 December 2021, whereas such exhibition operation only commenced in the fourth quarter in the year ended 31 December 2020.

## LAND BANK

In 2021, the Group continued its expansion in the Yangtze River Delta Megalopolis and acquired 14 land parcels. The total contracted land price of such newly acquired land parcels was approximately RMB17,998 million. The average cost of the land parcels acquired in 2021 was approximately RMB6,060 per sq.m.. The table below sets forth the particulars of the newly acquired land parcels by the Group for the year ended 31 December 2021.

No.	City	Land parcel/ Project name	Land use	Site area <i>sq.m.</i>	Estimated total GFA <i>sq.m.</i>	Land premium <i>RMB million</i>	Average land cost (Based on the estimated GFA) <i>RMB/sq.m.</i>
<b>I. Property projects developed by subsidiaries of the Group</b>							
1	Nanjing	Lan Hu Jun (藍湖郡)	Residential	21,636	46,261	335	7,242
2	Nanjing	Lin Quan Gao Zhi (林泉高致)	Residential	42,677	82,216	530	6,446
3	Wuxi	Guan Tang Shou Fu (觀棠首府)	Residential	19,080	62,142	270	4,345
4	Hangzhou	Yi He 47 Mu (頤和47畝)	Residential	31,276	60,326	633	10,493
<b>Sub-total</b>				<u>114,669</u>	<u>250,945</u>	<u>1,768</u>	<u>7,045</u>
<b>II. Property projects developed by associates and joint ventures of the Group</b>							
1	Nanjing	Jin Ling Xing Tu (金陵星圖)	Residential/commercial/ hotel/office/ recreational and sports	221,841	857,590	4,200	4,897
2	Nanjing	Jiang Chen Fu (江宸府)	Residential	10,742	40,672	1,080	26,554
3	Wuxi	Yun Jin Dong Fang (雲錦東方)	Residential	53,937	160,097	1,029	6,427
4	Wuxi	Jing Cui (璟萃)	Residential	27,343	70,903	989	13,949
5	Suzhou	Dong Wang (東望)	Residential/elderly apartments/hospital	138,650	408,625	3,891	9,522
6	Hangzhou	Peng Bu (彭埠)	Commercial	24,072	113,587	768	6,761
7	Xuzhou	Shang He Ming Yue (上和明月)	Residential	57,258	151,897	1,061	6,985
8	Taizhou	Jinlinfu (金麟府)	Residential	75,476	217,050	1,420	6,542
9	Wenzhou	Huan Le Tian Di (歡樂天地)	Residential/ commercial	145,658	567,748	1,161	2,045
10	Huai'an	Yunyuettianzhu (雲樾天著)	Residential	45,369	131,076	631	4,814
<b>Sub-total</b>				<u>800,346</u>	<u>2,719,245</u>	<u>16,230</u>	<u>5,969</u>
<b>Total</b>				<u><b>915,015</b></u>	<u><b>2,970,190</b></u>	<u><b>17,998</b></u>	<u><b>6,060</b></u>

## PROPERTIES DEVELOPED BY THE GROUP AND ITS JOINT VENTURES AND ASSOCIATES

As at 31 December 2021, the Group had 59 projects located in 10 cities in the PRC, of which 34 projects are developed and owned by the Group and the remaining 25 projects are developed and owned by the Group's joint ventures and associates. As at 31 December 2021, the Group had a land bank with an aggregate estimated GFA of approximately 7,249,551 sq.m., out of which the land bank with interests attributable to the Group amounted to approximately 4,710,737 sq.m.. The following table sets forth the GFA breakdown of the Group's property portfolio as at 31 December 2021 in terms of geographical location:

City	Number of projects	Completed	GFA under development (sq.m.)	Planned GFA of future development (sq.m.)	Total GFA <sup>(2)</sup> (sq.m.)	% of land reserve
		GFA available for sale/leasable GFA <sup>(1)</sup> (sq.m.)				
<b>Property projects developed by subsidiaries of the Group</b>						
Nanjing	13	102,516	565,244	104,742	772,502	10.7%
Wuxi	9	44,496	322,516	107,760	474,772	6.5%
Hefei	1	–	101,796	–	101,796	1.4%
Suzhou	3	9,895	181,282	–	191,177	2.6%
Hangzhou	3	52,919	933,826	127,741	1,114,486	15.4%
Zhenjiang	2	457	267,797	–	268,254	3.7%
Xuzhou	2	2,012	166,398	–	168,410	2.3%
Wenzhou	1	–	51,955	–	51,955	0.7%
<b>Sub-total</b>	<b>34</b>	<b>212,295</b>	<b>2,590,814</b>	<b>340,243</b>	<b>3,143,352</b>	<b>43.3%</b>

City	Number of projects	Completed GFA available for sale/leasable GFA <sup>(1)</sup> (sq.m.)	GFA under development (sq.m.)	Planned GFA of future development (sq.m.)	Total GFA <sup>(2)</sup> (sq.m.)	% of land reserve
<b>Property projects developed by associates and joint ventures of the Group</b>						
Nanjing	8	22,631	933,781	725,600	1,682,012	23.2%
Wuxi	2	–	231,000	–	231,000	3.2%
Hefei	1	740	–	–	740	0.0%
Suzhou	3	644	262,249	249,222	512,115	7.1%
Hangzhou	4	2,516	325,320	–	327,836	4.5%
Xuzhou	2	–	265,201	–	265,201	3.7%
Taizhou	2	–	323,691	–	323,691	4.5%
Wenzhou	2	–	632,528	–	632,528	8.7%
Huai'an	1	–	131,076	–	131,076	1.8%
<b>Sub-total</b>	<b>25</b>	<b>26,531</b>	<b>3,104,846</b>	<b>974,822</b>	<b>4,106,199</b>	<b>56.7%</b>
<b>Sub-total attributable to the Group</b>	<b>N/A</b>	<b>8,432</b>	<b>1,181,485</b>	<b>377,468</b>	<b>1,567,385</b>	<b>N/A</b>
<b>Total land bank</b>	<b>59</b>	<b>238,826</b>	<b>5,695,660</b>	<b>1,315,065</b>	<b>7,249,551</b>	<b>100.0%</b>
<b>Total land bank attributable to the Group</b>	<b>N/A</b>	<b>220,727</b>	<b>3,772,299</b>	<b>717,711</b>	<b>4,710,737</b>	<b>N/A</b>

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land reserves equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by the Group's joint ventures and associates, total GFA attributable to the Group are calculated based on the Group's equity interest in the respective projects.



The following table sets forth details of the Group's land bank by projects and geographical regions as of 31 December 2021:

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
<b>A. Projects developed by the Company's subsidiaries</b>						
1	Zhongshan Jingdian Park (鐘山晶典)	Nanjing	Residential/retail	70,436	October 2011	512
2	Long Island Qin Park (長島觀瀾沁園)	Nanjing	Residential/retail	38,271	June 2015	214
3	Blue Stream Town (藍溪郡)	Nanjing	Residential/retail	117,936	December 2017	2,798
4	Peaceful Paradise (君頤東方)	Nanjing	Residential/retail/ hospital/elderly apartments	120,210	October 2020	6
5	Dongyue Mansion (東岳府)	Nanjing	Residential/retail	16,191	September 2019	5
6	Bejoy Villa (鉞悅源墅)	Nanjing	Residential/retail	73,216	December 2020	790
7	Ninghai Road G63 (寧海路G63)	Nanjing	Residential/office	8,144	May 2024	48,524
8	Huijian Weilai (薈見未來)	Nanjing	Residential/retail/ recreational and sports	272,475	December 2021	166,643
9	Shantui (山推)	Nanjing	Scientific research/office	30,500	December 2023	104,742
10	Jin Ling Jiu Yuan (金陵玖園)	Nanjing	Residential/retail	38,258	May 2023	165,715
11	Nan Bu Xin Cheng G63 (南部新城G63)	Nanjing	Medical	26,748	June 2024	154,076
12	Lan Hu Jun (藍湖郡)	Nanjing	Residential	21,636	August 2023	46,261
13	Lin Quan Gao Zhi (林泉高致)	Nanjing	Residential	42,677	July 2024	82,216
<b>Sub-total for Nanjing</b>				<b>876,698</b>		<b>772,502</b>
14	Tianyuan Mansion (天元世家)	Wuxi	Residential/retail	73,696	December 2024	26,963
15	Canal Park (京梁合)	Wuxi	Residential	64,844	December 2024	80,797
16	Sheltered Mansion (東樾府)	Wuxi	Residential/retail/ commercial apartments	52,132	January 2020	1,731
17	Hui Mountain International Community (惠山國際社區)	Wuxi	Residential/retail	114,419	June 2021	34,520
18	Changjiang Fu (長江賦)	Wuxi	Residential/retail	52,399	October 2021	8,245
19	Chun Xiao Guan Tang (春曉觀棠)	Wuxi	Residential	22,125	December 2022	59,822
20	Mei Gui Gong Guan (玫瑰公館)	Wuxi	Residential	30,028	December 2022	89,609
21	Fei Li He Fang (翡麗和風)	Wuxi	Residential	28,845	October 2023	110,943
22	Guan Tang Shou Fu (觀棠首府)	Wuxi	Residential	19,080	November 2023	62,142
<b>Sub-total for Wuxi</b>				<b>457,568</b>		<b>474,772</b>

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
23	Zhi Lu (知廬)	Hefei	Residential/retail	40,391	November 2022	101,796
<b>Sub-total for Hefei</b>				<b>40,391</b>		<b>101,796</b>
24	Yuan Stream Mansion (原溪)	Suzhou	Residential	19,533	November 2019	2,069
25	Yun Xi Ting (雲溪庭)	Suzhou	Residential	65,539	December 2024	181,282
26	Shui Pan Hua Ting (水畔華庭)	Suzhou	Residential	29,962	March 2021	7,826
<b>Sub-total for Suzhou</b>				<b>115,034</b>		<b>191,177</b>
27	Yungu Tianjing Mansion (雲谷天境)	Hangzhou	Residential/retail	20,713	December 2020	132
28	Qingshanhupan (青山湖畔)	Hangzhou	Residential/retail	364,380	December 2023	659,681
29	Yi He Shan Zhuang (頤和山莊)	Hangzhou	Residential/retail	399,016	October 2024	454,673
<b>Sub-total for Hangzhou</b>				<b>784,109</b>		<b>1,114,486</b>
30	Tang Dynasty Mansion (盛唐府)	Zhenjiang	Residential/retail	123,458	July 2023	123,256
31	Yuefu Mansion (樾府)	Zhenjiang	Residential/retail	55,810	November 2023	144,998
<b>Sub-total for Zhenjiang</b>				<b>179,268</b>		<b>268,254</b>
32	Zhixiang Cheng (致享城)	Xuzhou	Residential/retail	54,190	September 2021	2,012
33	Qingyunfu (青雲府)	Xuzhou	Residential/retail	58,563	December 2022	166,398
<b>Sub-total for Xuzhou</b>				<b>112,753</b>		<b>168,410</b>
34	Jiulongtianzhu (玖龍天著)	Wenzhou	Residential/retail	21,186	October 2022	51,955
<b>Sub-total for Wenzhou</b>				<b>21,186</b>		<b>51,955</b>
<b>Sub-total of land bank developed by subsidiaries of the Group</b>				<b>2,587,007</b>		<b>3,143,352</b>
<b>B. Projects developed by the Group's joint ventures and associates</b>						
1	Yuelufu (月鷺府)	Nanjing	Residential	62,798	December 2022	210,915
2	Huilingweilai (薈領未來)	Nanjing	Residential	58,745	October 2021	4,589
3	Shangtang Yihefu (上棠頤和府)	Nanjing	Residential	101,697	June 2022	145,159
4	Yun Wang Fu (雲望府)	Nanjing	Residential	35,058	September 2023	134,487
5	Jun Qi (君啟)	Nanjing	Residential	35,247	December 2023	93,824
6	Jun Hui (君薈)	Nanjing	Residential	57,302	May 2024	194,775
7	Jin Ling Xing Tu (金陵星圖)	Nanjing	Residential	221,841	June 2026	857,591
8	Jiang Chen Fu (江宸府)	Nanjing	Residential	10,742	April 2024	40,672
<b>Sub-total for Nanjing</b>				<b>583,430</b>		<b>1,682,012</b>

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
Attributable to the Group				203,910		607,447
9	Yun Jin Dong Fang (雲錦東方)	Wuxi	Residential	53,937	October 2024	160,097
10	Jing Cui (璟萃)	Wuxi	Residential	27,343	December 2023	70,903
<b>Sub-total for Wuxi</b>				<b>81,280</b>		<b>231,000</b>
Attributable to the Group				24,185		66,762
11	Yuexi Mansion (樾溪臺)	Hefei	Residential/retail	54,783	June 2021	740
<b>Sub-total for Hefei</b>				<b>54,783</b>		<b>740</b>
Attributable to the Group				27,391		370
12	Gu Su Yue 66 (姑蘇樾66)	Suzhou	Residential	10,219	October 2020	644
13	Lin Xi Yuan Zhu (林溪源築)	Suzhou	Residential/retail	34,120	September 2022	102,846
14	Dong Wang (東望)	Suzhou	Residential/elderly apartments/hospital	138,650	August 2024	408,625
<b>Sub-total for Suzhou</b>				<b>182,989</b>		<b>512,115</b>
Attributable to the Group				64,220		184,286
15	Lanshili (瀾仕里)	Hangzhou	Residential	48,848	December 2021	2,516
16	Guan Hu Zhi Chen (觀湖之宸)	Hangzhou	Residential	43,112	January 2023	126,649
17	Yue Hu Zhi Chen (閱湖之宸)	Hangzhou	Residential	40,391	June 2023	85,084
18	Peng Bu (彭埠)	Hangzhou	Commercial	24,072	December 2023	113,587
<b>Sub-total for Hangzhou</b>				<b>156,423</b>		<b>327,836</b>
Attributable to the Group				61,858		118,663
19	Wei Lai Zhi Chen (未來之宸)	Xuzhou	Residential	36,353	August 2023	113,304
20	Shang He Ming Yue (上和明月)	Xuzhou	Residential	57,258	December 2024	151,897
<b>Sub-total for Xuzhou</b>				<b>93,611</b>		<b>265,201</b>
Attributable to the Group				43,743		122,789
21	Junlanfu (君蘭府)	Taizhou	Residential/retail	34,120	March 2022	106,640
22	Jinlinfu (金麟府)	Taizhou	Residential/retail	75,476	March 2024	217,051
<b>Sub-total for Taizhou</b>				<b>109,596</b>		<b>323,691</b>

No.	Land parcel/Project name	City	Land use/ Planned land use	Site area <i>sq.m.</i>	Actual/Expected completion date	Total land bank <i>sq.m.</i>
	Attributable to the Group			<u>28,743</u>		<u>86,066</u>
23	Wen Hua Fu (文華府)	Wenzhou	Residential	19,852	October 2022	64,779
24	Huan Le Tian Di (歡樂天地)	Wenzhou	Residential/commercial	<u>145,658</u>	<u>April 2022</u>	<u>567,749</u>
<b>Sub-total for Wenzhou</b>				<b><u>165,510</u></b>		<b><u>632,528</u></b>
	Attributable to the Group			<u>82,227</u>		<u>315,464</u>
25	Yunyuetianzhu (雲樾天著)	Huai'an	Residential	<u>45,369</u>	<u>October 2024</u>	<u>131,076</u>
<b>Sub-total for Huai'an</b>				<b><u>45,369</u></b>		<b><u>131,076</u></b>
	Attributable to the Group			<u>22,685</u>		<u>65,538</u>
<b>Sub-total of land bank developed by joint ventures and associates of the Group</b>				<b><u>1,472,991</u></b>		<b><u>4,106,199</u></b>
<b>Sub-total of land bank developed by joint ventures and associates of the Group (attributable to the Group)</b>				<b><u>558,962</u></b>		<b><u>1,567,385</u></b>
<b>Total land bank</b>				<b><u>4,059,998</u></b>		<b><u>7,249,551</u></b>
<b>Total land bank (attributable to the Group)</b>				<b><u>3,145,969</u></b>		<b><u>4,710,737</u></b>

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately RMB1,932.6 million or approximately 18.1% from approximately RMB10,679.6 million for the year ended 31 December 2020 to approximately RMB8,747.0 million for the year ended 31 December 2021 as a result of the decrease in revenue derived from sale of properties. Details of the decrease in revenue derived from sale of properties are set out under the paragraph headed "Property Development — GFA Delivered and Revenue Recognised from Sale of Properties" in this announcement.

The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	Year ended 31 December				Year-over-Year change in revenue %
	2021		2020		
	Revenue <i>RMB'000</i>	Percentage of total revenue %	Revenue <i>RMB'000</i>	Percentage of total revenue %	
Sale of properties	8,563,830	97.91	10,589,619	99.2	(19.13)
Project management income	95,226	1.09	30,489	0.28	212.33
Hotel operation	27,859	0.32	40,290	0.37	(30.85)
Rental income	51,810	0.59	16,360	0.14	216.69
Exhibition operation	8,234	0.09	2,876	0.01	186.30
<b>Total</b>	<b>8,746,959</b>	<b>100.00</b>	<b>10,679,634</b>	<b>100.00</b>	<b>(18.10)</b>

### Cost of Sales

The Group's cost of sales mainly comprised cost of property sales which was directly associated with the revenue from the sale of properties, which represented direct construction costs, land acquisition costs and capitalised borrowing costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately RMB2,281.4 million or approximately 24.0% from approximately RMB9,522.2 million for the year ended 31 December 2020 to approximately RMB7,240.8 million for the year ended 31 December 2021, which corresponded with the lower revenue recognised for the year ended 31 December 2021 as compared to that from the year ended 31 December in 2020.

## **Gross Profit and Gross Profit Margin**

The Group's gross profit increased by approximately RMB348.7 million or approximately 30.1% from approximately RMB1,157.4 million for the year ended 31 December 2020 to approximately RMB1,506.1 million for the year ended 31 December 2021. The Group's gross profit margin increased from approximately 10.8% for the year ended 31 December 2020 to approximately 17.2% for the year ended 31 December 2021, which was primarily due to the recognition of higher gross profit from the Zhixiang Cheng (致享城), Hui Mountain International Community (惠山國際社區), Changjiangfu Mansion (長江賦) and Qingshanhupan (青山湖畔) projects in 2021.

## **Other Income and Gains**

The Group's other income and gains primarily consist of interest income, dividend income from FVOCI and FVTPL, gain on disposal of subsidiaries, forfeiture of deposits, government grants, fair value gains from financial assets at FVTPL and others.

The Group's other income and gains increased by approximately RMB27.7 million or approximately 42.7% from approximately RMB64.8 million for the year ended 31 December 2020 to approximately RMB92.5 million for the year ended 31 December 2021, which was mainly due to the recognition of interest income, dividend income from FVOCI and FVTPL and gain on disposal of subsidiaries of approximately RMB42.9 million, RMB32.3 million and RMB13.3 million, respectively.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses mainly represented staff cost, advertising and business development expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately RMB19.2 million or approximately 7.4% from approximately RMB258.4 million for the year ended 31 December 2020 to approximately RMB277.6 million for the year ended 31 December 2021, which was mainly due to a rise in the number of property projects available for sale in 2021, and accordingly, the increase in advertising and business development expenses incurred therefor.

## **Administrative Expenses**

Administrative expenses primarily comprised staff costs, travel and entertainment expenses, professional fees, office expenses, other taxes and surcharges, depreciation and amortisation and others.

The Group's administrative expenses increased by approximately RMB19.0 million or approximately 8.4% from approximately RMB226.7 million for the year ended 31 December 2020 to approximately RMB245.7 million for the year ended 31 December 2021. Although labour costs decreased in 2021, the Group's administrative expenses increased due to the rise of other taxes, office expenses and entertainment expenses in 2021.

### **Other Expenses**

The Group's other expenses mainly comprised one-off expenses including financial guarantee, contract expenses, compensation to customers, charitable donation expenses, foreign exchange losses and others.

The Group's other expenses increased by approximately RMB121.6 million or approximately 605.0% from approximately RMB20.1 million for the year ended 31 December 2020 to approximately RMB141.7 million for the year ended 31 December 2021, which was mainly due to the recognition of loss in financial assets at fair value and provision for impairment of fixed assets of approximately RMB38.7 million and RMB54.7 million, respectively.

### **Fair Value Gains on Investment Properties**

The Group's fair value gains on investment properties decreased by approximately RMB128.9 million or approximately 102.5% from approximately gains of RMB125.7 million for the year ended 31 December 2020 to approximately loss of RMB3.2 million for the year ended 31 December 2021, which was mainly generated from the impairment of Peaceful Paradise (君頤東方), Xidi International Community (西堤國際) and Keya Building (科亞大廈).

### **Finance Costs**

Finance costs primarily consist of interest on interest-bearing bank and other borrowings and senior notes, interest expense arising from revenue contracts and interest on lease liabilities.

The Group's finance costs increased by approximately RMB50.7 million or approximately 25.1% from approximately RMB202.3 million for the year ended 31 December 2020 to approximately RMB253.0 million for the year ended 31 December 2021, which was primarily due to the increase in interest expenses and the decrease in rate of interest capitalised.

## **Share of Profits and Losses of Joint Ventures and Associates**

The Group's share of loss on joint ventures increased by approximately RMB19.9 million or approximately 201.0% from a loss of approximately RMB9.9 million for the year ended 31 December 2020 to a loss of approximately RMB29.8 million for the year ended 31 December 2021, which was mainly due to the fact that new property projects as developed by joint ventures are yet to be delivered.

The Group's share of profit on associates decreased by approximately RMB11.5 million or approximately 26.0% from a profit of approximately RMB44.0 million for the year ended 31 December 2020 to a profit of approximately RMB32.5 million for the year ended 31 December 2021, which was mainly attributable to the fact that property projects as developed by associates are yet to be delivered.

## **Income Tax Expense**

Income tax expense represents PRC CIT and LAT payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses decreased by approximately RMB93.5 million or approximately 32.4% from approximately RMB288.3 million for the year ended 31 December 2020 to approximately RMB194.8 million for the year ended 31 December 2021, which was mainly attributable to the return of LAT and low ASP of the Group's projects.

## **Profit for the Year**

The Group's profit for the year increased by approximately RMB99.3 million or approximately 25.7% from approximately RMB386.1 million for the year ended 31 December 2020 to approximately RMB485.4 million for the year ended 31 December 2021. The Group's net profit margin increased from approximately 3.6% for the year ended 31 December 2020 to approximately 5.5% for the year ended 31 December 2021, which was mainly due to the increase in gross profit margin and the decrease in rate of income tax payable for the year ended 31 December 2021.

Profit attributable to owners of the parent for the year ended 31 December 2021 was approximately RMB141.6 million, representing a decrease of approximately 22.5% as compared to approximately RMB182.6 million for the year 2020. Such increase was mainly due to the decrease in revenue generated and the Group's low share of profit derived from such property projects delivered.



## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development is capital-intensive and the Group expects to continue to incur a high level of capital expenditures for project development in the foreseeable future. The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily including bank and other borrowings.

The Group's primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs and various operating expenses.

### Cash Positions

As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB1,427.6 million (31 December 2020: approximately RMB3,518.3 million), pledged deposits of approximately RMB118.4 million (31 December 2020: approximately RMB2,194.1 million) and restricted cash of approximately RMB1,185.9 million (31 December 2020: approximately RMB708.5 million).

### Interest-Bearing Bank and Other Borrowings

As at 31 December 2021, the Group had total borrowings (including interest-bearing bank loans and other borrowings) of approximately RMB11,825.4 million, compared to approximately RMB12,148.2 million as at 31 December 2020. The Group's borrowings were mainly denominated in RMB.

The following table sets forth the Group's total borrowings as at the dates indicated.

	As at 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
<b>Current:</b>		
Bank loans — secured	65,583	—
Other loans — secured	1,259,204	576,000
Other loans — unsecured	17,000	326,245
Current portion of long term bank loans — secured	1,593,607	2,321,141
Current portion of long term other loans — secured	—	99,700
	<hr/>	<hr/>
Total current borrowings	2,935,394	3,323,086

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b>Non-current:</b>		
Bank loans — secured	<b>7,373,979</b>	7,401,345
Other loans — secured	<b>1,160,020</b>	1,381,497
Other loans — unsecured	<b>356,000</b>	42,252
	<u>8,889,999</u>	<u>8,825,094</u>
Sub-total	<b>8,889,999</b>	8,825,094
<b>Total</b>	<b><u>11,825,393</u></b>	<b><u>12,148,180</u></b>

The following table sets forth the repayment schedule of the Group's borrowings as at the dates indicated.

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Repayable within one year	<b><u>2,935,394</u></b>	<b><u>3,323,086</u></b>
Repayable in the second year	<b>4,319,899</b>	2,455,705
Repayable within two to five years	<b>2,882,329</b>	5,886,433
Repayable after five years	<b>1,687,771</b>	482,956
	<u>8,889,999</u>	<u>8,825,094</u>
Sub-total	<b>8,889,999</b>	8,825,094
<b>Total</b>	<b><u>11,825,393</u></b>	<b><u>12,148,180</u></b>

The following table sets out the range of interest rates for the Group’s borrowings as at the dates indicated.

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>Effective</b>	Effective
	<b>interest rate</b>	interest rate
	( <b>%</b> )	( <b>%</b> )
<b>Current:</b>		
Bank loans — secured	<b>8.3</b>	N/A
Other loans — secured	<b>8.0-18.0</b>	13.00
Other loans — unsecured	<b>13.0</b>	12.50
Current portion of long term bank loans — secured	<b>4.4-6.7</b>	4.69–6.90
Current portion of long term other loans — secured	<b>N/A</b>	13.00
<b>Non-current:</b>		
Bank loans — secured	<b>4.4–6.9</b>	4.46–6.65
Other loans — secured	<b>11.5–14.0</b>	7.00–13.00
Other loans — unsecured	<b>12.0–13.0</b>	7.00–7.50

The Group’s certain secured borrowings were secured by the pledges of the asset portfolio which includes investment properties, prepaid land lease payments, properties under development and completed properties held for sale.

### **Notes Issue, Repurchase and Cancellation**

In order to refinance certain existing indebtedness of the Company and for general corporate purposes, the following senior notes have been issued during the year ended 31 December 2021:

- (i) on 17 March 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on 18 March 2021 (the “**Existing Notes due 2022**”). For further details, please refer to the announcements of the Company dated 12 March 2021 and 17 March 2021; and
- (ii) on 21 September 2021, the Company issued US\$110,000,000 12.5% senior notes due 2022, which were listed on the Stock Exchange on 23 September 2021. For further details, please refer to the announcements of the Company dated 17 September 2021 and 21 September 2021.

As at 31 December 2021, the net proceeds from the above notes issue have been fully utilised for the said purposes.

During the period from October to November 2021, the Company repurchased in the open market of, and cancelled all of the US\$200,000,000 12.0% senior notes due 2021 issued by the Company on 4 November 2020 (the “**Existing Notes due 2021**”) in the following manner:

- (i) on 13 October 2021, the Company partially repurchased an aggregate principal amount of US\$65,000,000 of the Existing Notes due 2021;
- (ii) on 18 October 2021, the Company partially repurchased an aggregate principal amount of US\$9,000,000 of the Existing Notes due 2021;
- (iii) on 27 October 2021, the Company partially repurchased an aggregate principal amount of US\$38,400,000 of the Existing Notes due 2021;
- (iv) on 3 November 2021, the Company repurchased all of the outstanding principal amount of US\$87,600,000 of the Existing Notes due 2021.

For further details of the said repurchases, please refer to the announcements of the Company dated 14 October 2021, 19 October 2021, 28 October 2021 and 3 November 2021.

## **Financial Risks**

The Group is exposed to market risks from changes in market rates and prices, such as interest rates, credit, liquidity and foreign exchange risk.

### *Interest rate risk*

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

### *Credit risk*

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the year ended 31 December 2021. The credit risk of the Group’s financial assets, which mainly comprise cash and cash equivalents, restricted cash, pledged deposits, financial assets at FVTPL, equity investments designated at FVOCI, and financial assets included in prepayment, deposits and other receivables.

### *Liquidity risk*

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. Cash flows are closely monitored on an ongoing basis.

### *Foreign Exchange Risk*

The Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2021. The Directors expect that any such fluctuations in exchange rate would not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

### **Key Financial Ratios**

The Group's current ratio remained relatively stable at approximately 1.2 and approximately 1.2 as at 31 December 2020 and 31 December 2021 respectively. The Group's net gearing ratio<sup>(Note)</sup> increased from approximately 151.0% as at 31 December 2020 to approximately 174.4% as at 31 December 2021, primarily due to the decrease in cash reserves and the increase in interest-bearing bank borrowings and other borrowings as at 31 December 2021.

#### *Note:*

Net gearing ratio is calculated by dividing the net of interest-bearing bank borrowings (excluding annexation loans) minus cash and cash equivalents, restricted cash and pledged deposits by the total equity.

## **Contingent Liabilities**

### *Mortgage Guarantees*

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of its completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

As at 31 December 2021, such guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's completed properties held for sale amounted to approximately RMB7,472.6 million, compared with approximately RMB5,130.6 million as at 31 December 2020.

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 the Group's completed properties held for sale. The Board considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

The Directors confirm that the Group has not encountered defaults by customers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the Group's financial condition and results of operations.

## *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's commitment for property development and capital commitments which it had contracted but yet provided for was approximately RMB9,639.4 million, compared to approximately RMB11,523.0 million as at 31 December 2020.

## **Off-Balance Sheet Commitments and Arrangements**

Except for the contingent liabilities disclosed above, as at 31 December 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

## **Significant Investments Held**

Save as disclosed in this announcement, the Group did not hold any significant investments during the year ended 31 December 2021.

## **Employees**

As at 31 December 2021, the Group had a total of 946 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

## **Future Plans for Material Investments**

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the Yangtze River Delta Megalopolis in the PRC. No concrete plan for future investments is in place as at the date of this announcement.

## Material Acquisition and Disposal

On 4 February 2021, Nanjing Yincheng and Jiangsu Winfast Investment Holding Group Co., Ltd. (“**Jiangsu Winfast**”) entered into an equity transfer agreement, pursuant to which Jiangsu Winfast agreed to sell, and Nanjing Yincheng agreed to acquire, 25% equity interest in Nanjing Eastern Senior Living Health Industry Co., Ltd.\* (南京東方頤年健康產業發展有限公司), which principally engages in the development of properties for the elderly and investment and management of hospitals, at the consideration of RMB335,347,000. For further details, please refer to the announcement of the Company dated 4 February 2021.

Save as disclosed in this announcement, for the year ended 31 December 2021, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

## Subsequent Events

In order to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management, the Company made an exchange offer on 25 February 2022 whereby the Company would exchange the outstanding Existing Notes due 2022 for new notes bearing interest at 13.0% per annum and with a tenor of 364 days to be issued by the Company (the “**Exchanged New Notes**”). On 3 March 2022, US\$95,965,000 in aggregate principal amount of the Existing Notes due 2022 was validly tendered for exchange. Subsequently on 8 March 2022, such amount of Existing Notes due 2022 was cancelled and the Company issued US\$95,965,000 in aggregate principal amount of Exchanged New Notes. For further details, please refer to the announcements of the Company dated 25 February 2022, 4 March 2022 and 9 March 2022.

On 10 March 2022, the Company further repurchased in the open market of, and cancelled, an aggregate principal amount of US\$62,435,000 of the Existing Notes due 2022. After such cancellation, an aggregate principal of US\$6,600,000 of such Existing Notes due 2022 remains outstanding. For further details, please refer to the announcement of the Company dated 10 March 2022.

On 8 March 2022, the Company issued US\$95,965,000 13.0% senior notes due 2023. For further details, please refer to the announcement of the Company dated 11 March 2022.

Save as disclosed in this announcement, no material event was undertaken by the Group subsequent to 31 December 2021 and up to the date of this announcement.



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

Save as disclosed in this announcement, none of the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the year ended 31 December 2021.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (“**AGM**”) is scheduled to be held on Friday, 10 June 2022, the notice of which will be published and dispatched to the Shareholders as soon as practicable in accordance with the Company’s Articles of Association and the Rules Governing the Listing of the Securities on the Stock Exchange (the “**Listing Rules**”).

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: HK\$0.0306 per share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 7 June 2022 to Friday, 10 June 2022, both days inclusive and during which period no transfer of shares of the Company will be effected, for the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 6 June 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company. So far as the Directors are aware, the Company has complied with the Code throughout the year ended 31 December 2021.

## **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 Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the year ended 31 December 2021.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Huang Qingping.

The Audit Committee has reviewed and discussed the annual results 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 been agreed by the Group’s independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong (“**Ernst & Young**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **Extract of the Independent Auditor’s Report**

The following is an extract of the independent auditor’s report on the Group’s annual financial statements for the year ended 31 December 2021:

### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by the IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

*Material uncertainty related to going concern*

We draw attention to Note 2 to the consolidated financial statements, which states that as at 31 December 2021, the Group's current portion of interest-bearing bank, other borrowings and senior notes amounted to RMB4,736,724,000 while its cash and cash equivalents amounted to RMB1,427,599,000. Such condition, along with other matters as set forth in Note 2, indicates that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.yincheng.hk](http://www.yincheng.hk)). The annual report will be dispatched to the Shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board  
**Yincheng International Holding Co., Ltd.**  
**HUANG Qingping**  
*Chairman*

Nanjing, China  
30 March 2022

*As at the date of this announcement, the executive Directors are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive Directors are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive Directors are Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Lam Ming Fai.*

*Notes:* In this announcement, English names of PRC entities marked "\*" are translations of their Chinese names for identification purposes only.

Amounts and percentage figures included in this announcement, including information presented in thousands or millions of units, have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items.