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**GUANGDONG – HONG KONG GREATER BAY AREA  
HOLDINGS LIMITED**

**粤港湾控股有限公司**

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

**(Stock Code: 1396)**

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

**ANNUAL RESULTS**

The board of directors (the “**Board**”) of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “**Company**” or “**GHKGBA Holdings**”, together with its subsidiaries, collectively the “**Group**”) hereby announce the unaudited annual results of the Group for the financial year ended 31 December 2021 (“**FY2021**” or the “**Year**”) with comparative audited figures for the preceding financial year ended 31 December 2020 (“**FY2020**”).

For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process of the financial statements of the Group for FY2021 has not been completed and the Company is unable to publish an annual results announcement that has been agreed with the Company’s auditors by 31 March 2022 in accordance with Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# **UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the year ended 31 December 2021*

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b>	2020 <i>RMB'000</i> <i>(audited)</i>
<b>Revenue</b>	2	<b>5,570,884</b>	3,737,158
Cost of sales		<u><b>(4,835,630)</b></u>	<u>(2,450,425)</u>
<b>Gross profit</b>		<b>735,254</b>	1,286,733
Other (net loss)/income		<b>(112,395)</b>	47,187
Selling and distribution costs		<b>(167,845)</b>	(115,423)
Administrative and other operating expenses		<b>(501,657)</b>	(398,640)
Impairment loss on financial assets measured at amortisation cost		<u><b>(12,073)</b></u>	<u>(28,109)</u>
<b>(Loss) / Profit from operations before fair value gain on investment properties</b>		<b>(58,716)</b>	791,748
Fair value (loss) / gain on investment properties		<u><b>(80,847)</b></u>	<u>172,315</u>
<b>(Loss) / profit from operation after fair value gain on investment properties</b>		<b>(139,563)</b>	964,063
Share of losses of joint ventures		<b>(152)</b>	(241)
Finance income	3	<b>63,233</b>	38,849
Finance costs	3	<u><b>(296,974)</b></u>	<u>(276,788)</u>
<b>(Loss) / profit before taxation</b>	3	<b>(373,456)</b>	725,883
Income tax	4	<u><b>(71,654)</b></u>	<u>(369,610)</u>
<b>(Loss) / profit for the year</b>		<u><b>(445,110)</b></u>	<u>356,273</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(498,484)</b>	360,696
Non-controlling interests		<u><b>53,374</b></u>	<u>(4,423)</u>
<b>(Loss) / profit for the year</b>		<u><b>(445,110)</b></u>	<u>356,273</u>
<b>(Loss) / earnings per share</b>			
Basic and diluted ( <i>RMB cents</i> )		<u><b>(11)</b></u>	<u>8.4</u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*for the year ended 31 December 2021*

*(Expressed in Renminbi)*

	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b>	2020 <i>RMB'000</i> <i>(audited)</i>
<b>(Loss) / profit for the year</b>	<b>(445,110)</b>	356,273
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	<u>31,678</u>	<u>82,021</u>
<b>Other comprehensive income for the year</b>	<u>31,678</u>	<u>82,021</u>
<b>Total comprehensive income for the year</b>	<u><b>(413,432)</b></u>	<u><b>438,294</b></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>(474,503)</u>	442,717
Non-controlling interests	<u>61,071</u>	<u>(4,423)</u>
<b>Total comprehensive income for the year</b>	<u><b>(413,432)</b></u>	<u><b>438,294</b></u>

# **UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2021*

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b> <b><i>(unaudited)</i></b>	<b>2020</b> <b><i>RMB'000</i></b> <b><i>(audited)</i></b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>402,734</b>	397,280
Investment properties	6	<b>2,750,900</b>	3,144,270
Intangible assets		<b>15,882</b>	16,098
Goodwill		<b>2,252</b>	2,252
Interest in joint ventures		<b>213,213</b>	131,583
Deferred tax assets		<b>193,616</b>	215,325
Finance lease receivable		<b>6,410</b>	8,210
Other non-current assets		<b>65,376</b>	337,888
		<b>3,650,383</b>	4,252,906
<b>Current assets</b>			
Inventories and other contract costs		<b>13,979,007</b>	9,369,347
Other financial assets		<b>10</b>	9,000
Trade and other receivables	7	<b>3,898,719</b>	2,849,403
Prepaid tax		<b>294,074</b>	144,949
Pledged and restricted cash		<b>763,517</b>	568,161
Cash and cash equivalents		<b>1,373,314</b>	1,783,235
		<b>20,308,641</b>	14,724,095
<b>Current liabilities</b>			
Trade and other payables	8	<b>5,006,474</b>	5,450,950
Contract liabilities		<b>3,902,358</b>	1,971,295
Bank loans and other borrowings		<b>531,631</b>	481,029
Senior notes	9	<b>468,614</b>	1,820,524
Amounts due to controlling shareholders		<b>1,027,468</b>	867,000
Lease liabilities		<b>8,473</b>	10,562
Current tax liabilities		<b>795,484</b>	736,413
Deferred income		<b>259,268</b>	349,119
Other current liabilities		<b>576,558</b>	300,000
		<b>12,576,328</b>	11,986,892
<b>Net current assets</b>		<b>7,732,313</b>	2,737,203
<b>Total assets less current liabilities</b>		<b>11,382,696</b>	6,990,109

# **UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2021*

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2021</b> <b><i>RMB'000</i></b> <b><i>(unaudited)</i></b>	<b>2020</b> <b><i>RMB'000</i></b> <b><i>(audited)</i></b>
<b>Non-current liabilities</b>			
Bank loans and other borrowings		<b>2,739,692</b>	829,230
Senior notes	9	<b>1,877,848</b>	-
Lease liabilities		<b>27,322</b>	29,546
Deferred tax liabilities		<b>132,988</b>	194,636
Other financial liabilities		<b>947,719</b>	78,333
		<b>5,725,569</b>	1,131,745
<b>NET ASSETS</b>		<b>5,657,127</b>	<b>5,858,364</b>
<b>Capital and reserves</b>			
Share capital		<b>36,598</b>	36,598
Reserves		<b>5,051,474</b>	5,555,799
<b>Total equity attributable to equity shareholders of the Company</b>		<b>5,088,072</b>	5,592,397
Non-controlling interests		<b>569,055</b>	265,967
<b>TOTAL EQUITY</b>		<b>5,657,127</b>	<b>5,858,364</b>

## NOTES TO UNAUDITED FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

### 1 Significant accounting policies

#### (a) STATEMENT OF COMPLIANCE

The unaudited financial statements of the Group for FY2021 have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### (b) Basis of preparation of the financial statements

The unaudited financial statements of the Group for FY2021 comprise the Company and its subsidiaries and the Group’s interest in joint ventures.

These financial statements are presented in Renminbi (“**RMB**”) rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures;
- other investments in debt and equity securities;
- derivative financial instruments;
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest; and
- other financial liabilities.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

#### (c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in these financial statements.

## 2 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centers and residential properties, and trading business in the Mainland China.

Revenue represents income from sales of properties, trading business, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts. Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b>	2020 <i>RMB'000</i> <i>(audited)</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
- Sales of properties	<b>3,898,446</b>	3,594,985
- Property management services	<b>90,327</b>	70,595
- Trading business	<b>1,482,678</b>	-
- Others	<b>49,219</b>	30,569
	<b>5,520,670</b>	3,696,149
<b>Revenue from other sources</b>		
- Rental income from investment properties	<b>15,387</b>	16,477
- Other rental income	<b>34,827</b>	24,532
	<b>50,214</b>	41,009
	<b>5,570,884</b>	3,737,158

### 3 (LOSS) / PROFIT BEFORE TAXATION

(Loss) / profit before taxation is arrived at after (crediting)/charging:

#### (a) Finance income and finance costs:

	2021 <i>RMB '000</i> <i>(unaudited)</i>	2020 <i>RMB '000</i> <i>(audited)</i>
<b>Finance income</b>		
Bank interest income	(37,880)	(8,495)
Other interest income	(25,161)	(30,354)
	<hr/>	<hr/>
	(63,041)	(38,849)
Net foreign exchange gain	(192)	-
	<hr/>	<hr/>
	(63,233)	(38,849)
	<hr/>	<hr/>
<b>Finance costs</b>		
Interest on bank loans and other borrowings	163,438	108,181
Interest on other financial liabilities measured at amortised cost	73,523	-
Interest on senior notes	295,307	260,640
Interest on lease liabilities	4,316	4,158
Interest on corporate bonds	-	5,717
Accrued interest on significant financing component of contract liabilities	69,650	98,442
Other borrowing costs	29,411	18,240
	<hr/>	<hr/>
	635,645	495,378
Less: interest expense capitalised into properties under development *	(338,671)	(218,859)
	<hr/>	<hr/>
	296,974	276,519
Net foreign exchange loss	-	269
	<hr/>	<hr/>
	296,974	276,788
	<hr/>	<hr/>

\* The borrowing costs have been capitalised at rates ranging from 4.45% - 14.00% per annum (2020: 7.35% - 9.60%).



**(b) Staff costs:**

	<b>2021</b> <b>RMB '000</b> <b>(unaudited)</b>	<b>2020</b> <b>RMB '000</b> <b>(audited)</b>
Salaries, wages and other benefits	<b>224,715</b>	244,352
Equity settled share-based payment expenses	<b>11,619</b>	8,666
Contributions to defined contribution retirement plans	<b>12,163</b>	3,062
	<b>248,497</b>	<b>256,080</b>

**(c) Other items:**

	<b>2021</b> <b>RMB '000</b> <b>(unaudited)</b>	<b>2020</b> <b>RMB '000</b> <b>(audited)</b>
Depreciation and amortisation		
- plant and equipment	<b>18,475</b>	18,620
- right-of-use assets	<b>15,337</b>	14,725
- intangible assets	<b>2,056</b>	2,376
	<b>35,868</b>	35,721
Impairment losses recognised/(reversed)		
- trade and other receivables	<b>12,266</b>	28,657
- finance lease receivables	<b>(193)</b>	(548)
	<b>12,073</b>	28,109
Provision/(reversal) of provision for diminution in value of inventories	<b>129,283</b>	(5,005)
Auditor's remuneration		
- audit service	<b>3,600</b>	3,150
- other services	<b>1,500</b>	1,100
	<b>5,100</b>	4,250
Rentals income from investment properties less direct outgoings	<b>15,387</b>	16,188
Cost of inventories sold		
- properties	<b>3,307,866</b>	2,370,569
- commodities	<b>1,477,351</b>	-
	<b>4,785,217</b>	<b>2,370,569</b>

#### 4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2021 <i>RMB'000</i> <i>(unaudited)</i>	2020 <i>RMB'000</i> <i>(audited)</i>
<b>Current tax</b>		
PRC Corporate Income Tax (“ <b>PRC CIT</b> ”) (iii)	97,761	133,610
PRC Land Appreciation Tax (“ <b>PRC LAT</b> ”) (iv)	<u>67,556</u>	<u>198,823</u>
	<b>165,317</b>	332,433
<b>Deferred tax</b>		
Reversal and origination of temporary differences	<u>(93,663)</u>	<u>37,177</u>
	<b><u>71,654</u></b>	<b><u>369,610</u></b>

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2020: Nil).
- (iii) PRC CIT

The Group’s PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

- (iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

## 5 (LOSS) / EARNINGS PER SHARE

### *Basic earnings and diluted (loss) / earnings per share*

The calculation of basic loss per share is based on loss attributable to equity shareholders of the Company of RMB498,484,000 (2020: profit of RMB360,696,000) and the weighted average of 4,537,354,000 ordinary shares (2020: 4,293,230,000 ordinary shares) during the year, calculated as follows:

#### *Weighted average number of ordinary shares*

	2021 '000	2020 '000
Issued ordinary shares at 1 January	4,537,354	4,014,844
Effect of issuance of shares	-	278,386
Weighted average number of shares	<u>4,537,354</u>	<u>4,293,230</u>

For the year ended 31 December 2020 and 2021, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive.

## 6 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

### Reconciliation of carrying amount of investment properties

	Completed properties	Other properties leased for own use carried at fair cost	Total
	RMB '000	RMB '000	RMB '000
At 1 January 2020 <i>(audited)</i>	2,554,400	29,700	2,584,100
Transfer from inventories <i>(audited)</i>	296,207	-	296,207
Acquisition of subsidiaries <i>(audited)</i>	141,000	-	141,000
Fair value adjustments <i>(audited)</i>	179,515	(7,200)	172,315
Disposals <i>(audited)</i>	(49,352)	-	(49,352)
At 31 December 2020 and 1 January 2021 <i>(audited)</i>	<b>3,121,770</b>	<b>22,500</b>	<b>3,144,270</b>
Disposal of subsidiaries <i>(unaudited)</i>	(295,153)	-	(295,153)
Fair value adjustments <i>(unaudited)</i>	(76,247)	(4,600)	(80,847)
Disposals <i>(unaudited)</i>	(17,370)	-	(17,370)
At 31 December 2021 <i>(unaudited)</i>	<b>2,733,000</b>	<b>17,900</b>	<b>2,750,900</b>
<b>Representing</b>			
<b>Valuation – 2021 <i>(unaudited)</i></b>	<b>2,733,000</b>	<b>17,900</b>	<b>2,750,900</b>
Valuation - 2020 <i>(audited)</i>	3,121,770	22,500	3,144,270
<b>Book value</b>			
<b>At 31 December 2021 <i>(unaudited)</i></b>	<b>2,733,000</b>	<b>17,900</b>	<b>2,750,900</b>
At 31 December 2020 <i>(audited)</i>	3,121,770	22,500	3,144,270

## 7 TRADE AND OTHER RECEIVABLES

	2021 <i>RMB '000</i> <i>(unaudited)</i>	2020 <i>RMB '000</i> <i>(audited)</i>
Within 1 month	7,254	19,236
1 to 3 months	7,554	12,749
3 to 6 months	15,164	4,095
Over 6 months	251,777	199,837
	<hr/>	<hr/>
Trade and bill receivables, net of loss allowance	281,749	235,917
	<hr/>	<hr/>
Finance lease receivables	21,195	34,144
Less: loss allowance	(11,858)	(11,989)
	<hr/>	<hr/>
	9,337	22,155
	<hr/>	<hr/>
Amounts due from joint ventures	78,595	62,837
Less: loss allowance	(19,613)	(19,613)
	<hr/>	<hr/>
	58,982	43,224
	<hr/>	<hr/>
Other debtors, net of loss allowance	1,607,072	574,605
	<hr/>	<hr/>
Financial assets measured at amortised cost	1,957,140	875,901
Prepaid sales related tax and other taxes	319,206	295,603
Deposits and prepayments	1,622,373	1,677,899
	<hr/>	<hr/>
	3,898,719	2,849,403
	<hr/>	<hr/>

## 8 TRADE AND OTHER PAYABLES

	2021 <i>RMB '000</i> <i>(unaudited)</i>	2020 <i>RMB '000</i> <i>(audited)</i>
Due within 1 month or on demand	254,197	251,012
Due after 1 month but within 3 months	393,694	347,108
Due after 3 months but within 6 months	472,663	537,094
Due after 6 months	1,490,522	1,273,995
	<hr/>	<hr/>
Trade and bills payables	2,611,076	2,409,209
Other payables and accruals	2,029,260	1,505,525
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	4,640,336	3,914,734
Deposits	340,518	1,520,261
Receipts in advance	25,620	15,955
	<hr/>	<hr/>
	<b>5,006,474</b>	<b>5,450,950</b>
	<hr/>	<hr/>

## 9 SENIOR NOTES

	2021 <i>RMB '000</i> <i>(unaudited)</i>	2020 <i>RMB '000</i> <i>(audited)</i>
<b>Current</b>		
US\$75 million senior notes due in 2022 (i)	468,614	-
US\$293.5 million senior notes due in 2021 (ii)		
- Tranche 1	-	1,257,105
- Tranche 2	-	325,693
- Tranche 3	-	84,555
- Tranche 4	-	153,171
	<hr/>	<hr/>
	<b>468,614</b>	<b>1,820,524</b>
	<hr/>	<hr/>
<b>Non-current</b>		
US\$303.62 million senior notes due in 2023		
- Tranche 1 (ii)	1,705,210	-
- Tranche 2(iii)	172,638	-
	<hr/>	<hr/>
	<b>1,877,848</b>	<b>-</b>
	<hr/>	<hr/>
	<b>2,346,462</b>	<b>1,820,524</b>
	<hr/>	<hr/>

- (i) On 20 May 2021, the Company entered into a purchase agreement to issue a senior note of US\$75,000,000 (equivalent to RMB483,480,000) at par with a coupon rate of 12% per annum. The senior note was issued on 25 May 2021 and will be due in 2022. The net proceeds from the senior note, after deducting the transaction costs, of US\$73,500,000 (equivalent to RMB473,810,000) was received by the Company on 26 May 2021. Interest expense on the senior note is calculated using the effective interest rate of 13.2% per annum.
- (ii) On 23 September 2021, the Company offered its 13.85% senior notes due October 2023 in an exchange offer to the existing holders of 14% senior notes due December 2021 (the “**2021 Senior Notes**”). US\$235,720,000 (approximately 80.3%) of the 2021 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$41,500,000 of 2023 senior notes (defined as below), which, together with the US\$235,720,000 of the 2023 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$277,220,000, 13.85% due 2023 senior notes (the “**2023 Senior Notes**”). The exchange offer and the concurrent new issue were completed on 12 October 2021, and the net proceeds from the new issuance, after deducting the transaction costs, of US\$41,384,000 (equivalent to RMB261,786,000 ) was received by the Company on 12 October 2021. Interest expense on the 2023 Senior Notes is calculated using effective interest rate of 15.15% per annum.

The Company had redeemed all the 2021 Senior Notes unexchanged upon maturity on 16 December 2021.

- (iii) On 15 December 2021, the Company issued additional 2023 Senior Note of US\$26,400,000 (equivalent to RMB168,210,000), which are consolidated and formed a single class with the 13.85% 2023 Senior Notes issued by the Company on 12 October 2021. The net proceeds from the additional 2023 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$27,078,000 (equivalent to RMB171,943,000) was received by the Company on 15 December 2021. Interest expense on the additional 2023 Senior Notes is calculated using the effective interest rate of 15% per annum.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In 2021, property regulatory policies remained to be based on the general principle of “housing for living instead of speculation” and “region-specific regulatory policies”, and of “stabilising land prices, housing prices, and expectation”, but the overall regulatory policies was tightened. With the tightened control on the capital and price sides, “Three Red Lines” and the “Concentration” management of loans of financial institutions have been continuously strengthened. The industry has turned to deleveraging in all aspects and some real estate enterprises began to suffer from domestic and foreign debt repayment crises and break in their capital supply chains.

In 2021, the Group actively adjusted its strategy in accordance with market changes, centered its work on sales and cash collection and cost control, adhered to the strategy of focusing on operation and pandemic prevention and control, and strived to overcome the challenges brought about by the major market adjustments in the second half of the year in a proactive and progressive manner. As a result, the Group achieved contracted sales amount of approximately RMB4,582.5 million for FY2021 (FY2020: RMB4,209.7 million) .

Among the total contracted sales amount of FY2021, sales from residential properties accounted for approximately 78.7% ( FY2020:66.2% ) , and sales from commercial and other properties accounted for approximately 21.3% ( FY2020:33.8% ) .

The total land bank of the Group was approximately 12.8 million sq.m. (FY2020: 8.9 million sq.m.).

### **OUTLOOK FOR 2022**

Into 2022, under the adversity of a slowdown in economic growth, dampened property sales and investment activities, slackened consumption growth, as well as the widespread and frequent onset of COVID-19 pandemic, proactive monetary policies and fiscal policies and various pro-growth policies will be rolled out successively. “Houses are for living, not for speculation” remains the long-lasting general keynote in government policy, while the target of “Three Stabilities” (stable land prices, house prices and expectations) in the real estate market further solidifies through long-term mechanism. In the process of continual deepening of the adjustment trend of the real estate market, the expectations on credit improvements become more prominent.

Facing the new landscape of future real estate development, the Group will implement a prudent land acquisition strategy on the investment side and develop projects through cooperation, to realise complementary strengths, reduce investment risks, lower land expenditures, and ensure sufficient cash flow. On the sales side, the Group will continue to accelerate collection of sales proceeds and boost sales through proactive and flexible sales strategies to strengthen operating cash flows and ensure return on investment. On the operation side, the Group will strengthen the implementation of quality improvement strategy to greatly improve the product quality and service quality, and meanwhile, the



Group will continue to apply strict cost control, which in turn will enhance product price premium and ensure the coordinated development of profitability and high quality. On the financing side, the Company will strive to actively expand financing channels, improve maturity profile and reduce financing costs. The Group will ride the tide of time to keep on actively exploring investment opportunities in the Greater Bay Area, grasp the potential of regional economic and industrial development and population policy, and achieve balance between the development of scale and profit enhancement in order to steadily forge ahead.

## **FINANCIAL REVIEW**

### **Revenue**

In FY2021, the Group's revenue mainly generated from property development and related services and trading business, which contributed approximately 73.4% and 26.6% of the Group's total revenue, respectively. The Group's total revenue was approximately RMB5,570.9 million for FY2021, representing an increase of 49.1% from approximately RMB3,737.2 million for FY2020, which was mainly due to an increase in recognized property sales revenue and revenue generated from the trading business. Breakdown of revenue by categories was as follows:

#### **(1) *Property Development and Related Services***

In FY2021, revenue generated from property development and related services was approximately RMB4,088.2million (FY2020: approximately RMB3,737.2 million), representing a year-on-year increase of 9.4%. The increase was mainly due to the increase in delivered areas of properties during the Year.

#### **(2) *Trading Business***

The Group committed to develop diversified business to generate stable income and disperse operational risk, and developed the trading business in FY2020. The Group generated gross transaction amount of approximately RMB1,482.7million from the trading business in FY2021, which was recorded as revenue of the Group.

### **Cost of Sales**

The Group's cost of sales mainly encompassed land cost, construction cost, cost generated from trading business, capitalized interest and government grants credited to cost of sales. In FY2021, the cost of sales of the Group was approximately RMB4,835.6 million (FY2020: RMB2,450.4 million), amongst which, the cost of sales for the property development and related services accounted for approximately 69.5% (FY2020: 100%) and the cost of sales for the trading business accounted for approximately 30.5% (FY2020: Nil). Cost of sales for property development and related services increased approximately 37.1% from approximately RMB2,450.4 million for FY2020 to approximately RMB3,358.8 million for the Year, the increase was mainly due to the increase in delivered areas of properties during the Year.

### **Gross Profit and Net (Loss)/Profit**

In FY2021, the Group's gross profit was approximately RMB735.3 million, representing a decrease of 42.9% from approximately RMB1,286.7 million in FY2020. The decrease was mainly due to that the sales of properties at reduced price to accelerate sales and cash collection in FY2021 to overcome the challenges brought about by the tightened regulatory policies. As a result of the foregoing, the Group generated net loss of approximately RMB445.1million for FY2021 (FY2020: net profit of approximately RMB356.3 million).

### **Other (Net Loss) / Income**

In FY 2021, the Group further implemented its strategy of development of residential projects in the Greater Bay Area, and also focused on cash collection, so the Group disposed a series of financial assets of non-main business and other projects not located in the Greater Bay Area, which led to a loss of approximately RMB112.4 million in FY2021(FY 2020: income of approximately RMB47.2 million, which mainly represented the fair value gain on financial assets ).

### **Distribution and Administration Expenses**

The total amount of distribution and administration expense were approximately RMB669.5 million for FY2021, representing approximately 12.0% (FY2020:13.8%) of the revenue.

Distribution expenses was approximately RMB167.8 million for FY2021, increasing approximately RMB52.4 million from approximately RMB115.4 million in FY2020, which was mainly due to more projects were pre-sold during the Year. Administration expenses was approximately RMB501.7 million for FY2021, increasing approximately 25.8% from approximately RMB398.6 million in FY2020, which was mainly due to that more consulting services expense occurred were incurred from the financing and project cooperation.

### **Impairment Loss on Financial Assets Measured at Amortization Cost**

During FY2021, the impairment loss on financial assets measured at amortization cost of approximately RMB12.1 million (FY2020: RMB28.1 million) was recognized by the Group, representing (a) the impairment loss on trade and other receivables of approximately RMB12.3 million (FY2020: RMB28.7 million); and (b) reversal of impairment loss on finance lease receivables of approximately RMB0.2 million (FY2020: reversal of impairment of loss of RMB0.6 million). The amount reflected the expected credit losses recognized by financial assets measured at amortization cost in FY2021.

### **Fair Value (Loss) / Gain on Investment Properties**

The Group's investment properties carried at fair value as at 31 December 2021 were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of surveyors.

During FY2021, there was no inventory was transferred to investment properties, while a fair value gain upon the transfer of inventory to investment properties of RMB209.4 million was recognized in FY2020 by the Group. On the other hand, there was a loss of RMB80.8 million for FY2021 on the fair value of the existing investment properties (FY2020: loss of RMB37.1 million) due to the impact of the economic downturn caused by COVID-19 pandemic and other market factors.

### **Finance Costs**

Financial cost mainly included interest expense on bank loans, senior notes and other borrowings. In FY2021, the finance costs of the Group were approximately RMB297.0 million, representing a slight increase compared to that of last year of approximately RMB276.8 million.

### **Taxation**

Income tax expenses comprised PRC CIT, PRC LAT and deferred taxation. In FY2021, the PRC CIT and the PRC LAT of the Group were RMB4.1 million and RMB67.6 million, respectively.

The total income tax expenses decreased by RMB297.9 million, from RMB369.6 million for FY2020 to RMB71.7 million for FY2021. Such decrease was primarily due to the effect of reversal of temporary differences mainly caused by disposal of assets.

### **Liquidity and Capital Resources**

In 2021, the Group's capital resources primarily included cash flow generated from business operations, cash from bank loans and other borrowings, advances from controlling and non-controlling shareholders, as well as issuance of senior notes in US dollar, which were used in our business operations and investment in development of projects.

The Group expects that cash flow generated from business operations and borrowings will continue to be the main sources of funds in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns of projects and stringently control the cost and various expenses. Meanwhile, the Group will make investment only after conducting stringent scientific assessment and considering changes in policies and markets. Besides, the Group will continue to explore the opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the business development.

## Cash Position

As at 31 December 2021, the Group's total cash balances (including pledged and restricted cash) amounted to approximately RMB2,136.8 million (31 December 2020: approximately RMB2,351.4 million). The pledged and restricted cash was mainly pledged to banks for certain mortgage facilities granted to purchasers of the Group's properties, pledged for bank loans and pledged for bills payables.

## Borrowings

The Group adopts a prudent financial policy for proactive conduct of debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs. As at 31 December 2021, the Group had bank loans and other borrowings of approximately RMB3,271.3 million (as at 31 December 2020: approximately RMB1,310.3 million) and senior notes of approximately RMB2,346.5 million (31 December 2020: approximately RMB1,820.5 million) and financial liabilities measured at amortised cost of approximately RMB 863.5million(31 December 2020: RMB Nil) as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b><i>(unaudited)</i></b>	<b><i>(audited)</i></b>
<b>Repayment Period</b>		
Repayable on demand and within one year	1,000,245	2,301,553
Repayable after 1 year but within 2 years	3,534,735	327,002
Repayable after 2 years but within 5 years	1,555,297	331,178
Repayable after 5 years	391,043	171,050
<b>Total</b>	<b>6,481,320</b>	<b>3,130,783</b>

A portion of the bank loans and other borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash at bank of the Group.

## Contingent Liabilities

As at 31 December 2021, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to its customers amounting to approximately RMB2,704.5 million (31 December 2020: approximately RMB2,648.3 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the due registration of the mortgage interest held by the commercial bank upon the subject property; or (ii) the satisfaction of the mortgage loan by the purchaser of the property.

## Commitments

Capital commitments outstanding as at 31 December 2021 contracted but not provided for in the financial statements were as follows:

	As at 31 December	
	2021 <i>RMB'000</i> ( <i>unaudited</i> )	2020 <i>RMB'000</i> ( <i>audited</i> )
Construction and development contracts	4,913,995	2,130,295
Land agreements	251,550	1,578,273
<b>Total</b>	<b>5,165,545</b>	<b>3,708,568</b>

## Key Financial Ratios

The following table sets out our key financial ratios as of the dates indicated:

	As at 31 December	
	2021 ( <i>unaudited</i> )	2020 ( <i>audited</i> )
Current ratio <sup>(1)</sup>	1.61	1.23
Gearing ratio <sup>(2)</sup>	27.1%	16.5%

*Notes:*

- (1) Current ratio is calculated by dividing current assets by current liabilities.
- (2) Gearing ratio is calculated by dividing bank loans and other borrowings, senior notes and other financial liabilities measured at amortised cost by total assets.

### **Foreign Exchange Exposure**

The Group's businesses are principally conducted in Renminbi. Other than certain overseas bank deposits, interests in joint ventures and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The management will continue to closely monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures**

The Group had no material acquisition or disposal of subsidiaries, associated companies or joint ventures during FY2021.

### **Employment and Remuneration Policy**

Human resource has always been the most valuable resource of the Group. In terms of the remuneration system, the Group built comprehensive value chains and diversified incentive mechanism, and formed a comprehensive remuneration system with basic salary, performance based salary, short-term incentives as well as medium and long term incentives covering various businesses, which have greatly enhanced the enthusiasm of operation units and employees. The remuneration committee of the Company reviews such packages annually, or when occasion requires. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

As at 31 December 2021, the Group had 1,275 employees (31 December 2020: 961 employees). For FY2021, total staff costs of the Group were approximately RMB248.5 million (FY2020: approximately RMB256.1 million).

### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for FY2021 (FY2020: nil).

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

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

During the Year, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

## EVENTS AFTER THE REPORTING PERIOD

Since 31 December 2021 and up to the date of this results announcement, the Group disposed 70% of the equity interests in Revere Effort Limited and the entire equity interests in Well Harmony Enterprises Limited for consolidation of approximately HK\$33.0 million and HK\$151.1 million, respectively. For details, please refer to the Company's announcements dated 16 February 2022 and 3 March 2022, respectively.

## CORPORATE GOVERNANCE

Save as disclosed in the paragraphs below, the Board is of the opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules during the Year.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions Conducted by the Directors of Listed Issuer (the “**Model Code**”) set forth in Appendix 10 of the Listing Rules as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in the shares of the Company during the black-out period.

## REVIEW OF UNAUDITED ANNUAL RESULTS

The Company established the audit committee (the “**Audit Committee**”) on 27 September 2013 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Audit Committee by the Board. The revised terms of reference have been adopted by the Board on 27 December 2018.

Due to the restrictions on travel, logistics and quarantine arrangements in Mainland China and Hong Kong as a result of the recent COVID-19 pandemic, the audit procedures of the Group have not been completed as scheduled, the unaudited annual results for FY2021 contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Listing Rules.

An announcement relating to the audited annual results for FY2021 will be made when the auditing procedures are completed. The unaudited annual results for FY2021 contained herein have been reviewed by the Audit Committee and the review conducted by the Audit Committee in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

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

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for FY2021 as agreed by the auditors and the material differences(if any) as compared with the unaudited annual results contained therein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members of the Company will be closed in order to ascertain the eligibility of the shareholders of the Company to attend and vote at the annual general meeting. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

This results announcement is required to be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.youngogroup.com](http://www.youngogroup.com)).

The Company's 2021 annual report will be dispatched to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

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

By order of the Board  
**Guangdong – Hong Kong Greater Bay Area Holdings Limited**  
**CHEN Junyu**  
*Co-Chairman and Executive Director*

Hong Kong, 31 March 2022

*As at the date of this announcement, the executive Directors are Mr. Chen Junyu, Mr. Yang Sanming, Mr. Cai Hongwen, Mr. Zeng Yunshu and Mr. Wang Dewen; the non-executive Director is Mr. Wong Choi Hing and the independent non-executive Directors are Mr. Lam Chi Yuen Nelson, Mr. Yue Zheng and Mr. Dai Yiyi.*