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

HIGHLIGHTS

Financial Highlights			
	For the year ended 31 December		
	2021	2020	Change
	(unaudited)	(audited)	
Revenue (<i>RMB million</i>)	73,028	80,245	-9.0%
Gross profit (<i>RMB million</i>)	19,021	24,102	-21.1%
Net profit (<i>RMB million</i>)	9,098	12,249	-25.7%
Profit attributable to shareholders of the Company (<i>RMB million</i>)	6,712	9,475	-29.2%
Basic earnings per share (<i>RMB</i>)	1.729	2.440	-29.1%
Distributed interim dividend per ordinary share (<i>HK cents</i>)	50.0	50.0	–
Proposed final dividend per ordinary share (<i>HK cents</i>)	–*	60.0	Not applicable
Full year dividend per ordinary share (<i>HK cents</i>)	–*	110.0	Not applicable

* Upon completion of the audit process, the board of directors of the Company will make proposal on distribution of final dividend for the year ended 31 December 2021 (if appropriate) based on the audited financial figures of the Group for the year ended 31 December 2021.

For the reasons explained below under the section headed “Review of Unaudited Annual Results”, the auditing process for the annual results of Agile Group Holdings Limited (“Agile” or the “Company”) and its subsidiaries (collectively, the “Group”) has not been completed. In the meantime, the board of directors of the Company (the “Board”) is pleased to announce the unaudited consolidated financial results of the Group for the year ended 31 December 2021.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Revenue	2	73,027,763	80,245,252
Cost of sales		<u>(54,006,694)</u>	<u>(56,142,868)</u>
Gross profit		19,021,069	24,102,384
Selling and marketing costs		(3,102,342)	(2,384,710)
Administrative expenses		(4,004,139)	(5,234,723)
Net impairment losses on financial and contract assets		(500,245)	(566,679)
Other gains, net	3	4,840,377	3,740,426
Other income	4	1,541,700	1,669,854
Other expenses		<u>(279,393)</u>	<u>(400,044)</u>
Operating profit		17,517,027	20,926,508
Finance costs, net	5	(1,414,437)	(1,040,210)
Share of post-tax profits of investments accounted for using the equity method		<u>794,239</u>	<u>1,585,630</u>
Profit before income tax		16,896,829	21,471,928
Income tax expenses	6	<u>(7,798,792)</u>	<u>(9,223,051)</u>
Profit for the year		<u>9,098,037</u>	<u>12,248,877</u>
Profit attributable to:			
Shareholders of the Company		6,712,036	9,474,597
Holders of Perpetual Capital Securities		983,860	1,083,780
Non-controlling interests		<u>1,402,141</u>	<u>1,690,500</u>
		<u>9,098,037</u>	<u>12,248,877</u>
Earnings per share from continuing operations attributable to shareholders of the Company for the year (expressed in Renminbi per share)			
— Basic	7	<u>1.729</u>	<u>2.440</u>
— Diluted	7	<u>1.729</u>	<u>2.440</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
	(unaudited)	(audited)
Profit for the year	9,098,037	12,248,877
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
— Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(131,146)	110,369
— Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	49,589	5,651
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	(9,122)	(9,342)
Other comprehensive income for the year, net of tax	(90,679)	106,678
Total comprehensive income for the year	9,007,358	12,355,555
Attributable to:		
— Shareholders of the Company	6,635,913	9,598,779
— Holders of Perpetual Capital Securities	983,860	1,083,780
— Non-controlling interests	1,387,585	1,672,996
	9,007,358	12,355,555

CONSOLIDATED BALANCE SHEET

		As at 31 December 2021 (RMB'000) (unaudited)	As at 31 December 2020 (RMB'000) (audited)
	Note		
Assets			
Non-current assets			
Property, plant and equipment		12,674,770	12,080,847
Investment properties	9	11,514,964	10,849,449
Right-of-use assets		3,270,052	3,376,304
Goodwill		5,026,180	4,264,614
Other intangible assets		2,627,830	3,576,350
Investments accounted for using the equity method		31,304,280	18,179,155
Prepayments for acquisition of equity interests		–	523,321
Prepayments for acquisition of land use rights		–	34,285
Properties under development		21,274,754	30,973,623
Other receivables	10	8,797,543	7,508,793
Financial assets at fair value through other comprehensive income		43,368	510,639
Deferred income tax assets		2,165,196	1,392,281
		<u>98,698,937</u>	<u>93,269,661</u>
Current assets			
Completed properties held for sale		16,299,820	19,092,671
Inventories		356,850	248,325
Prepayments for acquisition of land use rights		2,269,068	8,311,775
Contract assets		5,150,620	3,204,597
Properties under development		87,105,562	82,148,512
Trade and other receivables	10	57,927,238	50,021,335
Prepaid income taxes		4,624,423	5,355,663
Financial assets at fair value through profit or loss		2,811,395	1,247,819
Restricted cash		15,617,768	8,938,792
Cash and cash equivalents		22,802,716	41,925,908
Assets classified as held for sale		2,895,342	–
		<u>217,860,802</u>	<u>220,495,397</u>
Total assets		<u><u>316,559,739</u></u>	<u><u>313,765,058</u></u>

CONSOLIDATED BALANCE SHEET (Continued)

		As at 31 December 2021 (RMB'000) (unaudited)	As at 31 December 2020 (RMB'000) (audited)
	<i>Note</i>		
Equity			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		3,421,883	3,421,883
Shares held for Share Award Scheme		(156,588)	(156,588)
Other reserves		4,190,239	3,416,513
Retained earnings		46,783,577	44,133,820
		<u>54,239,111</u>	<u>50,815,628</u>
Perpetual Capital Securities		13,015,124	13,637,493
Non-controlling interests		<u>22,177,042</u>	<u>12,516,601</u>
Total equity		<u><u>89,431,277</u></u>	<u><u>76,969,722</u></u>
Liabilities			
Non-current liabilities			
Borrowings		54,293,548	59,243,748
Other payables	11	4,572,361	4,284,452
Financial liabilities at fair value through profit or loss		494,313	101,235
Contract liabilities		–	75,271
Lease liabilities		262,093	392,927
Deferred income tax liabilities		4,061,638	4,087,131
		<u>63,683,953</u>	<u>68,184,764</u>
Current liabilities			
Borrowings		29,580,497	38,569,018
Trade and other payables	11	68,257,851	75,229,690
Financial liabilities at fair value through profit or loss		107,358	1,004,423
Contract liabilities		44,582,302	36,306,083
Lease liabilities		302,383	244,011
Current income tax liabilities		19,099,618	17,257,347
Liabilities directly associated with assets classified as held for sale		1,514,500	–
		<u>163,444,509</u>	<u>168,610,572</u>
Total liabilities		<u><u>227,128,462</u></u>	<u><u>236,795,336</u></u>
Total equity and liabilities		<u><u>316,559,739</u></u>	<u><u>313,765,058</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss (“**FVPL**”), financial liabilities at FVPL and financial assets at fair value through other comprehensive income (“**FVOCI**”) which are carried at fair value.

The preparation of consolidated financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform — Phase 2 — Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above does not have significant impacts on the amounts recognised in the current or prior periods and is not likely to affect future periods.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020 (Amendments)	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
Amendments to HK Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

1. BASIS OF PREPARATION (Continued)

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2021 and have not been early adopted: (Continued)

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations, and not expected to have a material impact on the entity in the current or future reporting period.

2. SEGMENT INFORMATION

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into three business segments: property development, property management and others. The associates and joint ventures of the Group are principally engaged in property development and property management are included in the property development and property management segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2021 and 2020 is as follows:

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Revenue:		
— Sales of developed properties	58,402,353	69,547,382
— Property management services	11,329,941	7,852,687
— Others	3,295,469	2,845,183
	<u>73,027,763</u>	<u>80,245,252</u>

2. SEGMENT INFORMATION (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2021 and 2020 are as follows:

Year ended 31 December 2021

	Property development (RMB'000) (unaudited)	Property management (RMB'000) (unaudited)	Others (RMB'000) (unaudited)	Group (RMB'000) (unaudited)
Gross segment sales	58,402,353	14,080,089	3,295,469	75,777,911
Inter-segment sales	—	(2,750,148)	—	(2,750,148)
Sales to external customers	58,402,353	11,329,941	3,295,469	73,027,763
Timing of revenue recognition				
— At a point in time	49,319,061	328,345	870,892	50,518,298
— Over time	9,083,292	11,001,596	2,424,577	22,509,465
Fair value gains on investment properties (note 9)	—	—	230,261	230,261
Operating profits	14,903,818	1,963,814	649,395	17,517,027
Share of post-tax profits of investments accounted for using the equity method	769,939	31,534	(7,234)	794,239
Segment result	15,673,757	1,995,348	642,161	18,311,266
Finance costs, net (note 5)				(1,414,437)
Profit before income tax				16,896,829
Income tax expenses (note 6)				(7,798,792)
Profit for the year				9,098,037
Depreciation and amortisation	555,120	282,998	467,275	1,305,393
Write-down of properties under development, completed properties held for sale and property, plant and equipment	742,256	—	—	742,256
Impairment of goodwill	—	—	29,885	29,885

2. SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Property development (RMB'000) (audited)	Property management (RMB'000) (audited)	Others (RMB'000) (audited)	Group (RMB'000) (audited)
Gross segment sales	69,547,382	10,026,147	2,845,183	82,418,712
Inter-segment sales	—	(2,173,460)	—	(2,173,460)
Sales to external customers	69,547,382	7,852,687	2,845,183	80,245,252
Timing of revenue recognition				
— At a point in time	63,478,904	123,478	647,718	64,250,100
— Over time	6,068,478	7,729,209	2,197,465	15,995,152
Fair value gains on investment properties (note 9)	—	—	196,906	196,906
Operating profits/(loss)	19,234,425	1,841,720	(149,637)	20,926,508
Share of post-tax profits of investments accounted for using the equity method	1,520,383	62,261	2,986	1,585,630
Segment result	20,754,808	1,903,981	(146,651)	22,512,138
Finance costs, net (note 5)				(1,040,210)
Profit before income tax				21,471,928
Income tax expenses (note 6)				(9,223,051)
Profit for the year				12,248,877
Depreciation and amortisation	551,504	181,345	579,779	1,312,628
Write-down of properties under development, completed properties held for sale and property, plant and equipment	423,124	—	42,238	465,362
Impairment of goodwill	—	—	723,802	723,802

2. SEGMENT INFORMATION (continued)

Segment assets and liabilities and capital expenditure as at 31 December 2021 are as follow:

	Property development (RMB'000) (unaudited)	Property management (RMB'000) (unaudited)	Others (RMB'000) (unaudited)	Elimination (RMB'000) (unaudited)	Group (RMB'000) (unaudited)
Segment assets	<u>256,131,962</u>	<u>19,241,196</u>	<u>36,665,761</u>	<u>(5,123,562)</u>	<u>306,915,357</u>
Unallocated assets					<u>9,644,382</u>
Total assets					<u><u>316,559,739</u></u>
Segment assets include: Investments accounted for using the equity method	<u>29,982,113</u>	<u>1,111,141</u>	<u>211,026</u>	<u>–</u>	<u>31,304,280</u>
Segment liabilities	<u>100,452,438</u>	<u>6,434,475</u>	<u>17,728,139</u>	<u>(5,123,562)</u>	<u>119,491,490</u>
Unallocated liabilities					<u>107,636,972</u>
Total liabilities					<u><u>227,128,462</u></u>
Capital expenditure	<u>535,427</u>	<u>1,068,159</u>	<u>2,295,580</u>	<u>–</u>	<u>3,899,166</u>

Segment assets and liabilities and capital expenditure as at 31 December 2020 are as follow:

	Property development (RMB'000) (audited)	Property management (RMB'000) (audited)	Others (RMB'000) (audited)	Elimination (RMB'000) (audited)	Group (RMB'000) (audited)
Segment assets	<u>259,712,640</u>	<u>13,651,068</u>	<u>36,399,135</u>	<u>(4,504,187)</u>	<u>305,258,656</u>
Unallocated assets					<u>8,506,402</u>
Total assets					<u><u>313,765,058</u></u>
Segment assets include: Investments accounted for using the equity method	<u>16,863,326</u>	<u>1,102,792</u>	<u>213,037</u>	<u>–</u>	<u>18,179,155</u>
Segment liabilities	<u>100,480,715</u>	<u>4,710,237</u>	<u>15,845,669</u>	<u>(4,504,187)</u>	<u>116,532,434</u>
Unallocated liabilities					<u>120,262,902</u>
Total liabilities					<u><u>236,795,336</u></u>
Capital expenditure	<u>609,384</u>	<u>902,356</u>	<u>4,482,807</u>	<u>–</u>	<u>5,994,547</u>

2. SEGMENT INFORMATION (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2021 as follows:

	Assets (RMB'000) (unaudited)	Liabilities (RMB'000) (unaudited)
Segment assets/liabilities	306,915,357	119,491,490
Unallocated:		
Deferred income taxes	2,165,196	4,061,638
Prepaid income taxes	4,624,423	–
Financial assets at FVPL	2,811,395	–
Financial assets at FVOCI	43,368	–
Financial liabilities at FVPL	–	601,671
Current income tax liabilities	–	19,099,618
Current borrowings	–	29,580,497
Non-current borrowings	–	54,293,548
	<hr/>	<hr/>
Total	<u>316,559,739</u>	<u>227,128,462</u>

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2020 as follows:

	Assets (RMB'000) (audited)	Liabilities (RMB'000) (audited)
Segment assets/liabilities	305,258,656	116,532,434
Unallocated:		
Deferred income taxes	1,392,281	4,087,131
Prepaid income taxes	5,355,663	–
Financial assets at FVPL	1,247,819	–
Financial assets at FVOCI	510,639	–
Financial liabilities at FVPL	–	1,105,658
Current income tax liabilities	–	17,257,347
Current borrowings	–	39,449,018
Non-current borrowings	–	58,363,748
	<hr/>	<hr/>
Total	<u>313,765,058</u>	<u>236,795,336</u>

2. SEGMENT INFORMATION (continued)

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at FVOCI and financial assets at FVPL. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets.

3 OTHER GAINS, NET

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Gains from disposal of subsidiaries	4,261,335	2,425,511
(Losses)/gains from disposal of joint ventures and associates	(66,266)	226,314
Gains on disposal of land use rights, property, plant and equipment and investment properties	701,272	45,396
Gains on disposal of financial assets at FVPL	100,846	61,640
Fair value gains on investment properties	230,261	196,906
Fair value losses on financial assets/liabilities at FVPL	(102,826)	(4,981)
Fair value gains/(losses) on put options written on non-controlling interests	2,330	(8,214)
Remeasurement gain resulting from joint ventures and an associate transferred to subsidiaries	4,222	819,891
Impairment losses on investments accounted for using the equity method	(313,733)	–
Exchange gains/(losses), net (note (a))	11,280	(56,174)
Miscellaneous	11,656	34,137
	<u>4,840,377</u>	<u>3,740,426</u>

Note:

- (a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 5).

4 OTHER INCOME

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Interest income (<i>note (a)</i>)	818,833	855,231
Interest income from related parties	361,944	442,261
Government grants	242,538	264,321
Penalty income	69,352	70,545
Miscellaneous	49,033	37,496
	<u>1,541,700</u>	<u>1,669,854</u>

Note:

(a) Interest income was mainly derived from bank deposit.

5 FINANCE COSTS, NET

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Interest expense		
— Bank borrowings, syndicated loans and other borrowings	5,078,521	5,339,273
— Senior notes and exchangeable bonds	1,094,054	1,203,299
— PRC Corporate Bonds, ABS and CMBS	663,026	793,759
— Lease liabilities	35,673	39,426
Less: interest and exchange losses capitalised	(4,569,301)	(5,299,929)
Exchange gains from borrowings	(1,043,616)	(2,684,273)
Changes in fair value of derivative financial instruments	156,080	1,648,655
	<u>1,414,437</u>	<u>1,040,210</u>

6 INCOME TAX EXPENSES

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Current income tax		
— PRC corporate income tax	3,784,720	4,606,185
— PRC land appreciation tax	4,166,312	4,139,808
— PRC withholding income tax	415,162	315,098
Deferred income tax		
— PRC corporate income tax	(567,402)	161,960
	<u>7,798,792</u>	<u>9,223,051</u>

6 INCOME TAX EXPENSES (continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the Group entities as follows:

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Profit before income tax	16,896,829	21,471,928
Tax calculated at tax rates applicable to profits in the respective entities of the Group	3,801,378	5,202,236
Tax effects of:		
— Tax effect of super deduction items	(35,309)	(22,783)
— Share of profits of investment accounted for using the equity method reported net of tax	(198,560)	(396,408)
— Income not subject to income tax (<i>note (a)</i>)	(22,051)	(18,060)
— Expenses not deductible for income tax (<i>note (b)</i>)	230,587	674,747
— PRC land appreciation tax deductible for calculation of income tax purposes	(1,041,578)	(1,034,952)
— Tax losses for which no deferred income tax asset was recognised	482,851	363,365
PRC corporate income tax	3,217,318	4,768,145
PRC withholding income tax	415,162	315,098
PRC land appreciation tax	4,166,312	4,139,808
	7,798,792	9,223,051

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2021 and 2020 mainly comprise the interest income of bank deposits.
- (b) Expenses not deductible for income tax for the year ended 31 December 2021 mainly comprise administrative expense of domestic companies over deduction limits, impairment of goodwill, donations made to non-official public welfare institutions, the loss of securities transactions, exchange losses and expenses of the group entities in Hong Kong and Malaysia (2020: same).

6 INCOME TAX EXPENSES (continued)

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the year ended 31 December 2021 was 15% (year ended 31 December 2020: 15%).

A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2021. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies enjoy the policy of "Three exemption and three half corporate income tax". Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (year ended 31 December 2020: 15%).

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2021, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

6 INCOME TAX EXPENSES (continued)

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the consolidated financial statements. The profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2021 (unaudited)	2020 (audited)
Profit attributable to shareholders of the Company (<i>RMB'000</i>)	6,712,036	9,474,597
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (<i>thousands</i>)	<u>3,882,578</u>	<u>3,882,578</u>
Basic earnings per share (<i>RMB per share</i>)	<u><u>1.729</u></u>	<u><u>2.440</u></u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2021 and 2020, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

8 DIVIDENDS

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Interim dividend paid of HK\$0.50 (2020: HK\$0.50 per ordinary share) (<i>note (a)</i>)	1,619,328	1,731,773
Less: Dividend for shares held for Share Award Scheme	<u>(14,139)</u>	<u>(15,240)</u>
	<u>1,605,189</u>	<u>1,716,533</u>
Final dividend for the year ended 31 December 2021 (2020: HK\$0.60 per ordinary share) (<i>note (b)</i>)	–	1,972,664
Less: Dividend for shares held for Share Award Scheme	<u>–</u>	<u>(17,359)</u>
	<u>–</u>	<u>1,955,305</u>

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2021 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,619,328,000) was declared by the Board of Directors of the Company (six months ended 30 June 2020: HK\$1,958,524,000 equivalent to RMB1,731,773,000).
- (b) A final dividend in respect of 2020 of HK\$0.60 per ordinary share approximately HK\$2,350,229,000 (equivalent to RMB1,972,664,000) was declared at the Annual General Meeting on 12 May 2021, of which HK\$20,682,000 (equivalent to RMB17,359,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

Upon completion of the audit process, the board of directors of the Company will make proposal on distribution of final dividend for the year ended 31 December 2021 (if appropriate) based on the audited financial figures of the Group for the year ended 31 December 2021.

9 INVESTMENT PROPERTIES

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Opening net book amount	10,849,449	8,495,950
Acquisition of subsidiaries	110,337	—
Addition	11,084	—
Transfer from completed properties held for sale	274,628	284,593
Transfer from property, plant and equipment	140,000	1,841,745
Transfer from land use rights	—	88,255
Transfer to property, plant and equipment	—	(25,000)
Revaluation gains recognised in the consolidated income statement (<i>note 3</i>)	230,261	196,906
Disposals	<u>(100,795)</u>	<u>(33,000)</u>
Closing net book amount	<u><u>11,514,964</u></u>	<u><u>10,849,449</u></u>
Investment properties:		
— Completed investment properties	11,514,964	9,542,549
— Investment properties under construction	<u>—</u>	<u>1,306,900</u>
Total	<u><u>11,514,964</u></u>	<u><u>10,849,449</u></u>

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) As at 31 December 2021, investment properties of RMB5,547,457,000 (31 December 2020: RMB5,436,175,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

10 TRADE AND OTHER RECEIVABLES

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Trade receivables (<i>note (a)</i>)		
— Third parties	11,189,695	10,252,982
— Joint ventures	2,278,591	1,518,844
— Associates	54,880	36,620
	<u>13,523,166</u>	<u>11,808,446</u>
Gross trade receivables	13,523,166	11,808,446
Less: allowance for impairment of trade receivables	(733,999)	(442,004)
	<u>12,789,167</u>	<u>11,366,442</u>
Total trade receivables	<u>12,789,167</u>	<u>11,366,442</u>
Other receivables due from:		
— Third parties	21,100,671	17,897,815
— Joint ventures	18,584,260	14,666,332
— Associates	1,146,336	619,764
— Other related parties	274,951	493,892
— Non-controlling interests	2,501,258	1,957,925
Loan and interest receivables due from related parties	5,073,445	5,390,261
Prepaid value added taxes and other taxes	4,384,809	3,668,692
Deposits for acquisition of land use rights	887,623	837,000
Prepayments	695,186	1,088,577
	<u>54,648,539</u>	<u>46,620,258</u>
Gross other receivables	54,648,539	46,620,258
Less: allowance for impairment of other receivables	(712,925)	(456,572)
	<u>53,935,614</u>	<u>46,163,686</u>
Total other receivables	53,935,614	46,163,686
Less: other receivables — non-current portion	(8,797,543)	(7,508,793)
	<u>45,138,071</u>	<u>38,654,893</u>
Other receivables-current portion	<u>45,138,071</u>	<u>38,654,893</u>
Trade and other receivables-current portion	<u>57,927,238</u>	<u>50,021,335</u>

As at 31 December 2021, the fair value of remaining trade and other receivables approximated their carrying amounts.

10 TRADE AND OTHER RECEIVABLES (continued)

Note:

- (a) Trade receivables mainly arose from sales of properties, provision of property management services, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with the terms stipulated respective in the property sale and purchase agreements or service agreements. As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Within 90 days	8,786,589	7,227,242
Over 90 days and within 365 days	3,215,483	3,225,970
Over 365 days	1,521,094	1,355,234
	<u>13,523,166</u>	<u>11,808,446</u>

11 TRADE AND OTHER PAYABLES

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Trade payables (<i>note (a)</i>)	24,949,589	24,819,387
Other payables due to:		
— Third parties	18,021,197	20,327,349
— Related parties	15,143,842	12,914,816
— Non-controlling interests	4,408,032	5,445,480
Staff welfare benefit payable	1,133,293	1,588,807
Accruals	1,165,556	1,441,036
Advances from disposal of equity interests	1,223,000	7,050,760
Other taxes payable	6,785,703	5,926,507
	<u>72,830,212</u>	<u>79,514,142</u>
Total trade and other payables	72,830,212	79,514,142
Less: other payables — non current portion	(4,572,361)	(4,284,452)
	<u>68,257,851</u>	<u>75,229,690</u>
Trade and other payable — current portion	<u>68,257,851</u>	<u>75,229,690</u>

11 TRADE AND OTHER PAYABLES (continued)

Note:

- (a) The ageing analysis of the trade payables of the Group based on invoice date as at 31 December 2021 and 2020 is as follows:

	2021 (RMB'000) (unaudited)	2020 (RMB'000) (audited)
Within 90 days	15,830,600	15,796,936
Over 90 days and within 180 days	7,516,904	7,400,392
Over 180 days and within 365 days	971,214	982,715
Over 365 days	630,871	639,344
	24,949,589	24,819,387

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB73,028 million (2020: RMB80,245 million), representing a decrease of 9.0% over 2020. The Group's operating profit was RMB17,517 million (2020: RMB20,927 million), representing a decrease of 16.3% over 2020.

The Group's net profit for the year were RMB9,098 million representing a decrease of 25.7% when compared with RMB12,249 million in 2020.

Profit attributable to shareholders of the Company for the year were RMB6,712 million representing a decrease of 29.2% when compared with RMB9,475 million in 2020.

Basic earnings per share was RMB1.729 for the year ended 31 December 2021 (2020: RMB2.440).

Land bank

The Group continued to adopt a multi-channel land purchase model for land replenishment strategy in response to the market conditions. As at 31 December 2021, the Group had a land bank with a total planned GFA of 47.37 million sq.m. in 84 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,651 per sq.m., which was competitive.

During the year, the Group was dedicated to expanding its nationwide presence through strategically acquiring 29 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisitions, in which, Shaoxing, Yibin and Huai'an were the Group's newly explored markets. The total planned GFA of the newly acquired projects was 4.240 million sq.m., of which the Group's total attributable planned GFA was 2.811 million sq.m.. The total consideration attributable to the Group was RMB12.45 billion.

The following table sets forth the details of the newly acquired land parcels:

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
Southern China Region				
Foshan	2	202,186	107,911	0.480
Guangzhou	1	119,680	23,936	0.290
Heyuan	1	162,015	162,015	0.158
Zhongshan	1	850,211	381,812	1.835
Eastern China Region				
Changzhou	1	80,262	80,262	0.817
Hefei	1	108,437	108,437	0.017
Huai'an	1	97,636	97,636	0.020
Nanjing	1	54,043	54,043	0.107
Qidong	1	137,435	137,435	0.641
Shanghai	1	101,709	101,709	0.648
Shaoxing	1	76,603	76,603	1.044
Suzhou	1	89,843	89,843	0.628
Weihai	1	209,597	135,819	0.109
Wuxi	1	46,766	10,756	0.215
Xuzhou	2	253,843	83,768	0.572
Yangzhou	1	77,017	77,017	0.015
Yiwu	1	92,013	22,083	0.677
Western China Region				
Chengdu	1	158,900	158,900	0.194
Chongqing	3	469,349	419,998	0.783
Xi'an	1	192,223	94,189	0.606
Yibin	1	421,931	168,772	0.170
Central China Region				
Xiangyang	1	69,820	69,820	0.118
Yunnan Region				
Kunming	1	39,344	19,672	0.109

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
Northern China Region				
Beijing	1	51,938	51,938	1.530
Northeast China Region				
Shenyang	1	76,700	76,700	0.673
Total	29	4,239,501	2,811,076	12.454

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB58,402 million, representing a decrease of 16.0% when compared with RMB69,547 million in 2020. The decrease was mainly attributable to the overall downturn of domestic real estate market during the year, causing the recognised average selling price and recognised GFA sold declined. The recognised average selling price decreased to RMB13,682 per sq.m. in 2021, representing a decrease of 3.0% when compared with RMB14,099 per sq.m. in 2020. The total recognised GFA sold was 4.27 million sq.m., representing a decrease of 13.5% when compared with 2020.

DIVERSIFIED BUSINESS

Property management

During the year, revenue from property management of the Group was RMB11,330 million, representing an increase of 44.3% when compared with RMB7,853 million in 2020. The increase mainly represents: (i) the increase in operating income from the acquisition of Minrui Property Management (Shanghai) Co. (“**New CMIG PM**”) during the year when compared with nil income from such business in last year and (ii) the operating income from CMIG Futurelife Property Management Limited (“**CMIG PM**”), which was acquired in 2020, were recorded in full year operating income, compared to only partially recorded operating income after the acquisition.

During the year, the operating profit from property management of the Group was RMB1,964 million, representing an increase of 6.6% which compared with RMB1,842 million in 2020.

As at 31 December 2021, the total GFA under management increased from approximately 374.8 million sq.m. as at 31 Decmber 2020 to approximately 488.9 million sq.m..

OTHERS

Commercial management

During the year, the Group's commercial revenue (including hotel operation and property investment) amounted to RMB529 million, representing a decrease of 4.9% compared with RMB556 million 2020. The decrease was mainly attributable to the recurring COVID-19 pandemic during the year.

Environmental Protection

During the year, revenue from environmental protection of the Group was RMB2,767 million, representing an increase of 20.9% when compared with RMB2,289 million in 2020. During the year, the Group recorded an operating profit from environmental protection of RMB277 million, representing an increase of 170.3% as compared with the operating loss from environmental protection of RMB394 million in 2020. The increase was mainly due to the impairment of goodwill provided for the environmental protection business of RMB30 million during the year, representing a decrease of RMB694 million compared with RMB724 million in 2020.

Cost of sales

The Group's cost of sales mainly refers to the costs incurred directly from its property development activities and property management activities, including the cost of construction, fitting-out and design, costs of land use rights, capitalised interest, employee benefit expenses, cleaning expenses, security expenses, tax surcharge and others.

During the year, the cost of sales of the Group amounted to RMB54,007 million, representing a decrease of 3.8% compared with RMB56,143 million in 2020. The decrease was mainly due to the decrease of recognised GFA sold and the drop in expenses for property development activities caused by the decline in property development revenue. The total recognised GFA sold decreased by 13.5% to 4.27 million sq.m. in 2021 when compared with 2020.

Gross profit

During the year, gross profit of the Group was RMB19,021 million, representing a decrease of 21.1% when compared with RMB24,102 million in 2020. During the year, gross profit margin of the Group was 26.0%, representing a decrease of 4.0 percentage points when compared with 30.0% in 2020. The decrease in gross profit and gross profit margin was mainly due to the overall downturn of domestic real estate market during the year, the recognised average selling price decreased by 3.0% over last year, whilst the relevant average costs such as land cost and construction cost increased by 3.1% compared to 2020, causing the decline of gross profit and gross profit margin.

Other gains, net

During the year, other gains, net of the Group was RMB4,840 million, representing an increase of 29.4% compared with RMB3,740 million in 2020. The change was mainly attributable to the followings:

- (i) gains on disposal of subsidiaries of RMB4,261 million, representing a significant increase of RMB1,836 million compared with RMB2,426 million in 2020;
- (ii) remeasurement gains arising from the transfer of joint ventures and an associate to subsidiaries of RMB4 million, representing a significant decrease of RMB816 million compared with RMB820 million in 2020;
- (iii) impairment losses on investments accounted for using the equity method of RMB314 million, while there was no such impairment loss in 2020;
- (iv) losses on disposal of joint ventures and associates of RMB66 million, representing a decrease of RMB293 million from the gains on disposal of RMB226 million in 2020; and
- (v) gains on disposal of land use rights, property, plant and equipment and investment properties of RMB701 million, representing an increase of RMB656 million from the gains on disposal of RMB45 million in 2020.

Other income

During the year, the Group's other income amounted to RMB1,542 million, representing a decrease of 7.7% when compared with RMB1,670 million in 2020. The decrease was mainly due to interest income decreased by 9.0% from RMB1,297 million in 2020 to RMB1,181 million in 2021, and government grants decreased by 8.2% from RMB264 million in 2020 to RMB243 million in 2021.

Selling and marketing costs

During the year, the Group's selling and marketing costs amounted to RMB3,102 million, representing an increase of 30.1% compared to RMB2,385 million in 2020. The increase was mainly due to the increase in commission fee of RMB1,763 million, representing an increase of RMB668 million compared to RMB1,094 million in 2020, to strengthen the efforts on sales promotion.

Administrative expenses

During the year, the Group's administrative expenses amounted to RMB4,004 million, representing a decrease of 23.5% compared to RMB5,235 million in 2020, such decrease was mainly due to the following reasons:

- (i) the impairment of goodwill on the Group's environmental protection projects amounted to RMB30 million, representing a significant decrease of RMB694 million or 95.9%, from RMB724 million in 2020; and
- (ii) the Group's wages and salaries and welfare expenses amounted to RMB1,299 million after the corporate restructuring, representing a decrease of RMB312 million or 19.4%, from RMB1,611 million in 2020.

Administrative expenses as a percentage of revenue decreased to 5.5% (2020: 6.5%), as the Group's expense control was much higher than the decrease of revenue, expense control has achieved meaningful results.

Other expenses

During the year, other expenses of the Group was RMB279 million, representing a decrease of 30.2% when compared with RMB400 million in the 2020, which was mainly attributable to the decrease of compensation expenses and charitable donations by 33.9% to RMB235 million compared to RMB356 million in 2020.

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, exchangeable bonds, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, the Group's net finance costs amounted to RMB1,414 million, representing an increase of 36.0% as compared to RMB1,040 million in 2020 which mainly consisted of the following items:

- (i) Interest expenses decreased by 6.8% from RMB7,376 million in 2020 to RMB6,871 million in 2021;

- (ii) Capitalised interest and exchange losses decreased by 13.8% from RMB5,300 million in 2020 to RMB4,569 million in 2021;
- (iii) Exchange gain on foreign currency borrowings arising from the translation of the Group's foreign currency denominated borrowings decreased by 61.1% from a gain of RMB2,684 million in 2020 to RMB1,044 million in 2021 due to a decrease in the impact of the appreciation of RMB against the US dollar, Hong Kong dollar and Macau Pataca as compared to last year; and
- (iv) Fair value of derivative financial instruments represents the fair value of forward foreign exchange contracts entered into by the Group. Fair value loss of derivative financial instruments amounted to RMB156 million in 2021, representing a decrease of 90.5% when compared with RMB1,649 million in 2020, as a result of effective control of the Group's foreign exchange risk and mitigation of foreign currency exposure.

Share of post-tax profits of investments accounted for using equity method

During the year, the share of post-tax profits of investments accounted for using equity method was RMB795 million, representing a decrease of 49.9% when compared with RMB1,586 million in 2020. The decrease was mainly attributable to the fact that some of the associate and joint venture property development projects are in their development cycle and the results of operations are not yet recognised.

Profit attributable to shareholders

Profit attributable to shareholders of the Company was RMB6,712 million for the year ended 31 December 2021, representing a decrease of 29.2% when compared with RMB9,475 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 31 December 2021, the total cash and bank balances of the Group were RMB38,420 million (31 December 2020: RMB50,865 million), of which RMB22,803 million (31 December 2020: RMB41,926 million) was cash and cash equivalents and RMB15,617 million (31 December 2020: RMB8,939 million) was restricted cash.

As at 31 December 2021 and 2020, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

As at 31 December 2021, the Group's undrawn borrowing facilities were RMB3,848 million (31 December 2020: RMB4,141 million).

Borrowings

As at 31 December 2021, the Group's total borrowings amounted to RMB83,874 million, of which (i) bank borrowings and other borrowings; (ii) senior notes; (iii) PRC Corporate Bonds, CMBS, ABS and exchangeable bonds, were amounted to RMB54,049 million, RMB18,061 million and RMB11,764 million respectively.

Repayment schedule	As at 31 December 2021 (RMB million) (unaudited)	As at 31 December 2020 (RMB million) (audited)
Bank borrowings and other borrowings		
Within 1 year	17,145	29,107
Over 1 year and within 2 years	14,415	20,739
Over 2 years and within 5 years	18,690	16,515
Over 5 years	3,799	3,778
Subtotal	54,049	70,139
Senior notes		
Within 1 year	6,998	3,907
Over 1 year and within 2 years	–	4,547
Over 2 years and within 5 years	11,063	6,377
Subtotal	18,061	14,831
PRC Corporate Bonds, CMBS, ABS and exchangeable bonds		
Within 1 year	5,437	5,555
Over 1 year and within 2 years	1,200	3,943
Over 2 years and within 5 years	5,127	3,345
Subtotal	11,764	12,843
Total	83,874	97,813

As at 31 December 2021, the Group's bank borrowings (including syndicated loans) of which RMB40,427 million (31 December 2020: RMB42,518 million) and other borrowings of which RMB4,384 million (31 December 2020: RMB11,283 million) were secured by its bank deposits, land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest of a joint venture.

The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB2,032 million as at 31 December 2021 (31 December 2020: RMB2,957 million).

The ABS and CMBS of RMB949 million (31 December 2020: RMB1,154 million) and RMB4,052 million (31 December 2020: RMB4,095 million) were secured by the Group's trade receivables and land use rights, self-used properties and investment properties.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2021, the gearing ratio was 50.8% (31 December 2020: 61.0%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits, financial assets at FVPL, syndicated loans and bank borrowings were denominated in Hong Kong dollars, United States dollars, Macau Pataca and Malaysian Ringgit, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into forward foreign exchange contracts with certain banks to mitigate certain of its foreign currency exposure in United States dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the RMB cost expected to occur in the future to repay foreign currency liabilities. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2021, the Group had foreign currency swap contracts of USD783 million. During the year, the Group recorded RMB156 million fair value losses (2020: RMB1,649 million fair value losses) in derivative financial instruments.

Cost of borrowings

In 2021, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB6,836 million, representing a decrease of 6.8% when compared with RMB7,336 million in 2020. The decrease was mainly attributable to lower average balance of borrowings in 2021. The Group's effective borrowing rate for the year was 5.87% (2020: 6.56%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2021, the outstanding guarantees were RMB51,824 million (31 December 2020: RMB51,378 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2021 was RMB1,282 million (2020: RMB2,785 million) and RMB6,410 million (2020: RMB11,853 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB3,461 million (2020: RMB2,243 million). As at 31 December 2021, the Group's share of the guarantees amounted to RMB2,190 million (2020: RMB1,109 million).

Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB12,904 million (2020: RMB10,390 million). As at 31 December 2021, the Group's share of the guarantees amounted to RMB8,271 million (2020: RMB5,111 million).

As at 31 December 2021, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB4,179 million (2020: RMB1,677 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

- (a) On 11 February 2021, pursuant to further cooperation instruments entered into by an independent third party acquirer (the “**Acquirer**”), the relevant subsidiaries of the Company and the relevant project companies of the Company, pursuant to which the Company disposed of its interest in certain project companies to the Acquirer, the total commitment of the Acquirer in the project companies amounted to RMB6,072 million. For details please refer to the announcements of the Company dated 24 December 2020 and 11 February 2021.
- (b) On 28 May 2021, 雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.) (“**A-Living**”) entered into a placing agreement with a placing agent pursuant to which the placing agent shall procure on a fully underwritten basis, not less than six (6) placees to subscribe for an aggregate of 86,666,800 new H shares in A-Living at the placing price of HK\$37.60 per H share. Upon completion of the placing, the issued number of shares of A-Living increased from 1,333,334,000 shares to 1,420,000,800 shares and the shareholding interest in A-Living owned by the Company decreased from 54.09% to 50.80%. The placing constitutes a deemed disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Details of the placing of new H shares were set out in the announcement of the Company dated 28 May 2021.
- (c) On 17 November 2021, an indirect wholly-owned subsidiary of Agile Group entered into the Subscription Agreement with the sole bookrunner pursuant to which the indirect wholly-owned subsidiary of Agile Group has conditionally agreed to issue the secured and guaranteed exchangeable bonds (the “**Bonds**”) in an aggregate principal amount of HK\$2,418,000,000. Based on the initial Exchange Price of HK\$27.48 per A-Living Share and assuming full exchange of the Bonds at the Exchange Price, the Bonds will be exchanged into 87,991,267 A-Living Shares, representing approximately 6.2% of the existing issued share capital of A-Living as at the date of the joint announcement dated 18 November 2021 and upon full exchange of the Bonds. For details, please refer to the said announcement.

- (d) On 13 November, 2021, the Group entered into the following agreements: the Joinder Agreement to the Series D Preferred Share Purchase Agreement between August State Investments Limited (an indirect wholly-owned subsidiary of the Company, “**August State**”), and WM Motor Holdings Limited (the “**WM Motor**”), pursuant to which August State conditionally agreed to subscribe, and the WM Motor conditionally agreed to issue to August State, 178,668,470 Series D Preferred Shares at a cash consideration of US\$140,000,000; the Deed of Adherence to the WM Shareholders Agreement between the WM Motor and August State. On 18 November, 2021, Great Dawn Investments Limited (an indirect wholly-owned subsidiary of the Company, “**Great Dawn**”), entered into the Option Agreement with the WM Motor, pursuant to which the WM Motor agreed to grant to Great Dawn the Option, the exercise of which is at Great Dawn’s discretion, to require the WM Motor to conditionally issue and transfer 86,996,862 Class A WM Ordinary Shares at the consideration of HK\$540,182,480 (equivalent to approximately US\$69,432,195), which shall be satisfied by Great Dawn by transferring to the WM Motor 794,386,000 shares of Apollo Future Mobility Group Limited held by Great Dawn. On 30 November, 2021, Great Dawn exercised the Option to require the WM Motor to issue and transfer all of the WM Exchange Shares to Great Dawn. The transactions had been completed on 15 December 2021. For details, please refer to announcement of the Company dated 30 November 2021 and 15 December 2021.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Events after the Balance Sheet Date

- (a) On 10 January 2022, the Company announced that certain agreements entered into by independent third parties for the sale of 14 non-core properties during the period from 1 July to 31 December 2021, including five hotels and relevant land use rights, two shopping malls, three sales offices, three residential commercial facilities and one apartment, at a total consideration of approximately RMB2,800,000,000, of which approximately RMB1,149,000,000 as deposits had been received in 2021. Pursuant to the terms and conditions of the relevant agreements, the Group is expected to have cash collection of approximately RMB1,651,000,000 in 2022. The Group intends to use the net proceeds from the sale of properties as general working capital of the Group, which was recorded in contract liability in the consolidated balance sheet. For details, please refer to announcement dated 10 January 2022.

- (b) Pursuant to several agreements entered into by an independent third party purchaser (the “**Purchaser**”), and relevant subsidiaries of the Company subsequently in November 2021 and January 2022, it was agreed that the Purchaser would purchase the specified equity interests of relevant environmental protection projects, at an aggregate consideration of RMB1,129,141,000 of which RMB329,541,000 from the assignment of the disposal shareholders’ loan. As earnest monies for their respective acquisition of equity interests, the Purchaser had paid a total of RMB1,003,000,000 to the Group that was treated as advanced payment for disposal of equity interests in December 2021, which was recorded in trade and other payables in the consolidated balance sheet. For details, please refer to announcement dated 28 January 2022.
- (c) Respectively on 13 and 18 January 2022, 28 February 2022 and 2 March 2022, the Company redeemed all the outstanding 2019 Senior Notes at a total redemption price of US\$500,000,000 (equivalent to approximately RMB3,167,550,000).
- (d) On 21 January 2022, Guangzhou Zhenran Investment Co., Ltd. (an indirect wholly-owned subsidiary of the Company), entered into an agreement with an independent third party for disposal of approximately 26.66% equity interest of a joint venture of the Group at a total consideration of RMB1,843,869,000. For details, please refer to announcement dated 24 January 2022.
- (e) On 28 January 2022, pursuant to the agreements entered into between an independent third party and the relevant subsidiaries of the Company, it was agreed the disposal of the equity interests of one joint venture and two associates of the Group at a total consideration of RMB1,000,000,000 of which approximate RMB749,712,000 from the assignment of the disposal shareholders’ loan. For details, please refer to announcement dated 28 January 2022.

Save as disclosed above, the Group did not have any other material event after the Balance Sheet Date.

Employees and remuneration policy

As at 31 December 2021, the Group had a total of 98,466 employees, among which 276 were senior management and 2,051 were middle management. By geographical locations, there were 98,362 employees in Mainland China and 104 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2021, the total remuneration costs, including directors’ remuneration, were RMB8,862 million (31 December 2020: RMB7,679 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

The impact of the outbreak of COVID-19

The year 2021 continued to face the challenges of a rampant global pandemic, and various countries accelerated the pace of vaccination, leading to a gradual increase in vaccination rates. In China, effective control of the pandemic speeded up economic recovery, while internal cycle consumption was actively implemented. In addition, sporadic resurgences in the pandemic situation abroad has boosted exports, coupled with an easing monetary policy adopted gradually in the second half of the year, resulting in a deep “V” rebound in domestic economy. During the year, China's gross domestic product increased by 8.1% compared with last year.

Since the start of the pandemic in 2020, the Group has continued to drive regional diversified online and offline sales strategies, while adjusting the saleable resources in each region where appropriate. The Group continues to monitor the situation of the pandemic and is actively addressing its impact on the Group's financial position and results of operations. During the year, COVID-19 did not have any material adverse impact on the financial position and operation results of the Group.

Property development pre-sale

In 2021, real estate sales were still under the impact of the social distancing measures, but the Group continued to adopt online and offline marketing strategies to propel sales in a stable manner. In 2021, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group reached the amount to RMB139.01 billion, a similar level when compared with RMB138.19 billion in 2020. The pandemic is not expected to have a significant impact on the Group's growth and its impact can be reduced through reasonable adjustments to sales plans and work arrangements.

Property management

In 2021, the property management industry was better regulated with higher-quality development and more diversified businesses. The government of the People's Republic of China (the “**PRC**”) enacted plans and policies to guide and support the industry's well-regulated and sustainable development. Ten government departments of PRC, including the Ministry of Housing and Urban-Rural Development, jointly issued the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (the “**Notice**”) in the Year. Both the Notice and China's 14th Five-Year Plan affirmed property management enterprises' role as the backbone of urban governance and living services. In the future, the PRC government will support property management enterprises to provide residents with more convenient and diverse living services, practically improve the service quality and increase the degree of intelligentisation and standardisation of property management. Throughout the Year, to cope with the recurring COVID-19 pandemic and various natural catastrophes, property management enterprises resolutely shouldered their social responsibilities and did their best to safeguard property owners' lives and properties, which won them high praises widely from the society.

Outlook

It is expected that the Central Government will continue to adhere to the principle of “houses are for living in, not for speculation” and “prioritising on stability” in the economy in 2022, and properly implement a long-term mechanism to “stabilise land prices, housing prices and expectations” on the basis of respecting market regulations and improving the establishment of relevant systems, as well as to formulate policies according to each city's specific condition with flexible adjustments, so as to facilitate the benign cycle and healthy development of the real estate industry.

In addition, in line with China's proposal of “Carbon Neutrality by 2060” as its commitment to tackling global climate issues, the Group will actively respond to macro policies, pay attention to the impact of business development on climate change, and carry out energy saving and consumption reduction initiatives to reduce greenhouse gas emissions generated during the course of business development.

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

DIVIDENDS

During the year, the Company declared and paid an interim dividend of HK50.0 cents (2020: HK50.0 cents) per ordinary share to the shareholders. Upon completion of the audit process, the Board will make proposal on distribution of final dividend for the year ended 31 December 2021 (if appropriate) based on the audited financial figures of the Group for the year ended 31 December 2021(2020: HK60.0 cents per ordinary share).

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited consolidated financial statements of the Group for the year ended 31 December 2021, and reviewed the accounting principles and practices adopted by the Group, and discussed the internal controls and financial reporting matters with Group’s management. So far as the information is available, the Audit Committee is of the opinion that these statements have complied with the accounting treatment which had been adopted and the particulars published in accordance with Rule 13.49(3)(i)(c) of the Listing Rules.

The publication of the audited annual results of the Group for the year ended 31 December 2021 is delayed as the audit process has been affected by lockdown and quarantine measures imposed by the governments in Mainland China and of Hong Kong in response to the COVID-19 pandemic, which has caused (i) delays in obtaining the requisite information from and arranging on site auditing works for the joint ventures and subsidiaries in various regions in China especially Shanghai, Shenzhen, Xi’an and Hong Kong; and (ii) delays in sending out and receipt of accounts receivable, payable confirmations and bank confirmations etc.. As a result, the financial reporting and audit process of the Group has been adversely affected and the Company is unable to publish the audited annual results of the Group for the year ended 31 December 2021, with the agreement of its auditor, on or before 31 March 2022 in accordance with Rule 13.49(1) of the Listing Rules.

The unaudited annual results contained herein have not been agreed with the Company’s auditor as the audit process is incomplete and the management is following up with the outstanding audit requests to facilitate completion of audit procedures.

An announcement relating to the audited results which shall have been agreed with the auditor are expected to be made no later than 15 May 2022 when the audit process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The relevant figures in unaudited annual results of the Group contained herein may differ from its audited annual results for the year ended 31 December 2021 to be published at the later date. Therefore investors are advised to exercise due caution when dealing in the securities of the Company and to seek advice from professional or financial advisors if in doubt.

PUBLIC FLOAT

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2021 and as at the date of this announcement, at least 25% of the Company's total issued share capital is held by the public.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for securities transactions by directors ("**Securities Dealing Code for Directors**"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. After the enquires, all of the Directors of the Company have confirmed that they had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has complied with all code provisions of the then Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules ("**then CG Code**") as applicable for the Company's year end 31 December 2021 except for the deviation as specified with considered reasons below.

The code provision A.2.1 of the then CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 12 January 2021, Guangzhou Panyu Agile Realty Development Co., Ltd.^ (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) fully redeemed its domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with an initial coupon rate of 4.7% at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests. These bonds had been delisted from the Shanghai Stock Exchange.

On 19 July 2021, the Company redeemed all of its outstanding 8.5% senior notes due 2021 in an aggregate principal amount of US\$600 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests. These notes had been delisted from the Singapore Exchange Securities Trading Limited (“SGX”).

On 11 October 2021, the Company fully redeemed its non-public domestic corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with an initial coupon rate of 4.6% at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests. These bonds had been delisted from the Shanghai Stock Exchange.

On 11 October 2021, the Company fully repurchased its non-public domestic corporate bonds (the “**Domestic Bonds**”) in an aggregate amount of RMB1,200 million due 2023 with an initial coupon rate of 5.7% at the repurchase price of RMB100 each, being its face value. Following the completion of the said repurchase, the Company has resold such Domestic Bonds. The Domestic Bonds are listed on the Shanghai Stock Exchange.

Save as above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

In January 2022, the Company has accumulated the repurchase of the US\$500 million 6.7% senior notes due 2022 (the “**Senior Notes**”) in an aggregate principal amount of US\$67.1 million plus accrued and unpaid interest, if any. Among the Senior Notes repurchased, an aggregate principal amount of US\$63.5 million had been cancelled in February 2022. On 7 March 2022, the Company redeemed the outstanding Senior Notes in the principal amount of US\$436.5 million in full at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests. The Senior Notes had been delisted from SGX.

FURTHER ANNOUNCEMENT(S)

Following the completion of the audit process, the Company will issue further announcement(s) in relation to the audited consolidated financial results for the year ended 31 December 2021 as agreed by the Company’s auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there is other material development in the completion of the audit process.

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

This announcement is published on the respective website of the Company at www.agile.com.cn, The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and SGX at www.sgx.com. The annual report of the Company for the year ended 31 December 2021 which contains all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eleven members, being Mr. Chen Zhuo Lin* (Chairman and President), Mr. Chan Cheuk Yin** (Vice Chairperson), Madam Luk Sin Fong, Fion** (Vice Chairperson), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors

^ *for identification purposes only*

By Order of the Board
Agile Group Holdings Limited
CHEN Zhuo Lin
Chairman and President

Hong Kong, 31 March 2022