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CHINA TIANBAO GROUP DEVELOPMENT COMPANY LIMITED
中國天保集團發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1427)

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

FINANCIAL HIGHLIGHTS

	<i>Notes</i>	Year ended December 31	
		2021	2020
		RMB'000	RMB'000
Revenue			
– Property development and others business		690,819	1,435,452
– Construction contracting business		2,208,722	1,933,889
Gross profit		243,634	628,099
Underlying profit	<i>1</i>	78,632	310,095
Reported profit	<i>2</i>	41,808	331,671
		RMB	RMB
Earnings per share		0.05	0.42

Notes: 1. Underlying profit is calculated as reported profit less fair value loss on investment properties and fair value loss (gain) on financial assets through profit or loss, and is not prepared under the IFRSs.
 2. Reported profit is prepared under the IFRSs.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2021 (for the year ended December 31, 2020: Nil).

RESULTS HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Tianbao Group Development Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2021 (the “**Reporting Period**” or “**year**”) prepared under the International Financial Reporting Standards (the “**IFRSs**”), together with comparative figures for the year ended December 31, 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2021

		2021	2020
	Notes	RMB'000	RMB'000
REVENUE	4	2,899,541	3,369,341
Cost of sales		<u>(2,655,907)</u>	<u>(2,741,242)</u>
Gross profit		243,634	628,099
Other income and gains	4	16,113	26,537
Selling and distribution expenses		(3,559)	(1,172)
Administrative expenses		(62,875)	(55,678)
Impairment losses on financial and contract assets, net		(46,326)	(40,132)
Fair value loss on investment properties		–	(700)
Fair value (loss)/gain on financial assets through profit or loss		(36,824)	22,276
Other expenses		(3,378)	(1,252)
Finance costs		<u>(57,989)</u>	<u>(37,679)</u>
PROFIT BEFORE TAX	5	48,796	540,299
Income tax expense	6	<u>(6,988)</u>	<u>(208,628)</u>
PROFIT FOR THE YEAR		<u>41,808</u>	<u>331,671</u>
Attributable to:			
Owners of the parent		<u>41,808</u>	<u>331,671</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit for the year		<u>RMB0.05</u>	<u>RMB0.42</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>41,808</u>	<u>331,671</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(3,749)</u>	<u>(14,773)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(3,749)</u>	<u>(14,773)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(8,154)	(5,000)
Income tax effect	<u>–</u>	<u>1,250</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(11,903)</u>	<u>(18,523)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>29,905</u>	<u>313,148</u>
Attributable to:		
Owners of the parent	<u>29,905</u>	<u>313,148</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		227,947	230,903
Investment properties		140,400	140,400
Right-of-use assets		14,208	11,298
Other intangible assets		1,418	1,930
Equity investments designated at fair value through other comprehensive income		194,256	138,000
Financial assets at fair value through profit or loss		164,485	205,687
Deferred tax assets		85,525	78,373
TOTAL NON-CURRENT ASSETS		828,239	806,591
CURRENT ASSETS			
Inventories		69	–
Trade receivables	9	641,828	515,034
Contract assets		1,353,270	1,306,539
Properties under development		2,393,101	2,162,785
Completed properties held for sale		973,845	885,530
Prepayments, other receivables and other assets		247,006	310,632
Tax recoverable		27,989	24,612
Pledged deposits		223,288	264,978
Cash and cash equivalents		248,749	183,919
TOTAL CURRENT ASSETS		6,109,145	5,654,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at December 31, 2021*

	<i>Note</i>	2021 RMB'000	2020 RMB'000
CURRENT LIABILITIES			
Trade payables	10	2,228,185	2,075,486
Other payables and accruals		2,118,161	1,952,157
Interest-bearing bank and other borrowings		451,707	348,000
Lease liabilities		1,909	963
Tax payable		440,694	535,679
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		5,240,656	4,912,285
		<hr/>	<hr/>
NET CURRENT ASSETS		868,489	741,744
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,696,728	1,548,335
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		344,000	232,450
Deferred tax liabilities		4,579	–
Lease liabilities		2,359	–
		<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES		350,938	232,450
		<hr/>	<hr/>
NET ASSETS		1,345,790	1,315,885
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		7,281	7,281
Reserves		1,338,509	1,308,604
		<hr/>	<hr/>
		1,345,790	1,315,885
		<hr/>	<hr/>
TOTAL EQUITY		1,345,790	1,315,885
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. CORPORATE AND GROUP INFORMATION

China Tianbao Group Development Company Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong was located at Unit 3326, 33/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is mainly engaged in (i) provision of construction contracting and (ii) property development and others.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Jixiang International Industrial Company Limited, which is a limited liability company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IFRS 17	<i>Insurance Contracts^{2,5}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current^{2,5}</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ¹

¹ Effective for annual periods beginning on or after January 1, 2022

² Effective for annual periods beginning on or after January 1, 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to IAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from January 1, 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) Construction contracting – this segment engages in the provision of services relating to construction as a general contractor for building construction projects, infrastructure construction projects and property investment; and
- (b) Property development and others – this segment engages in the sale of properties and the provision of services relating to properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of profit before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended December 31, 2021	Construction contracting RMB'000	Property development and others RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	2,208,722	690,819	2,899,541
Intersegment sales	690,021	–	690,021
Total revenue	2,898,743	690,819	3,589,562
<i>Reconciliation:</i>			
Eliminations of intersegment sales			(690,021)
Revenue			<u>2,899,541</u>
Segment results	43,559	17,171	60,730
<i>Reconciliation:</i>			
Eliminations of intersegment results			(11,934)
Profit before tax			<u>48,796</u>
Segment assets	6,073,682	10,415,536	16,489,218
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			(9,551,834)
Total assets			<u>6,937,384</u>
Segment liabilities	4,810,072	7,358,341	12,168,413
<i>Reconciliation:</i>			
Eliminations of intersegment payables			(6,576,819)
Total liabilities			<u>5,591,594</u>
Other segment information:			
Depreciation and amortisation	1,406	9,004	10,410
Impairment losses recognised in the consolidated statement of profit or loss, net	44,707	1,619	46,326
Capital expenditure*	3,617	1,160	4,777

For the year ended December 31, 2020	Construction contracting <i>RMB'000</i>	Property development and others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)			
Sales to external customers	1,933,889	1,435,452	3,369,341
Intersegment sales	<u>609,696</u>	<u>–</u>	<u>609,696</u>
Total revenue	2,543,585	1,435,452	3,979,037
<i>Reconciliation:</i>			
Eliminations of intersegment sales			<u>(609,696)</u>
Revenue			<u><u>3,369,341</u></u>
Segment results	48,042	588,518	636,560
<i>Reconciliation:</i>			
Eliminations of intersegment results			<u>(96,261)</u>
Profit before tax			<u><u>540,299</u></u>
Segment assets	6,533,409	8,100,367	14,633,776
<i>Reconciliation:</i>			
Eliminations of intersegment receivables			<u>(8,173,156)</u>
Total assets			<u><u>6,460,620</u></u>
Segment liabilities	3,950,335	6,393,907	10,344,242
<i>Reconciliation:</i>			
Eliminations of intersegment payables			<u>(5,199,507)</u>
Total liabilities			<u><u>5,144,735</u></u>
Other segment information:			
Depreciation and amortisation	903	6,940	7,843
Impairment losses recognised in the consolidated statement of profit or loss, net	36,225	3,907	40,132
Capital expenditure*	<u>2,723</u>	<u>15,445</u>	<u>18,168</u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Geographical information

(a) Revenue from external customers

The Group has derived substantially all of its revenue in the People's Republic of China ("PRC"), and hence, geographical information is not considered necessary.

(b) Non-current assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hong Kong	1,523	939
Mainland China	<u>382,450</u>	<u>383,592</u>
	<u><u>383,973</u></u>	<u><u>384,531</u></u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue of approximately RMB166,551,000 (2020: RMB400,834,000) was derived from sales by the construction contracting segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers	2,888,490	3,360,636
Revenue from other sources		
Gross rental income from operating leases:		
Other lease payments, including fixed payments	<u>11,051</u>	<u>8,705</u>
	<u><u>2,899,541</u></u>	<u><u>3,369,341</u></u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended December 31, 2021

	Construction contracting RMB'000	Property development RMB'000	Total RMB'000
Types of goods or services			
Construction contracting	2,208,722	–	2,208,722
Property development	–	679,768	679,768
	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>
Total revenue from contracts with customers	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>
Geographical market			
Mainland China	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>
Timing of revenue recognition			
Goods transferred at a point in time	–	679,768	679,768
Services transferred over time	2,208,722	–	2,208,722
	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>
Total revenue from contracts with customers	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>

For the year ended December 31, 2020

	Construction contracting RMB'000	Property development RMB'000	Total RMB'000
Types of goods or services			
Construction contracting	1,933,889	–	1,933,889
Property development	–	1,426,747	1,426,747
	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>
Total revenue from contracts with customers	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>
Geographical market			
Mainland China	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>
Timing of revenue recognition			
Goods transferred at a point in time	–	1,426,747	1,426,747
Services transferred over time	1,933,889	–	1,933,889
	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>
Total revenue from contracts with customers	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>

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

For the year ended December 31, 2021

Segments	Construction contracting RMB'000	Property development RMB'000	Total RMB'000
Revenue from contracts with customers			
External customers	2,208,722	679,768	2,888,490
Intersegment sales	690,021	–	690,021
	<u>2,898,743</u>	<u>679,768</u>	<u>3,578,511</u>
Intersegment eliminations	(690,021)	–	(690,021)
	<u>2,208,722</u>	<u>679,768</u>	<u>2,888,490</u>
Total revenue from contracts with customers	<u><u>2,208,722</u></u>	<u><u>679,768</u></u>	<u><u>2,888,490</u></u>

For the year ended December 31, 2020

Segments	Construction contracting RMB'000	Property development RMB'000	Total RMB'000
Revenue from contracts with customers			
External customers	1,933,889	1,426,747	3,360,636
Intersegment sales	609,696	–	609,696
	<u>2,543,585</u>	<u>1,426,747</u>	<u>3,970,332</u>
Intersegment eliminations	(609,696)	–	(609,696)
	<u>1,933,889</u>	<u>1,426,747</u>	<u>3,360,636</u>
Total revenue from contracts with customers	<u><u>1,933,889</u></u>	<u><u>1,426,747</u></u>	<u><u>3,360,636</u></u>

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

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Construction contracting	201,076	114,273
Property development	667,232	1,227,799
	<u>868,308</u>	<u>1,342,072</u>

(b) **Performance obligations**

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

Construction contracting

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Property development

The performance obligation is satisfied when the customer obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

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

	2021 RMB'000	2020 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	3,114,152	2,598,702
After one year	2,901,908	1,886,782
	6,016,060	4,485,484

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within three years, while those related to property development are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2021 RMB'000	2020 <i>RMB'000</i>
Other income		
Interest income	3,184	1,811
Dividend income from equity investments designated at fair value through other comprehensive income	10,739	9,667
Dividend income from financial assets at fair value through profit or loss	668	2,872
Government grants	1,451	11,495
	16,042	25,845
Gains		
Others	71	692
	16,113	26,537

5. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	RMB'000
Cost of construction contracting	2,090,668	1,839,523
Cost of property development and others	565,239	901,719
Depreciation of property, plant and equipment	7,523	6,173
Depreciation of right-of-use assets	2,166	1,364
Amortisation of other intangible assets	721	306
Minimum lease payments under operating leases	180	98
Lease payments not included in the measurement of lease liabilities	1,331	1,097
Auditor's remuneration	2,000	1,700
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages, salaries and allowances	14,597	12,667
– Social insurance	5,827	3,997
– Welfare and other expenses	1,669	1,854
	22,093	18,518
Impairment of trade receivables, net	42,028	34,839
Impairment of contract assets, net	2,510	1,527
Impairment losses on financial assets included in prepayments, other receivables and other assets	1,788	3,766
	46,326	40,132
Changes in fair value of investment properties	–	700
Dividend income from equity investments designated at fair value through other comprehensive income	(10,739)	(9,667)
Dividend income from financial assets at fair value through profit or loss	(668)	(2,872)
Interest income	(3,184)	(1,811)

6. INCOME TAX

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

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax rate of 25% in accordance with the PRC Corporate Income Tax during the year.

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

Certain subsidiaries with properties sold were subject to LAT which is calculated based on 5% of property revenue in accordance with the authorised taxation method approved by the respective local tax bureaus.

	2021	2020
	RMB'000	RMB'000
Current income tax	41,452	119,777
PRC LAT	(31,891)	96,838
Deferred income tax	(2,573)	(7,987)
	<hr/>	<hr/>
Total tax charge for the year	6,988	208,628
	<hr/> <hr/>	<hr/> <hr/>

7. DIVIDENDS

	2021	2020
	RMB'000	RMB'000
Interim – Nil (2020: HK\$5 cents) per ordinary share	–	36,426
	<hr/>	<hr/>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the ordinary shares of 789,608,000 (2020: 794,502,000) in issue during the year, as adjusted to reflect the number of shares purchased under the share award scheme during the last year.

The Group had no potentially dilutive ordinary shares in issue during the years ended December 31, 2021 and 2020.

The calculation of basic and diluted earnings per share is based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>41,808</u>	<u>331,671</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>789,608,000</u>	<u>794,502,000</u>

9. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	742,844	574,022
Impairment	<u>(101,016)</u>	<u>(58,988)</u>
	<u>641,828</u>	<u>515,034</u>

Trade receivables mainly represented receivables from construction contracting. The payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is three to six months, except for retention receivable as detailed below. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At the end of the Reporting Period the due settlements of the Group's retention receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Retentions included in trade receivables	44,860	10,002
Provision for impairment	<u>(8,333)</u>	<u>(2,537)</u>
Retentions included in trade receivables, net	<u>36,527</u>	<u>7,465</u>

An ageing analysis of the Group's trade receivables excluding retentions at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows

Trade receivables without retention receivables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	353,035	274,309
1 year to 2 years	129,138	234,923
2 years to 3 years	169,936	34,092
Over 3 years	45,875	20,696
	697,984	564,020

Retention receivables included in trade receivables represented the Group's unconditional right to receive upon completion of the warranty period of 1 to 5 years.

An ageing analysis of the trade receivables at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	349,288	272,007
1 year to 2 years	144,016	209,937
2 years to 3 years	137,595	29,699
Over 3 years	10,929	3,391
	641,828	515,034

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	58,988	24,149
Impairment losses, net	42,028	34,839
At end of year	101,016	58,988

10. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the Reporting Period, based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 6 months	765,973	1,259,508
6 months to 1 year	150,772	127,757
1 to 2 years	838,985	518,189
2 to 3 years	331,266	158,673
Over 3 years	141,189	11,359
	2,228,185	2,075,486

Trade payables are non-interest-bearing and are normally settled based on the progress of construction.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a property developer and construction company based in Zhuozhou, a city in Hebei Province, the PRC. The Group engages in a wide range of property development activities, such as planning and design, construction, property sales, investment and operations.

The Group principally engages in the following businesses:

- Property development business. As a property developer, the Group focuses primarily on the development and sales of residential properties, and leasing and operation of an investment property.
- Construction contracting business. As a construction company, the Group provides construction contracting services mainly as a general contractor for building construction projects, infrastructure construction projects, and industrial and commercial construction projects.

Financial Results

For the year ended December 31, 2021, the Group's revenue was approximately RMB2,900 million, representing a decrease of 13.9% comparing to RMB3,369 million in 2020.

The underlying profit of the Group decreased by 74.6% to RMB79 million (2020: RMB310 million).

The reported profit amounted to approximately RMB42 million, representing a decrease of 87.4% comparing to RMB332 million in 2020, mainly attributable to a decrease of gross profit in property development business and a fair value loss on financial assets through profit or loss recorded in the year.

Reconciliation of underlying profit and reported profit:

	For the year ended December 31	
	2021	2020
	RMB'000	RMB'000
Reported profit	41,808	331,671
Fair value loss on investment properties	–	700
Fair value loss/(gain) on financial assets through profit or loss	36,824	(22,276)
Underlying profit	78,632	310,095

Business Review

The Group's revenue for the year ended December 31, 2021 decreased by 13.9% to approximately RMB2,900 million (2020: RMB3,369 million). Such decrease was attributed to the decrease in revenue of the property development business which was mainly due to the fact that smaller amount of sales were recognised after the completion of the property sales, resulting in a decrease in the sales revenue of the property development business; the construction contracting business expanded to 19 provinces and cities, with the addition of Guangdong Province, Guangxi Province, Hubei Province, Zhejiang Province and other provinces and cities, More projects were completed and both project volume and project scale increased, resulting in an increase in the revenue of this segment.

The Group's underlying profit was approximately RMB79 million (2020: RMB310 million), a decrease of 74.6% from last year, mainly due to (i) the outbreak of the COVID-19; (ii) China's regulatory policies imposed on the real estate market (including the restrictions on purchase and pricing of houses), which resulted in a decrease in the number of properties sold at a price lower than expected, ultimately resulted in lower revenue and gross profit from the delivery of certain properties during the year; and (iii) the fewer areas of properties delivered by the Group during the year than that in 2020.

As at December 31, 2021, the net assets of the Group were approximately RMB1,346 million (2020: RMB1,316 million). The Group has bank deposits of approximately RMB472 million (2020: RMB449 million). Total bank and other loans of approximately RMB796 million (2020: RMB580 million). As at December 31, 2021, the net debt (being total borrowings minus bank deposits) of the Group was approximately RMB324 million (2020: RMB131 million). The Group's net assets and net debt have both increased compared to year 2020. The above financial indicators showed that the Group's financial position remained stable.

The following table sets forth the breakdown of the Group's revenue by business segment for the years indicated:

Segment	For the year ended December 31			
	2021		2020	
	Revenue RMB'000	Percentage of total revenue (%)	Revenue RMB'000	Percentage of total revenue (%)
Property development and others business	690,819	23.8	1,435,452	42.6
Construction contracting business	2,208,722	76.2	1,933,889	57.4
Total	<u>2,899,541</u>	<u>100.0</u>	<u>3,369,341</u>	<u>100.0</u>

Below is a review of each business segment of the Group.

(i) Property development and others business

The Group's property development business consists of (i) the development and sales of residential properties; and (ii) leasing and operation of an investment property. The revenue of the Group is derived from sales of residential properties and rental income from investment property. As of December 31, 2021, the Group had a diverse portfolio of 21 property projects consisting of 19 residential and commercial properties, one investment property and one hotel, which are all owned and developed by the Group. Among the 21 property projects, 7 projects are located in Zhuozhou and the remaining 14 projects are located in Zhangjiakou. Among these 21 projects, 12 projects were completed, 6 projects were under construction and 3 projects were held for future development. As of December 31, 2021, the Group had land reserves with a total gross floor area ("GFA") of approximately 1,849,927 square meters ("sq.m."), including (i) completed properties with a total unsold saleable GFA of approximately 236,071 sq.m. and a rentable GFA held for property investment of approximately 44,336 sq.m., accounting for approximately 15.2% of the Group's total land reserves; (ii) properties under development with a total planned GFA of approximately 818,035 sq.m., accounting for approximately 44.2% of the Group's total land reserves; and (iii) properties held for future development with a total planned GFA of approximately 751,485 sq.m., accounting for approximately 40.6% of the Group's total land reserves.

The table below sets forth a breakdown of the revenue from property development business by business line and nature of income for the years indicated:

Business line	Nature of income	For the year ended December 31			
		2021		2020	
		Revenue <i>RMB'000</i>	Percentage of total revenue (%)	Revenue <i>RMB'000</i>	Percentage of total revenue (%)
Property development and sales	Sales of residential properties	679,768	98.4	1,426,747	99.4
Commercial property investment and operations	Rental income	11,051	1.6	8,705	0.6
Total		<u>690,819</u>	<u>100.0</u>	<u>1,435,452</u>	<u>100.0</u>

The Group's land reserves are mainly located in Zhuozhou and Zhangjiakou which have high development potential. The following is a brief introduction of such projects of the Group:

Projects in Zhuozhou

Tianbao Green City (天保綠城)

Located on the north side of Guanyun Road and the west side of Xuyi Village in Zhuozhou, the project covers a total site area of 33,764.1 sq.m. The project has convenient transportation facilities connecting Beijing-Shijiazhuang High-speed Railway and Beijing-Hong Kong-Macao Expressway. The GFA of the project is approximately 105,000 sq.m., including high-rise residential buildings, commercial properties and parking lots. As of December 31, 2021, 872 units have been launched and 816 units have been sold for Tianbao Green City.

Tianbao Xinyue Bay (天保馨悅灣) (also known as Project Ming Yang Phase I (明陽一期))

The project is located in Beixiguo Village, Matou Town, Zhuozhou, with the convenient surrounding transportation facilities. The project can be reached through the Beijing-Hong Kong-Macao Expressway and the Beijing-Shijiazhuang High-speed Railway. The project covers a site area of approximately 17,593.3 sq.m. and has a GFA of approximately 48,000 sq.m., including high-rise residential buildings. There are 480 units in the project. As of December 31, 2021, 447 units have been sold for Tianbao Xinyue Bay. The project has been delivered to purchasers in batches since 2020.

Tianbao Smart Building Technology Park (天保智慧建築科技園)

The project is located at the intersection of Yongji East Road and Pengcheng Street in Zhuozhou. It covers a site area of 58,610.9 sq.m. and a GFA of approximately 310,000 sq.m. The project is about 6 kilometers from Zhuozhou High-speed Railway Station, about 17 kilometers from Beijing Daxing International Airport and about 1 kilometer from Zhuozhou City Terminal of Beijing Daxing International Airport. This project is a high-end complex integrating business office, corporate headquarters office, commerce, micro-movie bar, catering and conferences. There are approximately 4,100 units in this project, and it is in the main construction stage. As of December 31, 2021, 1,816 units have been launched and 386 units have been sold for this project.

Baoxin International Building (保鑫國際大廈)

The project is located at No. 33 Guanyun East Road, Zhuozhou Development Zone. It covers a total site area of 17,792.4 sq.m., with a total GFA of approximately 50,039.7 sq.m. Baoxin International Building is a comprehensive commercial building integrating office and business functions. After the completion of the project, it has won many awards, including the "Luban Prize" of the construction industry in 2018 and the "Guang Xia Award" of the property development industry in 2019. Baoxin International Building has contributed stable rental income to the Group.

Projects in Zhangjiakou

Tianbao New City (天保新城)

The project is located in the core area of Zhangbei County, at the intersection of Zhongdu Street and Xinghe Road in Zhangbei County. It covers a site area of approximately 230,000 sq.m., with a total GFA of approximately 600,000 sq.m. The project is developed and constructed in three phases, mainly high-rise and middle-high-rise buildings, consisting of 46 residential buildings, community clubs, kindergartens and a large-scale commercial complex Zhongdu Ginza (中都銀座). As of December 31, 2021, there were only a small amount of unsold units in the first and second phases of Tianbao New City, and about 136 units in the third phase were unsold.

Tianbao New City – Zhangbei Zhongdu Ginza (天保新城—張北中都銀座)

The project is located in the northwest of the residential area of Tianbao New City, mainly consisting of two high-rise apartments, office buildings and commercial podiums, being a landmark building in Zhangbei County. The project is a comprehensive high-end commercial building integrating shopping malls, cinemas, catering, conferences, offices, hotels, leisure, business and other functions, with a total GFA of approximately 86,690.5 sq.m. The mall portion of the project, named Tianbao Plaza (天保廣場), is a 5-storey diversified shopping hotspot with supermarkets, lifestyle stores, restaurants and cinemas. High-rise apartments started pre-sale in September 2020, with the portions sold to be delivered to purchasers during the Reporting Period.

Zhangbei Fuxinyuan Shanty-town Improvement Project (張北縣福馨苑棚戶區改造項目)

Fuxinyuan residential community is project constructed in response to Zhangbei County Government's shanty-town reconstruction project, located on the north side of Zhangbei County Family Planning Bureau and east of Jingdu Street. The construction of the project started in September 2017 with a total of 1,272 units, including 1,252 residential units and 20 commercial units available for sale. As of December 31, 2021, 1,055 residential units were sold.

Tianbao Edelweiss City (天保雪絨花都)

The project is a residential and commercial project located on the north side of Yu County Economic Development Zone, with urban planning roads in the south, Edelweiss Avenue in the north, Industrial Street in the east and urban planning roads in the west. It consists of residential communities and commercial facilities. The project covers a site area of approximately 155,000 sq.m., with a total GFA of approximately 430,000 sq.m. Star-rated hotels, AAAAA-level office buildings and high-end communities will be built to create a multi-functional and high-efficiency urban complex integrating commercial offices, landmark buildings, residence, catering and entertainment. Pre-sale of Tianbao Edelweiss City with a total of 1,228 residential units was launched in 2019. As of December 31, 2021, 930 units have been sold, and were delivered to purchasers in the 4th quarter of 2021.

Tianbao Boyue Bay (天保鉞悅灣)

The project is located in the southwest of the urban area of Yu County, with West Outer Ring Road in the east, Qianjin West Road in the west, Heping West Road in the south and Lipuzi Village in the north. The project includes middle-high-rise residential units, high-rise residential units and commercial properties, covering a site area of approximately 81,815 sq.m. and a total planned GFA of approximately 193,000 sq.m. The construction work of the project started in 2019, and the pre-sale began in 2020. Tianbao Boyue Bay has a total of 720 residential units available for sale, and as of December 31, 2021, 535 units have been sold.

Tianbao Jingbei Health City (天保京北健康城)

The project is located in Tumu Village, Tumu Town, Yanshan Cultural New City, Huailai County, adjacent to Guanting Lake to enjoy unique and spectacular scenery and within easy reach of Beijing-Tibet Expressway, Beijing-Xinjiang Expressway, 110 National Highway and Beijing-Zhangjiakou High-speed Railway to enjoy the capital's half-an-hour life circle. The project includes the residential part, named Tianbao Hushan Yard (天保湖山大院), and the commercial part including apartments and a hospital, named Jingbei Health City (京北健康城). The project covers a total site area of approximately 200,000 sq.m., with a planned GFA of approximately 532,000 sq.m. Tianbao Hushan Yard plans to build 31 residential buildings, and the construction has started in mid-2020 while pre-sales started at the end of 2020. Jingbei Health City is a medical and healthcare project consisting of apartments and a hospital, providing supporting facilities for the elderly and medical care. For the apartments, there are five smart health apartments with a saleable GFA of about 60,000 sq.m. The hospital has a 13-storey inpatient department, and a 4-storey outpatient department, each with two underground floors, with a GFA of approximately 60,000 sq.m. Pre-sale of the apartments began in mid-2020. During the Reporting Period, the project was constructed according to the predetermined work schedule. The interior and exterior finishes of the apartments were completed and greening work was underway.

Haiziwa Hotel (海子窪酒店)

Haiziwa Hotel is a self-owned project located in Zhangbei County, Zhangjiakou. As of December 31, 2021, the project has obtained most of necessary certificates and it is expected that its completion filing certificate will be granted by mid 2022. Conveniently located near Nasutu (那蘇圖) resort in Zhangjiakou, Hebei Province, Haiziwa Hotel occupies a total site area of approximately 52,237 sq.m. and is expected to have an aggregate GFA of approximately 33,967.5 sq.m. Haiziwa Hotel is wholly owned by the Group and the Group plans to recruit a well-known hotel operator to manage the hotel.

Tianbao Jingxifu (天保京西府)

The project is located in Nanfanzhuang Village, Yuzhou Town, Yu County, Zhangjiakou. The Group acquired the land for this project through public bidding in September 2021. The project has a site area of approximately 43,242 sq.m. and a planned GFA of approximately 86,000 sq.m.

Land Reserves

The following table sets out the GFA breakdown of the Group's land reserves by geographical location as of December 31, 2021:

Regions	Completed		Under development	Future development	Total land reserves	Percentage of total land reserves by geographical location
	Unsold saleable GFA (sq. m.)	Rentable GFA held for property investment (sq. m.)	Planned GFA under development (sq. m.)	Planned GFA (sq. m.)	Total GFA (sq. m.)	
Zhuozhou	29,252	44,336	134,658	175,435	383,681	20.7
Zhangjiakou	206,819	-	683,377	576,050	1,466,246	79.3
Total	<u>236,071</u>	<u>44,336</u>	<u>818,035</u>	<u>751,485</u>	<u>1,849,927</u>	<u>100.0</u>

Commercial property investment and operations

The Group owns and operates Baoxin International Building, which the Group developed for long-term investment purposes. The Group holds this property for capital appreciation and generating rental income. For the year ended December 31, 2021, the Group's rental income from investment property operating leases amounted to approximately RMB8.0 million (2020: approximately RMB8.7 million).

(ii) Construction Contracting Business

The Group has been engaged in the construction contracting business since 1998, as a general contractor for building, industrial, commercial and infrastructure construction projects. The Group generates the majority of its revenue from this business. For the year ended December 31, 2021, the Group generated the majority of its construction contracting revenue from construction projects located in Beijing-Tianjin-Hebei region, mainly in Hebei Province and in Beijing. The Group's construction projects in other geographical locations were mainly located in Xinjiang, Anhui, Inner Mongolia and Sichuan Provinces. For the year ended December 31, 2021, the Group entered into new contracts with the aggregate value of approximately RMB5,330.1 million. As at December 31, 2021, the Group's aggregate backlog of construction projects was approximately RMB6,915.6 million.

The following table sets forth the breakdown of revenue from the Group's construction contracting business by geographical locations for the years indicated:

Region	For the year ended December 31			
	2021		2020	
	Revenue RMB'000	Percentage of total revenue (%)	Revenue RMB'000	Percentage of total revenue (%)
Beijing-Tianjin-Hebei	1,678,344	76.0	1,370,374	70.9
Other	530,378	24.0	563,515	29.1
	<u>2,208,722</u>	<u>100.0</u>	<u>1,933,889</u>	<u>100.0</u>

During the Reporting Period, the Group undertook most of such construction projects as a general contractor. As a general contractor, the Group performs all major aspects of the construction project, including building construction, foundation works, curtain wall construction, building decoration and fireproofing projects. The Group is also responsible for engaging subcontractors to provide construction services and the labor force for the construction projects, coordinating the work of all parties, providing the major equipment and machinery, procuring raw materials and ensuring the timely completion of construction projects. The Group believes undertaking construction projects as a general contractor reflects its overall capabilities and is significant to the Group's continued success. Having obtained the Premium Class Certificate in 2017, the Group is, and expects to continue to be able to, undertake larger-scale building construction projects with increased complexity and higher returns nationwide, as well as charge a premium rate for the Group's services.

In addition to construction contracting as a general contractor, the Group also undertakes specialised construction projects directly subcontracted by other general contractors or project owners, such as renovation and decoration, steel structure construction and curtain wall construction projects.

Project Types

The following table sets forth the breakdown of revenue generated from the Group's construction contracting business by project type for the years indicated:

Project type	For the year ended December 31			
	2021		2020	
	Revenue RMB'000	Percentage of total revenue (%)	Revenue RMB'000	Percentage of total revenue (%)
Building construction	1,170,426	53.0	1,203,360	62.2
Industrial, commercial and infrastructure construction	1,038,296	47.0	730,529	37.8
Total	<u>2,208,722</u>	<u>100.0</u>	<u>1,933,889</u>	<u>100.0</u>

The Group provides construction work of buildings and corresponding building services for building constructions projects. Building construction customers are primarily property developers and local government entities.

In addition to building construction project, which has been the Group's core business, the Group also provides construction contracting services for municipal and public infrastructure projects. The Group's infrastructure construction projects primarily consist of urban roads, bridges, facilities for water supply and treatment, urban pipelines, city squares and street lighting. The Group's infrastructure construction customers are primarily local government entities.

The Group is also undertaking industrial and commercial construction contracting projects. These projects mainly include steel structures, landscaping for gardens, industrial buildings and preservation of antiquities and historical buildings. The Group's industrial and commercial construction customers are enterprises in diverse industries.

The following is a brief introduction to the Group's large-scale construction contracting projects this year:

1. *Indoor Ceiling Project for Station Buildings Project of Xi'an Railway Station Reconstruction and Expansion Project of the Xi'an Railway Hub (西安鐵路樞紐西安站改擴建工程站房工程室內吊頂工程)*

The project is located in Xincheng District, Xi'an City, Shaanxi Province, with a contract value of RMB30 million. The project covers the processing, fabrication and installation of aluminum ceilings, the construction of the ceiling surface lamp troughs and various moulding grooves in the public areas of the north station building and the elevated waiting room of Station Building Project under Xi'an Railway Station Reconstruction and Expansion Project of the Xi'an Railway Hub.

2. *Xiaguan Xinju Project in Yu County (蔚縣下關馨居工程)*

North Area

The project is located in Yu County, Zhangjiakou City, with a contract value of RMB87 million. The project includes three high-rise residential buildings, gates and underground garages, with an aggregate GFA of 35,620 sq.m.

South Area

The contract value of the project is RMB172 million. The project includes five residential buildings, two auxiliary buildings, one commercial building, kindergartens and underground garages (south area), with an aggregate GFA of 67,062 sq.m.

3. *Ordos Polytechnic School Maintenance Project (鄂爾多斯理工學校維修項目)*

The project is located in Dongsheng District, Ordos City, with a contract value of RMB60 million. The project covers roof waterproofing project, office building basement waterproof repair, replacement of sunshine boards of office building entrance and exit, strong boards and sunroof glass repairs of cultural and sports center, etc.

4. *Beijing Longhu Shijiazhuang Metallurgical Research Institute Old Factory Area Project (北京龍湖石家莊冶金研究院舊廠區地塊項目)*

The project is located in the old factory area of the Metallurgical Research Institute of Tangu Street, Chang'an District, Shijiazhuang City, Hebei Province, with a contract value of RMB268 million. The project covers frame shear wall structure, 1st floor underground, and 7th – 26th floors above ground, with a GFA of approximately 150,397 sq.m..

5. *Civic Center Project in Yu County (蔚縣市民中心項目)*

The project is located in the Economic and Technological Development Zone, South Edelweiss Avenue, Yu County, Zhangjiakou City, with a contract value of RMB233 million. The project covers a total land area of approximately 28.7 mu, with an aggregate GFA of approximately 70,000 sq.m., of which approximately 41,000 sq.m. is above ground, including 16 floors above ground of the main building in frame shear wall structure, 4 floors above ground with podium in frame structure; while approximately 29,000 sq.m. is underground, with 2 floors underground in frame structure; and corresponding ancillary facilities such as parking lots, roads, pipelines, and green landscapes.

6. *Rescue and Reinforcement Project for the Southwest Turret of the Ancient City Wall in Baoding City (保定市古城牆西南角台搶險加固項目)*

The project is an ancient construction project located in Baoding City, with a contract value of RMB3.19 million. The rescue and reinforcement and preservation project for the southwest turret of the ancient city wall of Baoding City aims to maintain antiquities and historical buildings.

7. *Rescue and Preservation and Historic Environment Rescue and Renovation Project of Jianping Gate in Xichang City (西昌市建平門搶救修繕和歷史環境搶救整治項目)*

The project is an ancient construction project located in Xichang City, with a contract value of RMB23.5 million. The project mainly includes the rescue and preservation and historic environment rescue and renovation of Jianping Gate in Xichang City, and the scope of maintenance mainly covers the design of the barbican, moat, stone bridge, surrounding greenery and hydropower facilities of Jianping Gate in Xichang.

8. *Linyi Xinghe City Sheng Mansion Phase II Project of CIFI Yinshengtai Group (旭輝銀盛泰集團臨沂星河城盛府二期項目)*

The project is located in Luozhuang District, Linyi City, being the Xinghe City Sheng Mansion Phase II Project, with a contract value of RMB176 million. The project includes civil works and installation works such as the construction of eight high-rise residential buildings, kindergartens and underground garages, with a total GFA of approximately 100,000 sq.m.

9. *Standardized Plants Construction Project (2021) in Yudu Industrial Park in Jiangxi (江西於都工業園區2021年標準廠房建設項目)*

The project is located in the Yudu Industrial Park in Jiangxi Province, with a contract value of RMB1.921 billion. The project covers a civil work regarding the construction of a plant with a GFA of approximately 860,000 sq.m.

10. *“Five Galleries and Five Centers” Construction Project in Yu County (蔚縣「五館五中心」建設項目)*

The project is located in the west side of the museum in the Economic Development Zone, Yu County, Zhangjiakou City, with a contract value of RMB213 million and a total GFA of approximately 38,000 sq.m. The Five Galleries and Five Centers include a library, an archive, a culture gallery, an art gallery, a science and technology museum, a new-era civilization practice center, a fitness center, a senior entertainment center, a youth entertainment center, and an entertainment center for women and children in Yu County. The construction of the project optimizes, integrates, improves and upgrades the existing public cultural resources, which will not only effectively enhance the public cultural service of Yu County, but also protect the basic rights and interests of the general public to enjoy public cultural services.

Backlog and New Contract Value

Backlog value

Backlog refers to an estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that the Group expects to receive under the terms of the contract, assuming the contract is performed in accordance with its terms.

The following table sets forth the outstanding contract value of projects in the backlog by geographical locations as of the end of the Reporting Period:

Region	As of December 31			
	2021		2020	
	Contract value RMB million	Percentage of total contract value (%)	Contract value RMB million	Percentage of total contract value (%)
Beijing-Tianjin-Hebei	2,466.1	35.7	2,488.9	66.0
Other	4,449.5	64.3	1,279.7	34.0
	<u>6,915.6</u>	<u>100.0</u>	<u>3,768.6</u>	<u>100.0</u>

The following table sets forth the outstanding contract value of projects in the backlog by project types as of the end of the Reporting Period:

Project type	As of December 31			
	2021		2020	
	Contract value RMB million	Percentage of total contract value (%)	Contract value RMB million	Percentage of total contract value (%)
Building construction	2,277.1	32.9	2,441.2	64.8
Industrial, commercial and infrastructure construction	4,638.5	67.1	1,327.4	35.2
	<u>6,915.6</u>	<u>100.0</u>	<u>3,768.6</u>	<u>100.0</u>

New Contract Value

New contract value represents the aggregate value of contracts entered into by the Group during the Reporting Period. The contract value is the amount that the Group expects to receive under the terms of the contract if the contract is performed by the Group in accordance with its terms.

The following table sets forth the aggregate value of new contracts entered into by the Group by geographical locations for the years indicated:

Region	For the year ended December 31			
	2021		2020	
	Contract value RMB million	Percentage of total contract value (%)	Contract value RMB million	Percentage of total contract value (%)
Beijing-Tianjin-Hebei	1,646.8	30.9	1,737.7	76.5
Other	3,683.3	69.1	534.6	23.5
	<u>5,330.1</u>	<u>100.0</u>	<u>2,272.3</u>	<u>100.0</u>

The following table sets forth the aggregate value of new contracts entered into by the Group by project types for the years indicated:

Project type	For the year ended December 31			
	2021		2020	
	Contract value RMB million	Percentage of total contract value (%)	Contract value RMB million	Percentage of total contract value (%)
Building construction	1,006.1	18.9	664.9	29.3
Industrial, commercial and infrastructure construction	4,324.0	81.1	1,607.4	70.7
	<u>5,330.1</u>	<u>100.0</u>	<u>2,272.3</u>	<u>100.0</u>

After obtaining the Premium Class Certificate in 2017, the Group has been involving in larger-scale building construction projects with increased complexity and higher returns nationwide. The value of the new contracts entered into by the Group amounted to RMB5,330.1 million for the year ended December 31, 2021. The Group expanded the construction contracting business to regions other than Beijing-Tianjin-Hebei region during the year, including Guangdong Province, Guangxi Province, Hubei Province and Zhejiang Province.

Financial Review

1. Revenue

The revenue of the Group was primarily derived from two business segments: (i) property development business and (ii) construction contracting business. Total revenue decreased by 13.9% from approximately RMB3,369 million for the year ended December 31, 2020 to approximately RMB2,900 million for the year ended December 31, 2021.

1.1 Property development business

The Group's revenue from property development business comprises sales of properties and rental income. Revenue from sales of properties is recognised only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the purchase agreements. Consistent with industry practice, the Group usually enters into purchase agreements with purchasers while the properties are under development and fulfill the conditions for presales in accordance with PRC laws and regulations.

The aggregate GFA delivered decreased from approximately 222,000 sq.m. for the year ended December 31, 2020 to approximately 135,000 sq.m. for the year ended December 31, 2021 and the recognised revenue decreased from approximately RMB1,427 million for the year ended December 31, 2020 to approximately RMB680 million for the year ended December 31, 2021. The above changes were primarily attributable to the completion and delivery to purchasers of Tianbao Green City, Tianbao New City Phase III, Fuxinyuan and Xinyue Bay in 2020, while there are no other major projects delivered to purchasers in 2021 except for the large-scale delivery of partial Edelweiss City (Residential), resulting in less area delivered in the current year than in 2020.

The rental income of the Group was primarily derived from lease of commercial investment properties. The Group holds these commercial investment properties for capital appreciation and leases them to generate rental income. As of December 31, 2021, the Group held one commercial investment property, Baoxin International Building, which had a rentable GFA of 44,336.1 sq.m.

1.2 Construction contracting business

The revenue of the Group's construction contracting business was primarily derived from the construction contracting services provided by the general contractors of building construction projects, infrastructure construction projects and industrial and commercial construction projects.

The overall increase in the revenue from the Group's construction contracting business was primarily attributable to increase in the number and scale of the building construction and industrial, commercial and infrastructure construction projects, as a result, revenue from this segment increased by 14.1% from approximately RMB1,934 million for the year ended December 31, 2020 to approximately RMB2,209 million for the year ended December 31, 2021.

2. Cost of sales

The Group's costs of sales primarily represent the costs the Group incurs for the property development and sales as well as construction contracting service the Group rendered. The cost for property development business primarily includes land costs, construction costs and rent costs. The cost for construction contracting services primarily includes labor costs, raw material costs, machinery costs, subcontracting costs and other costs.

The Group's cost of sales decreased from approximately RMB2,741 million for the year ended December 31, 2020 to approximately RMB2,656 million for the year ended December 31, 2021, representing a decrease of 3.1%, which was in line with the changes of property development business and construction contracting business of the Group.

3. Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by business segment for the years indicated:

Segment	For the year ended December 31					
	2021	2021	Gross profit	2020	2020	Gross profit
	Gross profit	Percentage of	margin	Gross profit	Percentage of	margin
	RMB'000	gross profit	(%)	RMB'000	gross profit	(%)
		(%)			(%)	
Property development business	125,580	51.5	18.2	533,733	85.0	37.2
Construction contracting business	118,054	48.5	5.3	94,366	15.0	4.9
Total	<u>243,634</u>	<u>100.0</u>	<u>8.4</u>	<u>628,099</u>	<u>100.0</u>	<u>18.6</u>

The Group's gross profit decreased from approximately RMB628 million for the year ended December 31, 2020 to approximately RMB244 million for the year ended December 31, 2021, representing a decrease of 61.2%, which was primarily attributable to the decrease in gross profit of the Group's property development business from approximately RMB534 million for the year ended December 31, 2020 to approximately RMB126 million for the year ended December 31, 2021. The Group's gross profit margin decreased from 18.6% for the year ended December 31, 2020 to 8.4% for the year ended December 31, 2021. Among the projects that have been delivered to the purchasers during the year, Edelweiss City has delivered an area of approximately 78,200 sq.m. with low average selling prices and low gross profit margin, resulting in the decrease in gross profit margin of the Group's property development business from 37.2% for the year ended December 31, 2020 to 18.2% for the year ended December 31, 2021. The gross profit margin of the construction contracting business remained relatively stable at 5.3% for the year ended December 31, 2021 (2020: 4.9%).

4. Other income and gains

The Group's other income and gains decreased by 39.3% from approximately RMB26.5 million for the year ended December 31, 2020 to approximately RMB16.1 million for the year ended December 31, 2021, primarily due to the recognition of government funding of approximately RMB1.5 million (2020: RMB11.5 million) and the dividend income received from equity investments designated at fair value through other comprehensive income of approximately RMB10.7 million (2020: RMB9.7 million).

5. Selling and distribution expenses

The Group's selling and distribution expenses primarily consist of (i) advertising, marketing and business development expenses, and (ii) staff costs in relation to our salespersons.

The Group's selling and distribution expenses increased by approximately RMB2.4 million from approximately RMB1.2 million for the year ended December 31, 2020 to approximately RMB3.6 million for the year ended December 31, 2021. Most of the selling and distribution expenses were capitalised to property development projects during the year.

6. Administrative expenses

The Group's administrative expenses primarily consist of staff costs in relation to the Group's administrative personnel, office expenses, depreciation and amortisation, traveling and other expenses.

The Group's administrative expenses increased by 12.9% from approximately RMB55.7 million for the year ended December 31, 2020 to approximately RMB62.9 million for the year ended December 31, 2021. Staff costs (including directors' remuneration) was approximately RMB31.4 million (2020: RMB29.6 million), which was mainly due to the business expansion of the Group and an increase in the number of staff, thus a rise of staff costs.

7. Impairment losses on financial assets and contract assets, net

The Group performs an impairment analysis as of December 31, 2021 using a provision matrix to measure expected credit losses ("ECLs"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs.

For the year ended December 31, 2021, the Group's net impairment losses on financial assets amounted to approximately RMB46.3 million (2020: RMB40.1 million), primarily due to the amount of financial assets that the Group considered not recoverable based on the ECLs analysis performed.

8. Finance costs

The Group's finance costs primarily represent interest expenses on bank and other loans less the capitalised cost of interest on relevant loans incurred for property development.

The Group's finance costs increased by 53.9% from approximately RMB37.7 million for the year ended December 31, 2020 to approximately RMB58.0 million for the year ended December 31, 2021, as the loans obtained by the Group from banks and other institutions increased by approximately RMB216 million compared to 2020, resulting in an increase in interest expenses.

9. Income tax expenses

The Group's income tax expenses include payments and provisions made for corporate income tax and LAT by the PRC subsidiaries of the Group.

The Group's income tax expenses decreased by 96.7% from approximately RMB208.6 million for the year ended December 31, 2020 to approximately RMB7.0 million for the year ended December 31, 2021, which was mainly due to the decrease in provision for the Group's taxable profit derived from the property development business and construction contracting business and the reversal of LAT previously provided for the property development business due to the completion of settlement of LAT of some of the projects.

10. Underlying profit for the year

For the year ended December 31, 2021, the Group's underlying profit amounted to approximately RMB79 million, representing a decrease of 74.6% from RMB310 million for the year ended December 31, 2020.

Liquidity, Finance and Capital

The Group has historically met its liquidity requirements through cash flows from operations and bank and other borrowings. The Group's primary liquidity requirements are to finance working capital, fund capital expenditures and provide capital for the growth and expansion of operations. The Group expects these sources to continue to be its principal sources of liquidity.

Cash position

As at December 31, 2021, the Group's total deposits, cash and cash equivalents amounted to approximately RMB472 million (2020: approximately RMB449 million), which are denominated in RMB and Hong Kong dollar, including pledged deposits of approximately RMB223 million as at December 31, 2021 (2020: RMB265 million).

Future plans for material investments and acquisition of capital assets

There was no material acquisition and disposal of subsidiaries and assets by the Group during the Reporting Period.

As of the date of this announcement, the Group did not have any major future investment plans. The relevant major investment plan will be announced in a timely manner if the Group thinks fit.

Significant investments held

For the year ended December 31, 2021, the Group did not hold any significant investments.

Loan and pledge of assets

	As of December 31					
	2021			2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Secured bank borrowings	–	–	–	5.66	2021	250,000
Secured other borrowings	11.0	2022	253,974	–	–	–
Unsecured other borrowings	11.0	2022	31,733	–	–	–
Current portion of secured long-term bank borrowings	4.75–9.75	2022	<u>166,000</u>	4.75–9.75	2021	<u>98,000</u>
			451,707			348,000
Non-current						
Secured bank borrowings	5.50–8.70	2023	<u>344,000</u>	4.75–8.00	2022	<u>232,450</u>
			<u>795,707</u>			<u>580,450</u>

The table below sets out the maturity of the interest-bearing bank and other borrowings of the Group as of the dates indicated:

	As of December 31	
	2021 RMB'000	2020 RMB'000
Bank and other borrowings repayable:		
Within one year or on demand	451,707	348,000
In the second year	<u>344,000</u>	<u>232,450</u>
Total	<u>795,707</u>	<u>580,450</u>

The Group's interest-bearing bank and other borrowings are all denominated in RMB and US dollar.

The Group's interest-bearing bank and other borrowings are secured by various assets with aggregate carrying amounts as follows:

	As of December 31	
	2021	2020
	RMB'000	RMB'000
Investment properties	140,400	140,400
Properties under development	500,197	303,507
Completed properties held for sale	–	27,661
Property, plant and equipment	58,784	63,320
Right-of-use assets	8,349	8,579
	<u>8,349</u>	<u>8,579</u>

Key financial ratios

The table below sets forth a summary of the Group's key financial ratios as of the dates or for the periods indicated:

	<i>Notes</i>	As of or for the year ended	
		December 31	
		2021	2020
Current ratio (<i>times</i>)	<i>1</i>	1.17	1.15
Gearing ratio (%)	<i>2</i>	59.1	44.1
Net gearing ratio (%)	<i>3</i>	24.1	10.0
Return on equity (%)	<i>4</i>	3.1	27.6
Return on total assets (%)	<i>5</i>	0.6	5.3
Gross profit margin (%)	<i>6</i>	8.4	18.6
Net profit margin (%)	<i>7</i>	1.4	9.8
		<u>1.4</u>	<u>9.8</u>

Notes:

- Current ratios were calculated based on the total current assets as of the respective dates divided by the total current liabilities as of the respective dates.
- Gearing ratios were calculated by total interest-bearing bank and other borrowings as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.
- Net gearing ratios were calculated as total interest-bearing bank and other borrowings as of the respective dates less cash and bank balances and pledged deposits as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.
- Return on equity was calculated based on the reported profit for the respective periods divided by the average total equity as of the respective periods (sum of opening and closing balances of the total equity of the respective periods and then divided by two) and multiplied by 100%.
- Return on total assets was calculated based on the reported profit for the respective periods divided by the average total assets of the respective periods (sum of opening and closing balances of the total assets of the respective periods and then divided by two) and multiplied by 100%.
- Gross profit margin was calculated on gross profit divided by revenue for the respective periods.
- Net profit margin was calculated on reported profit for the year divided by revenue for the respective periods.

Commitments

Operating Lease Commitments

The Group as a lessor

The Group lease its investment properties under operating lease arrangements with lease terms negotiated ranging from one to ten years. At the end of the Reporting Period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	9,179	9,514
In the second to fifth years, both inclusive	18,670	16,889
After five years	2,400	4,957
	<u>30,249</u>	<u>31,360</u>

Capital Commitments

The Group had the following capital commitments at the end of the Reporting Period:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but no provision has been made:		
Construction contracting	<u>176,148</u>	<u>267,458</u>

Contingent Liabilities

Mortgage guarantee

The Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB1,380.3 million (2020: RMB1,718.7 million) as at December 31, 2021. The Group's guarantee period starts from the dates of the grant of relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Directors consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made during the Reporting Period.

Others

1. *Events after the Reporting Period*

On January 21, 2022, the Company granted a total of 19,848,000 shares pursuant to the share award scheme to 20 selected employees with an exercise price of HK\$3.50 (equivalent to RMB2.85) per share payable by such employees. The aggregate market value of the 19,848,000 shares was approximately HK\$68,873,000 (equivalent to RMB56,144,000). The selected employees shall continue to serve the Group for at least five years from the date of grant.

2. *Foreign Currency Risk*

The Group primarily operates in the PRC. The majority of the Group's transactions were denominated and settled in RMB. Currently, the Group has not entered into any hedging activities aimed at or intended to manage our exposure to foreign exchange risk and did not use any financial instruments for hedging purposes. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best effort.

3. *Interest Rate Risk*

The Group's interest rate risk arises from interest-bearing bank and other deposits and bank and other borrowings. Bank deposits and bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings and other borrowings bearing an interest at fixed rates expose the Group to fair value interest rate risk.

4. *Corporate Governance*

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has been in compliance with all applicable code provisions under the Corporate Governance Code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period and up to the date of this announcement, except for the deviation from the Corporate Governance Code provision A.2.1 (which has been renumbered as code provision C.2.1 with effect from January 1, 2022). The Directors will endeavor to procure the Company to continue to comply with the Corporate Governance Code.

5. *Material Acquisitions and Disposals*

During the year ended December 31, 2021, save as disclosed in “Future plans for material investments and acquisition of capital assets” in this section, there was no material acquisition and disposal of subsidiaries and assets by the Group.

6. *Compliance with the Model Code for Securities Transactions*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as a code for the Directors to deal in securities of the Company.

After making specific enquiries to all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the year ended December 31, 2021.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company’s employees was noted by the Company during the year ended December 31, 2021.

7. *Purchase, Sale or Redemption of the Listed Securities of the Company*

During the year ended December 31, 2021, the Company and any of its subsidiaries did not purchase, sell or redeem any securities of the Company listed on the Stock Exchange.

FUTURE PROSPECT

China’s economy maintains stable and healthy development. With the implementation of various measures by the PRC government aimed to achieve stable growth, as far as the current situation is concerned, the real estate industry will be able to continue to develop in a “well-founded and well-conditioned” environment in the coming year. In the circumstances, the increasing favourable factors in the capital market will drive the industry to seek progress while maintaining stability.

The development of the real estate industry will keep pace with the times. Together with the emerging industries (such as 5G and other technologies), the real estate industry plays a “dual support” role. Although the global fundamental situation will inevitably have an uncontrollable impact on the industry in the future, in line with the in-depth advancement of the “14th Five-Year Plan”, it is believed that the economic vitality of the real estate industry will continue to strengthen despite of external market fluctuations. The Group will continue to take the national policy as the fulcrum and the international trend as its direction, adhering to the development keynote of “no speculation on residential properties, stabilizing land prices, stabilizing housing prices and stabilizing expectations and a virtuous circle” to achieve breakthroughs under the new trend, with an aim to move towards a new era of transformation and upgrading of the real estate industry.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2021 (for the year ended December 31, 2020: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Company proposes to hold the annual general meeting of the Company (the “**Annual General Meeting**”) at 9:00 a.m. on May 26, 2022.

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from May 23, 2022 to May 26, 2022, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on May 20, 2022.

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

During the year ended December 31, 2021, the Company and any of its subsidiaries did not purchase, sell or redeem any securities of the Company listed on the Stock Exchange.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had applied the principles and code provisions as set out in the Corporate Governance Code and has complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the year ended December 31, 2021, except for the deviation from code provision A.2.1 (which has been renumbered as code provision C.2.1 with effect from January 1, 2022) of the Corporate Governance Code.

Pursuant to code provision A.2.1 (which has been renumbered as code provision C.2.1 with effect from January 1, 2022) of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Li Baotian has been serving as the chairman of the Board and the chief executive officer of the Company during the year ended December 31, 2021. However, the Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group.

The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code for the Directors to deal in securities of the Company.

After making specific enquiries to all Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the year ended December 31, 2021.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the year ended December 31, 2021.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the annual results announcement of the Group have been compared by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by EY in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Li Xu, Mr. Liu Kaixiang and Mr. Li Qingxu. The chairman of the Audit Committee is Mr. Li Xu, who is with appropriate accounting and related financial management expertise. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee has reviewed this results announcement and the audited consolidated financial statements for the year ended December 31, 2021 prepared under the IFRSs.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On January 21, 2022, a total of 19,848,000 awarded shares (the "**Awarded Share(s)**") were granted under the share award scheme to 20 employees selected by the Board pursuant to the rules of the scheme to participate in the scheme at HK\$3.50 per Awarded Share. For details, please refer to the announcement of the Company dated January 21, 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.chinatbjt.com. The 2021 annual report of the Company with all the information as required by the Listing Rules will be despatched to the Shareholders and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Group would like to express its sincere gratitude to all Shareholders, customers and business partners for their continuing support, and wishes to sincerely thank all employees for their outstanding contribution to the development of the Group. The Group will continue to deliver sustainable business development, so as to create more values for all Shareholders.

By order of the Board
China Tianbao Group Development Company Limited
Li Baotian
Chairman of the Board

Hong Kong, March 23, 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Li Baotian, Ms. Shen Lifeng, Ms. Wang Xinling, Mr. Li Yaruixin, Ms. Wang Huijie and Mr. Zang Lin; and the independent non-executive Directors of the Company are Mr. Li Xu, Mr. Liu Kaixiang and Mr. Li Qingxu.