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中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)

(Stock Code: 00081)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

FINANCIAL HIGHLIGHTS

1. The contracted property sales of the Group and its associates and joint ventures for the year increased to RMB71,204.4 million (2020: RMB64,709.5 million), representing an increase of 10.0% against last year, which corresponded to an aggregated contracted area of 5,683,400 sq.m. (2020: 5,303,400 sq.m.).
2. For the year ended 31 December 2021, the Group recorded revenue of RMB53,830.5 million, 25.5% increase comparing with last year. Gross profit and margin for the year were RMB12,399.1 million and 23.0% respectively, comparing with RMB11,641.4 million and 27.1% respectively in last year.
3. Operating profit for the year amounted to RMB10,210.7 million, representing an increase of 6.8% against last year. Profit attributable to owners of the Company was RMB5,050.6 million, 15.4% higher than last year. Basic earnings per share were RMB147.5 cents (2020: RMB127.8 cents).
4. In 2021, the Group and its associates and joint ventures bagged land parcels in 22 cities, including three new cities (Anqing and Chuzhou (Anhui province) and Huai'an (Jiangsu province)), with a total gross floor area of 8,385,100 sq.m. (attributable to the Group: 6,864,400 sq.m.) for total consideration of RMB39,503.6 million.
5. As at 31 December 2021, the gross floor area of total land bank of the Group and its associates and joint ventures reached 29,768,900 sq.m., of which, 2,319,700 sq.m. was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 25,530,700 sq.m..
6. As at 31 December 2021, cash and bank balances plus restricted cash and deposits were RMB32,492.4 million (2020: RMB28,069.1 million) in total. The ratio of net debts to total equity was 35.6% (2020: 45.5%).
7. In February 2021, the Group has successfully completed the issuance of 5-year US\$512 million 2.45% guarantee notes.
8. The Board recommended the payment of final dividend of HK30 cents per share for the year ended 31 December 2021 (2020: HK27.5 cents).

The board of directors (the “Board”) of China Overseas Grand Oceans Group Limited (the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021.

CHAIRMAN’S STATEMENT

INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2021 and the outlook in 2022 of the Group.

In 2021, the Group achieved a revenue of RMB53,830.5 million, representing a year-on-year increase of 25.5%. Profit attributable to owners of the Company amounted to RMB5,050.6 million, representing a year-on-year increase of 15.4%. Basic earnings per share recorded a year-on-year increase of 15.4% to RMB147.5 cents.

After a prudent review on the overall result performance and working capital requirements for the future expansion of its business, the Board of the Company recommended the payment of a final dividend of HK30 cents per share (2020: HK27.5 cents per share) for the year ended 31 December 2021, representing an increase of 9.1% against last year. Taking into account the interim dividend of HK8 cents per share (2020: HK7 cents per share) paid in October 2021, total dividends for the year will amount to HK38 cents per share (2020: HK34.5 cents per share), representing an increase of 10.1% against last year. The dividend payout ratio for the year is 21.1%.

For the final dividend distribution this year, the Board of the Company also proposes to offer a scrip dividend alternative to allow shareholders to elect to receive the final dividend wholly or partly in the form of new fully paid shares in lieu of cash.

MARKET REVIEW

In 2021, with the global expansion of scope of vaccination against coronavirus and the implementation of large-scale fiscal stimulus and monetary easing policies among the countries, the recovery progress of the world economy has accelerated. However, at the same time, global imbalances have become more emergent. Inflation pressure has risen and the bottlenecks on supply chains continue to be prominent. The global economic growth rebounded to 5.5%, while China continued to be the largest contributor to global economic growth with a yearly growth rate of 8.1%.

2021 is the first year of China's 14th Five-Year Plan. By adhering to the guiding principle of seeking progresses while maintaining stability and scientific coordination on prevention and control of the coronavirus pandemic, the Chinese economy continued to recover. The construction of a new development environment has been accelerated and new achievements have been made in high-quality development. Among them, the export of goods has grown rapidly, the driving effect of domestic demand has strengthened economic development. Investment on fixed assets has also been continuously optimized. Thereby, the 14th Five-Year Plan has achieved a good start.

The real estate industry, being the largest pillar in the Chinese economy, still drove the overall economic growth by 0.4% despite facing enormous pressure and challenges in 2021. Among them, the investment in real estate development amounted to RMB14.8 trillion, a year-on-year increase of 4.4%. The sales area for commercial housing was approximately 1.79 billion sq.m., a year-on-year increase of 1.9%. The commercial housing sales amounted to RMB18.2 trillion, a year-on-year increase of 4.8%.

In 2021, the development trend of the real estate market was at first going up and then going down. In the first half of the year, the sales volume and price of new housing both rose and returned to pre-coronavirus levels. Affected by the continuous tightening of multi-dimensional regulatory policies in the second half of the year, the sales of new housing sharply frozen and the demand turned to wait-and-see, which lead to the decrease in housing prices. At the same time, the Three Red Lines restrained the credit expansion for real estate enterprises. Some real estate enterprises exposed to operating risks with tight capital chains and credit defaults. Their commencement and progresses of construction work slowed down and even their housing qualities have deteriorated. These further exacerbated the pessimistic sentiment in the market.

2021 is the first year of the implementation of the new policy of Two Centralizations of Land Supply. Record-high prices were frequently recorded in the first round of land auctions. However, a surge in failed bids were seen in the second and third rounds of auctions. In order to maintain their own financial liquidity, the investment appetites of real estate enterprises have sharply lowered. Most of the key cities could not achieve the planned land supply for the year. The area of land purchased by real estate enterprises for the year was 220 million sq.m., representing a year-on-year decrease of 15.5%. The land transaction price was RMB1.8 trillion, representing a year-on-year increase of 2.8%; nevertheless, the premium rate of transaction price was significantly lower than the corresponding period last year.

Challenges and opportunities coexist. The overall trend of deleveraging in the real estate industry will help high-quality enterprises to gather resources, seize the market share, and stand out.

BUSINESS REVIEW

In 2021, despite the ups and downs in the real estate industry and the complicated internal and external environment, the Group reacted swiftly, moved forward against the obstacles, and responded proactively. The contracted property sales and cash collections for the year reached a new level and achieved steady growth in operations performance.

The Group seized opportunities and made flexible adjustments on supplies according to market conditions. In 2021, the Group together with its associates and joint ventures (collectively the “Group Series of Companies”) achieved contracted property sales of RMB71,204.4 million, representing a year-on-year increase of 10.0%. The contracted sales area was 5,683,400 sq.m., representing a year-on-year increase of 7.2%. The Group Series of Companies realized an average selling price of approximately RMB12,528 per sq.m., representing a year-on-year increase of 2.7%. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,383.0 million for an aggregated contracted area of 101,300 sq.m..

The Group’s market share further increased. Among the 40 cities the Group has deployed, the Group ranked top three in 17 cities on contracted sales, an increase of 8 cities compared to last year. Among them, Yinchuan, Taizhou and Jilin ranked top sales locally.

The Group prudently assessed the overall market condition and replenished its high-quality land bank at reasonable prices in a forward-looking manner according to its own development pace. In 2021, the Group Series of Companies acquired a total of 41 parcels of land with gross floor area of 8,385,100 sq.m. (of which 6,864,400 sq.m. was attributable to the Group) at a total consideration of RMB39,503.6 million (of which RMB31,271.9 million was attributable to the Group). The newly added land reserves were located in twenty two cities in ten provincial administrative region, of which Anqing, Huai’an and Chuzhou are the three new cities that the Group entered into in 2021.

As at 31 December 2021, the gross floor area of total land bank of the Group Series of Companies amounted to 29,768,900 sq.m., of which 25,530,700 sq.m. was attributable to the Group.

The Group’s financial position is satisfactory with the cost of financing hitting a record low of 3.8%, cash and bank balances plus restricted cash and deposits exceeding RMB30 billion for the first time and achieving Green Category under the Three Red Lines. The Group seized the opportunity and successfully issued five-year United States Dollar (“USD”) 512 million guaranteed notes in February 2021, with a coupon rate of 2.45%, which was enthusiastically subscribed by the market.

PROSPECTS

The real estate industry is the ballast of the Chinese economy. It has the characteristics of large scale, long supply chain and a wide range of coverage. It not only has an important impact on production, investment, consumption and people's livelihood, but also has an important systemic impact on economic and financial stability and risk prevention.

Through the continuous improvement and adherence to the long-effect mechanism for real estate industry and under the main tone of the regulatory policy of Housing is for Living in, not for Speculation with the city-specific policies, the goal of Stabilizing Land Prices, Housing Prices and Market Expectations can be sustainable and the principle of Guaranteeing Property Handover, People's Livelihood and Stability will be strengthened. As a result, these will encourage a virtuous circle and a healthy development within the real estate industry.

As the national real estate development enterprise focusing on the development of second-, third- and fourth-tier cities, the Group faces both a major challenge and a period of strategic opportunities in the face of profound changes in the real estate industry. In 2022, the Group will actively uphold the 14th Five-Year Plan strategic development goal of One Body with Two Wings by insisting on focusing on the main business, deepening the professional development, and expanding the deployment. By comprehensively enhancing the product strength and competitiveness, moving forward with determination and bucking the trend, the development of the Group will be advanced in a high-quality, sustainable and healthy manner.

The Group believes that the fundamentals of the real estate market have not changed and the rigid and improving demand for housing remains strong. In 2021, the level of urbanization increased steadily to 64.72%, an increase of 0.83% against last year. China is still in the stage of rapid urbanization and the residents have an increasingly strong demand for improving their living conditions.

The differentiation among cities is becoming more and more obvious. City-specific policies on control measures and land supply will be adopted thoroughly by each city. The Group will continue to deepen its development in the existing cities. Relying on the "1+N+n" organizational management model and diversified land acquisition channels, the Group will actively expand into high-quality cities surrounding the urban area. At the same time, the Group will pay close attention to the merger and acquisition opportunities with great development potential in the market.

The Group adheres to customer orientation, value creation and quality assurance. Guided by the “12345” good product system, the Group insists on creating good products and upholds the concept of What You See is What You Get to enhance customer experience. By gradually promoting the three-year action plan of Craftsmanship in Zhonghai, strengthening safety management, promoting smart construction sites and establishing a full evaluation cycle system in construction, the project quality and delivery quality should be ensured and thus, customer satisfaction continued to maintain at a high level among the industry.

The Group has made significant breakthroughs in the field of the green and intelligent buildings. The Glorioushire Project in Hohhot, Inner Mongolia Autonomous Region is the first large-scale ultra-low energy consumption demonstration project in the severe cold region of China. Through the adoption of refined design, construction and passive technical methodologies, the heating and cooling demand in the construction processes was significantly reduced and the efficiency of energy equipment and system was enhanced, thereby provided a more comfortable and healthier indoor living environment with less energy consumption. The project obtained four national pioneer technology patents and established the Design Standard on Passive Ultra-low Energy Consumption and Green Residential Building Construction. The project is expected to be completed and delivered by 2023. The Group will continue to promote the development of ultra-low energy consumption buildings from small-scale practices to widespread applications to ensure the realization of the goal of the Carbon Peaking and Carbon Neutrality strategy in the real estate industry.

Facing the stringent regulatory environment and the ever-changing financial capital market, the Group has always adhered to sound and prudent financial management as well as continues to improve its cost management and risk and control management capabilities in order to reduce costs and increase efficiency. By closely monitoring the financial returns and cash collections of property projects, it ensures that the progress of development and investment is in line with the business plan. The Group regularly reviews the debt structure and cost of financing to maintain a healthy level of financial position and the Green Category status under the Three Red Lines.

Talent is an important factor for the success and sustainable development of an enterprise. The Group is committed to cultivating employees with potentials, and through the talent development plan, reserving manpower for the rapid development of the Group. At the same time, the Group actively explores talents in the open market and provides competitive salaries and benefits among the industries and growth opportunities.

APPRECIATION

Finally, I would like to express my heartfelt thanks to all fellow directors, management team and every colleague for their hard work and selfless dedication, and stakeholders, customers, business partners and all sectors of the society for their continued confidence and support to the Group. The Group will definitely live up to the high expectations, work hard with perseverance and strive to create greater value.

China Overseas Grand Oceans Group Limited

Zhuang Yong

Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS**BUSINESS REVIEW****REVENUE AND OPERATING RESULTS**

In 2021, the real estate market of Mainland China has experienced a change in sentiment from optimistic stabilization in the first half of the year to cautious wait-and-see in the second half of the year. The Group seized the opportunities in the first half of the year to continue to enhance its operational efficiency, expand its online sales promotional campaigns and optimize its sales rhythm. The contracted property sales was satisfactory in the first half of the year. In the second half of the year, the Group strengthened the strategic alignment between the head office and local offices and therefore the local offices could respond quickly to the swift changes in market conditions. Backed by continuous improvement in project operation efficiency and productivity, the sales activities maintained its momentum. The Group Series of Companies achieved contracted property sales of RMB71,204.4 million for the year (2020: RMB64,709.5 million), representing an increase of 10.0% against last year, in which, an amount of RMB2,506.7 million (2020: RMB1,019.2 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group Series of Companies amounted to RMB63,598.3 million. For the year ended 31 December 2021, the Group recorded revenue of RMB53,830.5 million (2020: RMB42,909.1 million), representing an increase of 25.5% against last year. Gross profit for the year was RMB12,399.1 million (2020: RMB11,641.4 million), RMB757.7 million higher than last year. Gross profit margin for the year was 23.0% (2020: 27.1%).

Over the past two years, by making more use of electronic platforms in sales activities, including online customers registration and reservation, launch of property sales and properties selections, the sales efficiency has been effectively enhanced. With the number of new projects launched kept at a high level, distribution and selling expenses for the year increased by RMB266.1 million against last year to RMB1,634.9 million (2020: RMB1,368.8 million). Nevertheless, the ratio of distribution and selling expenses to the Group's contracted property sales for the year maintained at a low level of 2.4%. In addition, as the operating scale has been expanding gradually, administrative expenses for the year increased by RMB26.5 million against last year to RMB1,096.4 million (2020: RMB1,069.9 million). However, the ratio of administrative expenses to revenue for the year dropped from 2.5% in last year to 2.0%, as the Group still maintained stringent controls over the expenses.

In respect of the investment properties, fair value gain of RMB20.0 million (2020: Nil) was recognized during the year, which was arisen from the increase in fair value of China Overseas International Center in Beijing. Besides, during the year, taking into account of the local market condition, the Group decided to change the use of area in office building, excluding the part held for self-used, in China Overseas Plaza in Lanzhou and shop area in

City Plaza in Huizhou from inventories of properties under development for sales to investment properties for leasing out to generate rental income. Therefore, a fair value gain on such reclassification of RMB80.7 million (2020: RMB8.1 million) was reported for the year. The revision of the usage of the properties aligns with the Group's corporate strategic development plan to maintain a portfolio of high-quality investment properties to provide a stable income stream for the Group.

Driven by the growth in revenue and gross profit, operating profit for the year amounted to RMB10,210.7 million (2020: RMB9,564.3 million), representing an increase of 6.8% against last year.

Due to the overall business growth and the increase in non-wholly-owned investment projects, the average total borrowings of the Group and the interest-bearing amounts due to non-controlling interests increased during the year. As a result, the total interest expense increased from RMB1,371.7 million of last year to RMB1,844.5 million of this year. Finance costs, after capitalization of RMB1,790.4 million (2020: RMB1,328.6 million) to the on-going property development projects, was RMB54.1 million (2020: RMB43.1 million) for the year.

Currently, the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. It is anticipated that they could make contribution to the Group's profit in the coming future. Share of profit of associates for the year amounted to RMB8.1 million (2020: RMB12.0 million), while the share of loss of joint ventures for the year amounted to RMB15.3 million (2020: profit of RMB6.7 million).

Income tax expense comprised enterprise income tax and land appreciation tax. Income tax expense for the year decreased by RMB431.2 million against last year to RMB4,504.5 million (2020: RMB4,935.7 million), mainly due to the decrease in effective tax rate on land appreciation tax as driven by the drop in gross profit margin. Therefore, the effective tax rate for the year dropped 7.3% against last year to 44.4% (2020: 51.7%).

Overall, for the year ended 31 December 2021, profit attributable to owners of the Company increased by 15.4% against last year to RMB5,050.6 million (2020: RMB4,374.8 million). Basic earnings per share were RMB147.5 cents (2020: RMB127.8 cents).

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. Over the past year, in response to the rapidly-changing market conditions, the Group prudently acquired land parcels at reasonable prices for maintaining a sustainable land bank. Since conduct business with entering new cities is an important business expansion strategy, we further extended its operations to three new cities with high growth potential, namely Anqing and Chuzhou (Anhui province) and Huai'an (Jiangsu province) during the year. Apart from the newly entered cities, the Group also prudently replenished its land bank in cities with presence during the year. In 2021, the Group Series of Companies bagged land parcels with gross floor area of 1,576,700 sq.m. in the three cities newly expanded into at a consideration of RMB7,080.7 million. Together with the land pieces added in the cities with presence, the Group Series of Companies acquired a total of 41 parcels of land at a total consideration of RMB39,503.6 million (2020: RMB46,233.1 million) with gross floor area of 8,385,100 sq.m. (2020: 11,569,200 sq.m.), of which 6,864,400 sq.m. (2020: 9,724,000 sq.m.) was attributable to the Group (including the interests in associates and joint ventures).

The table below shows the details of land parcels acquired during the year:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Anqing	Yingjiang District Project (The Metropolis)	100%	640,300
2	Jiujiang	Lianxi District Project #1 (International Community)	100%	221,800
3	Jiujiang	Lianxi District Project #2 (International Community)	100%	220,000
4	Jiujiang	Lianxi District Project #3 (International Community)	100%	381,300
5	Jiujiang	Lianxi District Project #4 (International Community)	100%	318,300
6	Shaoxing	Yuecheng District Project (Marina One)	100%	136,200
7	Zhenjiang	Danyang City Huanan Gaoxin District Project #1 (Zhenru Mansion)	100%	2,900
8	Zhenjiang	Danyang City Huanan Gaoxin District Project #2 (Zhenru Mansion)	100%	4,500
9	Hefei	Xinzhan District Project (Halo Park)	100%	155,900
10	Xining	Economic and Technological Development Zone Nanchuan Industrial Park District Project (Elite Palace)	100%	651,500
11	Quanzhou	Taiwanese Investment Zone Project (Elegance Mansion)	100%	305,700
12	Shantou	Longhu District Project #1 (The Riviera East City)	100%	98,300
13	Shantou	Longhu District Project #2 (Guan Lan Fu)	100%	119,200
14	Weifang	Weicheng District Project (Mansion)	100%	61,000
15	Yangzhou	Hanjiang District Project (The Paragon)	100%	169,400
16	Xuzhou	Tongshan District Project #1 (Future Land)	100%	149,000
17	Jinhua	Wucheng District Project #1 (Central Park)	50%	258,500
18	Jinhua [^]	Yiwu City Project (Central Mansion)	76%	138,400
19	Yancheng	Yandu District Project #1 (Mansion One)	45%	194,300
20	Weinan	Gaoxin District Project (Master Mansion)	100%	350,400
21	Zhanjiang	Xiashan District Project #1 (Zhonghai Jindi Duhui Garden)	50%	114,100

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
22	Huizhou	Huicheng District Project #1 (Sage Mansion)	50%	70,700
23	Huai'an	Huai'an District Project #1 (Central Mansion)	100%	114,300
24	Hefei	Feidong County Project (Vitality City)	100%	142,200
25	Xuzhou	Tongshan District Project #2 (Lake City Mansion)	34%	180,500
26	Taizhou	Hailing District Project #1 (Royal Mansion)	70%	222,500
27	Chuzhou	Nanqiao District Project (Royal Mansion)	100%	366,900
28	Huizhou	Huicheng District Project #2 (Unique Palace)	50%	89,700
29	Taizhou	Hailing District Project #2 (Graceful Mansion)	85%	108,100
30	Huai'an	Huai'an District Project #2 (Honor Mainstays)	51%	455,200
31	Yangzhou	Guangling New Town District Project (Jiangnan Countryard)	99.5%	170,200
32	Zhanjiang	Xiashan District Project #2 (Jindi Zhonghai Jincheng Garden)	50%	272,000
33	Yancheng	Yandu District Project #2	33%	178,800
34	Shantou	Longhu District Project #3 (Guan Yun Fu)	100%	161,500
35	Changzhou	Tianning District Project (World Masterpiece)	100%	95,200
36	Changzhou	Economic Development Zone Project (Jiang Nan Mansion)	100%	131,200
37	Yinchuan	Jinfeng District Project (Master Mansion)	100%	143,600
38	Zibo	Zichuan District Project (Jade Park)	49%	355,000
39	Xuzhou	Economic Development Zone Project (Upper East)	33%	173,700
40	Jinhua	Wucheng District Project #2 (The Halo)	50%	174,000
41	Yancheng	Tinghu District Project (Chen Yang Fu)	46%	88,800
Total				8,385,100

[^] In the 2021 Interim Report, Yiwu was stated as a new city that the Group entered into this year. At the year end, the management of the Group recomputed the statistics of land bank in cities. Yiwu was included under Jinhua for presentation, and not considered as a new city entered into.

As at 31 December 2021, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 29,768,900 sq.m. (2020: 30,106,600 sq.m.), of which 2,319,700 sq.m. (2020: 1,085,500 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 25,530,700 sq.m. (2020: 26,617,100 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 31 December 2021.

In January 2022, the Group acquired additional equity interests and the shareholder loans in the project companies primarily engaged in property development in Yiwu (subsequently summarized in Jinhua for city description and statistics) and Xuzhou from a business partner at total consideration of RMB1.0 billion. Besides, in March 2022, the Group acquired 100% equity interests and the shareholder loan in the project company primarily engaged in property development in Shantou from an independent third party at consideration of approximately RMB1.0 billion. Upon the completion of the abovementioned acquisitions, the gross floor area of land bank attributable to the Group will be further increased by 362,500 sq.m.. Further details regarding these acquisitions are set out in the announcements of the Company dated 28 January 2022 and 8 March 2022 respectively.

The Group will continue to pay close attention to the market conditions and explore merger and acquisition opportunities for expanding the Group's land bank. If a large-scale project is encountered, joint investment and development model with a reliable business partner will be considered, including but not limited to a platform with China Overseas Land & Investment Company Limited ("COLI") on joint investment in real estate development, so as to achieve a balance of risk and reward management.

The table below shows the details of land bank as at year end:

	City	Total GFA (sq.m)	Attributable GFA (sq.m.)
1	Shantou	3,047,300	3,047,300
2	Jiujiang*	1,920,600	1,920,600
3	Yinchuan	1,550,800	1,430,600
4	Jilin	1,378,600	1,313,800
5	Hohhot	1,301,300	1,301,300
6	Weifang	1,121,500	1,121,500
7	Zhuzhou	1,494,700	1,046,300
8	Yangzhou	1,046,500	1,045,600
9	Hefei	1,293,300	1,008,500
10	Lanzhou	1,184,200	991,000
11	Xining	924,900	924,900
12	Huizhou	1,147,900	886,400
13	Changzhou	855,400	855,400
14	Yancheng	1,117,600	761,500
15	Anqing	640,300	640,300
16	Taizhou	1,245,600	610,200
17	Jinhua	792,000	542,500
18	Tangshan	516,200	516,200
19	Xuzhou	691,200	455,700
20	Chuzhou	366,900	366,900
21	Weinan	350,400	350,400
22	Jining	347,300	347,300
23	Huai'an	569,500	346,500
24	Zibo	517,100	336,100
25	Zhanjiang	667,100	333,500
26	Zunyi	457,500	332,300
27	Zhenjiang	317,400	317,400
28	Quanzhou	305,700	305,700
29	Nanning	548,700	278,200
30	Baotou	284,500	262,700

	City	Total GFA (sq.m)	Attributable GFA (sq.m.)
31	Shaoxing	242,800	242,800
32	Tianshui	225,600	225,600
33	Langfang	200,400	200,400
34	Linyi	195,300	195,300
35	Qingyuan	180,000	180,000
36	Huangshan	249,500	137,200
37	Ganzhou	131,800	131,800
38	Liuzhou	161,600	113,100
39	Nantong	179,900	107,900
Total		29,768,900	25,530,700

- * During the year, in relation to a land project in Lushan Xihai, Jiujiang for future development, according to a notice from the relevant local government authorities, the gross floor area available for development is adjusted from approximately 1,887,900 sq.m. to approximately 656,300 sq.m..

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group has been focusing on the development of second-, third- and fourth-tier cities, and comprehended the differences in the rigid and improving demand for housing among various cities, and thus provides suitable products, such as the renovated flats and the green and intelligent residential buildings, according to the market conditions in each city. As such, the Group is able to meet the needs of different markets and customers, enhance the rate of return, maximize the benefits of national brand and maintain its leading market position.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2021 amounted to RMB71,204.4 million (2020: RMB64,709.5 million), for an aggregated contracted area of 5,683,400 sq.m. (2020: 5,303,400 sq.m.), (in which, RMB2,506.7 million <2020: RMB1,019.2 million> for an aggregated contracted area of 135,000 sq.m. <2020: 85,900 sq.m.> was contributed by associates and joint ventures) representing an increase of 10.0% and 7.2% respectively against last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,383.0 million for an aggregated contracted area of 101,300 sq.m..

Contracted property sales from major projects during the year ended 31 December 2021:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Central Mansion	83,954	1,996.8
	Upper East	72,851	1,695.4
	The Halo	75,876	1,316.9
	Royal Villa	35,827	1,135.9
	Halo Park	51,101	869.8
	Central Park	34,753	861.2
Yinchuan	International Community	420,393	3,584.3
	The Royal Peninsula	195,754	1,782.2
	Patrimonial Mansion	90,550	1,280.6
	The New Metropolis	50,615	605.2
Shantou	The Rivera	210,665	2,442.3
	The Rivera North City	84,567	941.8
	Platinum Mansion	71,035	689.9
	Golden Coast	70,575	650.3
	La Cite	52,872	501.0
Jinhua	The Central Mansion	156,181	4,847.3
	Central Park	18,884	273.8
Changzhou	Clouds Fairyland	124,708	2,149.2
	South Halcyon	136,248	2,117.4
Nantong	Jade Park	159,850	3,709.6
Taizhou	Central Mansion	97,446	1,317.7
	Gorgeous Mansion*	69,633	1,244.7
	Jinmao Palace*	36,662	835.5
Lanzhou	La Cite	154,912	2,161.5
	China Overseas Platinum Garden	57,799	740.4
	China Overseas Platinum Pleasid Mansion	29,218	370.6
Yangzhou	La Rive Gauche	156,877	2,206.2
	Upper East	29,775	317.0
	Glory Manor	21,920	117.9
Huizhou	Riverview Mansion	107,227	1,372.7
	Glorious Palace	42,102	540.8
	Huizhou Tangquan	32,036	514.8

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Quanzhou	Elegance Mansion	61,046	880.1
	River View Mansion	56,159	624.9
	Glorious	55,193	600.8
Hohhot	Zhonghai Shi Li Qing Chuan	46,825	613.4
	Zhonghai He Shan Sheng Jing	35,536	386.4
	Zhonghai Zhen Ru Fu	20,871	293.2
	Hohhot Glorioushire	19,958	257.2
	Zhonghai He Shan Guan Lan	21,680	244.7
Yancheng	Gorgeous Mansion	77,469	1,283.4
	The Central Mansion	37,675	444.5
Jilin	La Cité	128,916	952.2
	Glorioushire	83,486	498.9
Jining	ColiCity	108,356	1,161.5
	Coli Phoenix Community	22,922	232.9
Tangshan	Maple Palace	38,796	828.0
	The Pogoda	27,632	513.9
Xining	Mountain and Lake	80,104	875.2
	Elite Palace	53,831	432.1
Xuzhou	The Central Mansion	100,338	1,305.4
Baotou	Wang Jing Mansion	101,773	888.7
	PT Hyatt	36,091	298.2
Jiujiang	Central Mansion	53,094	630.9
	International Community	66,895	473.1
Weifang	Da Guan Tian Xia	106,358	610.9
	Royal Villa	61,645	440.0
Zunyi	New City of China	79,896	460.0
	The Central Mansion	28,331	338.3
Anqing	The Metropolis	82,818	796.0
Nanning	Celestial Heights	36,978	429.0
	Harrow Community	26,412	282.6

* These projects are held by the joint ventures of the Group

Progress for all development projects was satisfactory and largely in line with the construction programs. During the year, gross floor area of nearly 7,512,000 sq.m. (2020: 5,630,000 sq.m.) of construction sites were completed for occupation and of which, about 96% (2020: 93%) was sold out by year end. While the Group continues to aim at speeding up the property sales, responding to sudden changes in the property market in a timely manner to ensure sustainable expansion of business scale at healthy financial position.

For the year ended 31 December 2021, revenue from property sales increased by 25.5% against last year to RMB53,594.0 million (2020: RMB42,701.3 million). Gross profit margin narrowed to approximately 22.8% (2020: 26.9%) when compared to last year, as the gross profit margin of projects recognized in last year was higher. Same as last year, revenue for the year was mainly recognized from the sales of high-rise residential projects.

In addition, regarding the land project in Lushan Xihai, Jiujiang, of which the Group holds 100% equity interest for future development (the “Project”), the project company of the Group received a notice from the relevant local government authorities. The notice stated that the content of development plan of the Project is re-adjusted and clarified in accordance with the requirements of the law and regulations of 5A-level tourist attractions and the ecological and environmental protection policies. Such adjustment is mainly on the gross floor area available for development, which is adjusted from approximately 1,887,900 sq.m. to approximately 656,300 sq.m.. There is no change in the land area of the Project. The management has performed an evaluation on the carrying amount of the Project and made a provision for impairment for inventories of properties of the Project. The provision for impairment of the Project was RMB244.6 million and included in the segment result for the year.

During the year, the Group jointly developed new property development projects with reliable business partners under the business model of associates in four cities (Yancheng, Huizhou, Xuzhou and Zibo) and under the business model of joint ventures in three cities (Zhanjiang, Taizhou and Jinhua). The Group’s share of net loss from the associates and joint ventures included in the segment result for the year amounted to RMB11.6 million (2020: net profit of RMB14.9 million).

Furthermore, the segment result for the year also included a fair value gain on reclassification of inventories of properties to investment properties of RMB80.7 million (2020: RMB8.1 million) as aforesaid.

Overall, the segment profit for the year increased by 6.5% to RMB10,181.4 million (2020: RMB9,564.5 million).

Recognized revenue from major projects during the year ended 31 December 2021:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Huizhou	Riverview Mansion	341,793	4,103.3
	Huizhou Tangquan	30,994	502.2
Nantong	Jade Park	133,454	3,555.4
	Upper East	47,439	896.5
Yinchuan	International Community	495,026	3,310.4
	Mansion Yue	106,675	1,135.5
Quanzhou	Glorious	251,188	2,863.6
	River View Mansion	123,333	1,494.8
Hefei	Lakeville	124,890	1,926.8
	Royal Villa	61,297	1,581.6
	Coli City	59,432	711.3
Xuzhou	Treasure Mansion	136,920	1,568.6
	The Platinum Pleas'd Mansion	99,358	1,309.3
Ganzhou	Jardin De Rive Gauche	147,556	1,373.6
	The Riverside	89,999	935.9
	The Cullinan	41,569	540.5
Jilin	OverLooking River Mansion	261,032	1,906.5
	Royal Villa	95,322	802.3
Weifang	Da Guan Tian Xia	334,476	2,529.3
Baotou	Glorioushire	277,134	1,998.0
	PT Hyatt	65,028	507.9
Nanning	International Community	155,320	1,646.4
	Harrow Community	69,246	699.5
Lanzhou	China Overseas Platinum Pleas'd Mansion	167,970	2,047.0
Yancheng	Glory Mansion	177,448	2,045.2
Shantou	Platinum Mansion	137,632	1,285.7
	Golden Coast	96,888	751.9
Xining	Glorioushire	224,120	1,981.9
Yangzhou	Gorgeous Mansion	63,948	1,107.6
	Glory Manor	67,467	685.5
Changzhou	Hai Hua Garden	165,867	1,149.9

The following projects had commenced the construction work in the year:

City	Name of project	Commenced by
Yinchuan	COGO City	February
Taizhou	Jinmao Palace*	March
Yancheng	Gorgeous Mansion	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #1 (Zhenru Mansion)	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #2 (Zhenru Mansion)	March
Changzhou	South Halcyon	April
Ganzhou	One City South	April
Hefei	Central Park	April
Hohhot	Zhonghai Shi Li Qing Chuan	April
Hohhot	Zhonghai He Shan Guan Lan	April
Huizhou	Megacity Times	April
Jilin	La Cité	April
Tangshan	The Pogoda	April
Taizhou	Gorgeous Mansion*	April
Tianshui	The Platinum Pleased Mansion	April
Weifang	Royal Villa	April
Weifang	The Rivera	April
Jiujiang	Lianxi District Project #3 (International Community)	May
Linyi	Cozy Land	May
Quanzhou	Taiwanese Investment Zone Project (Elegance Mansion)	May
Zhanjiang	We Love City*	May
Anqing	Yingjiang District Project (The Metropolis)	June
Hohhot	Zhonghai Zhen Ru Fu	June
Shantou	The Rivera North City	June
Shaoxing	Yuecheng District Project (Marina One)	June
Hefei	Xinzhan District Project (Halo Park)	July
Jilin	Dong Shan Fu (previously named “Fengman District Project #1-2”)	July
Weifang	Weicheng District Project (Mansion)	July
Xining	Economic and Technological Development Zone Nanchuan Industrial Park District Project (Elite Palace)	July
Yinchuan	COGO City	July
Shantou	Longhu District Project #1 (The Rivera East City)	August
Zhuzhou	International Community	August

City	Name of project	Commenced by
Huai'an	Huai'an District Project #1 (Central Mansion)	September
Jinhua	Wucheng District Project #1 (Central Park)	September
Shantou	Longhu District Project #2 (Guan Lan Fu)	September
Weinan	Gaoxin District Project (Master Mansion)	September
Xuzhou	Tongshan District Project #1 (Future Land)	September
Zhenjiang	Zhenru Mansion (previously named "Danyang City Huanan Gaoxin District Project #2")	September
Taizhou	Hailing District Project #1 (Royal Mansion)	October
Yangzhou	Hanjiang District Project (The Paragon)	October
Jinhua	Yiwu City Project (Central Mansion)	October
Hefei	Feidong County Project (Vitality City)	November
Huizhou	Huicheng District Project #1 (Sage Mansion)^	November
Jinhua	Wucheng District Project #2 (The Halo)*	November
Taizhou	Hailing District Project #2 (Graceful Mansion)	November
Yinchuan	Jinfeng District Project (Master Mansion)	November
Zhanjiang	Xiashan District Project #2 (Jindi Zhonghai Jincheng Garden)*	November
Changzhou	Economic Development Zone Project (Jiang Nan Mansion)	December
Changzhou	Tianning District Project (World Masterpiece)	December
Chuzhou	Nanqiao District Project (Royal Mansion)	December
Huai'an	Huai'an District Project #2 (Honor Mainstays)	December
Huizhou	Huicheng District Project #2 (Unique Palace)	December
Xuzhou	Tongshan District Project #2 (Lake City Mansion)	December
Yancheng	Yandu District Project #1 (Mansion One)	December
Yangzhou	Guangling New Town District Project (Jiangnan Courtyard)	December

* These projects are held by the joint ventures of the Group

^ The project is held by an associate of the Group

At year end date, the gross floor area of properties under construction and stock of completed properties amounted to 20,803,600 sq.m. (2020: 18,220,900 sq.m.) and 1,413,400 sq.m. (2020: 1,187,700 sq.m.) respectively, totaling 22,217,000 sq.m. (2020: 19,408,600 sq.m.). Properties with gross floor area of 9,133,700 sq.m. (2020: 9,299,800 sq.m.) had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

In respect of the business of property leasing, apart from the properties reclassified from inventories of properties during the year, majority of the investment properties of the Group were leased out to COLI entirely. For the year ended 31 December 2021, rental income amounted to RMB217.7 million (2020: RMB186.1 million). The increase is mainly attributable by the increase in rental income from certain commercial area of Universal City in China Overseas Plaza in Lanzhou since its opening by end of 2020.

The Group holds 65% of equity interests of the scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out to COLI as a whole. The Group's share of profit from the joint venture, which holds the above research office building, was RMB4.4 million (2020: RMB3.7 million) for the year and included in the segment result for the year.

Besides, the segment results for the year included the fair value gain on investment properties of RMB20.0 million (2020: Nil) as aforesaid.

Overall, the segment profit for the year increased by RMB21.2 million against last year to RMB180.6 million (2020: RMB159.4 million).

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. The Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in Mainland China and international market to meet its requirements in working capital, refinancing and project development.

As at 31 December 2021, net working capital of the Group amounted to RMB63,056.2 million (2020: RMB50,796.7 million), with a current ratio of 1.5 (2020: 1.5).

During the year, the Group secured new credit facilities of approximately RMB29,091.5 million from leading financial institutions. After taking into account drawdowns of RMB24,234.0 million, repayment of loans of RMB19,056.6 million and decrease of RMB391.6 million due to translation of Hong Kong Dollar ("HKD") loan, total bank and other borrowings (exclude the guaranteed notes payable of RMB3,286.0 million) increased by RMB4,785.8 million as compared to the end of last year to RMB41,936.0 million (2020: RMB37,150.2 million).

The total amount of new loan drawdowns and loan repayments mentioned above included two newly explored final payment of properties asset-backed securities of aggregate nominal value of RMB1,025.0 million during the year. The plans were closed and fully repaid before the year end.

Of the total bank and other borrowings, RMB loan amounted to RMB28,151.3 million (2020: RMB23,962.2 million) while the HKD loan amounted to HK\$16,860.0 million (equivalent to RMB13,784.7 million) (2020: HK\$15,670.0 million <equivalent to RMB13,188.0 million>). As at year end, interests of borrowings amounted to RMB4,910.0 million (2020: RMB3,142.9 million) were charged at fixed rate ranging from 4.15% to 5.23% (2020: 3.80% to 5.23%) while the remaining borrowings of RMB37,026.0 million (2020: RMB34,007.3 million) were charged at floating rates with a weighted average of 3.72% (2020: 3.81%) per annum. About 30.5% (2020: 28.1%) of bank and other borrowings is repayable within one year.

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling interests. At year end date, the interest-bearing amounts due to non-controlling interests was RMB2,765.8 million with fixed interest rate ranging from 4.75% to 8.00%.

In respect of guaranteed notes, the Group successfully completed the issuance of 5-year USD512 million 2.45% guaranteed notes in February 2021 and the proceeds was used for redemption of USD500 million 4.875% guaranteed notes in June 2021. The total amortized cost payable of the guaranteed note due in February 2026 amounted to RMB3,286.0 million as at 31 December 2021.

Sales deposits collection from properties sales remained satisfactory during the year. Cash and bank balances plus restricted cash and deposits was RMB32,492.4 million (2020: RMB28,069.1 million) in total as at 31 December 2021, which increased significantly by RMB4,423.3 million against last year end. Of which, 99.5% (2020: 99.5%) is denominated in RMB while the remaining are in HKD and USD.

As at 31 December 2021, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes, net of cash and bank balances and restricted cash and deposits) to total equity, was 35.6% (2020: 45.5%), which showed an improvement from last year end. The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the Three Red Lines real estate financial supervision policy in Mainland China, as at 31 December 2021, the liabilities-to-assets ratio (excluding receipts in advances) was 69.4%, net gearing ratio was 35.6% and cash-to-short-term debt ratio was 1.6 times. The Group thus did not breach any of the red lines and reached a Green Category enterprise.

Taking into account of the unutilized bank credit facilities available to the Group of RMB10,342.6 million (2020: RMB9,002.2 million), the Group's total available funds (including restricted cash and deposits of RMB12,616.3 million <2020: RMB7,525.8 million>) reached RMB42,835.0 million (2020: RMB37,071.3 million) as at 31 December 2021.

In view of rapidly-changing property and capital market conditions and government policies and regulations, liquidity risk management is essential to support the sustainability of business growth of the Group. The Group continues to implement centralized management policies in financing and cash management, maintains good cash flow and minimizes its financial risks to ensure healthy operations and financial positions. While the international environment is complex and dynamic and financial market is also volatile, the Group maintains close communication with financial institutions, and ensures the continual fulfillment of the financial covenants and receiving of continual supports from all parties.

The Group has not entered into any financial derivatives either for hedging or speculative purpose during the year.

The Group regularly re-evaluates its operational and investment status, monitors the financial market and explores opportunities to invest in property development projects in co-operation with reliable business partners through the business models of associates and joint ventures to improve its capital structure continuously.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in Mainland China, the management considered a natural hedge mechanism existed in that operations. However, as at 31 December 2021, about 62% and 38% (2020: 59% and 41%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/USD respectively. Hence, by taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to HKD raised by approximately 2.9% (2020: 6.4%) during the year and accordingly, the net asset value of the Group increased by RMB555.3 million (2020: RMB1,035.3 million) which arose from currency translation.

The Group continued to enhance its risk management on foreign currency. After balancing the finance cost and risks, the management optimized the proportion of different currencies in its loan portfolio, in response to changes in market environment. The Group continues to closely monitor the volatility of the RMB exchange rate and, if necessary, will further fine-tune the ratio of RMB and HKD/USD debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2021, the Group had commitments totaling RMB28,521.1 million (2020: RMB26,121.0 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks totaling RMB38,723.1 million (2020: RMB34,685.9 million) for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice and for a credit facility granted to a joint venture.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB67.0 million (2020: RMB231.7 million) during the year, mainly included additions of investment properties, right-of-use assets, as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment. Besides, the use of two properties was changed from development for sales to owner-occupied properties during the year, and thus, the Group has reclassified inventory of properties of carrying value of RMB11.8 million and RMB3.8 million to property, plant and equipment and right-of-use assets respectively during the year.

On the other hand, as at 31 December 2021, certain properties in Mainland China with aggregate carrying value of RMB7,935.4 million (2020: RMB10,454.0 million) were pledged to obtain RMB2,187.3 million (2020: RMB5,502.9 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 31 December 2021, the Group has 3,505 employees (2020: 2,974). The increase in the number of employees was mainly due to business growth and expansion of operating scale.

The Group is keen to motivate and retain talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2021 was approximately RMB1,082.9 million (2020: RMB979.8 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/ retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the impact to the Group. The following contents list out the key risks and uncertainties identified by the Group:

DEBT REPAYMENT RISK

The financial market is complicated and fast-changing. Cash flow management is one of the major business risks of property development business, which is capital intensive in nature. The risk is mainly arising from lower than expected cash collection from sales and failure to refinance debt upon maturity. In addition, credit performance of industry peers, regulatory requirement, the development of geopolitics and international political and economic landscape may affect the financing capability of the Group and increase the pressure on capital fund flow.

To preserve sufficient cash flow and safeguard financial health, the Group would continue to expedite property sales and cash collection, remain discreet in land bank replenishment, harmonize the development pace with market conditions and strengthen stock management. The Group would continue to maintain the good relationships and strengthen the communications with financial institutions, and ensure continual fulfillment of financial covenants and requirements from regulatory authorities. Besides, the Group would also further explore opportunities of different financing accesses to broaden its funding channels.

MARKET RISK

The real estate market of Mainland China is susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc.

The Group is kept abreast with the changes in business environment and regulatory, and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Benefited from the national brand for excellence product, the Group will further strengthen product research and development, improve standardization and gradually increase the supply of renovated flats in its product offerings to meet the changes in customer needs. This strategy will also expedite the development of projects and thus increase the return on investment. Moreover, the Group would alter the construction program of the projects to match the sales progress so that the stock level could be optimized while the supply of properties could still be warranted.

INVESTMENT RISK

The property market in Mainland China diverges with uneven growth among different cities and districts. Under the city-specific policies, it is critical for the Group to replenish and acquire suitable land bank at suitable sites at reasonable price for healthy and continuous growth.

The Group sticks firmly to its prudent investment approach and expands its operating scale in an organized manner. The Group would continue to perform comprehensive due diligence review on new business opportunities and selected cautiously appropriate projects meeting its requirements for investment. At the same time, co-operation with strong and reputable corporations for developing projects jointly are considered to balance risks and rewards.

FOREIGN EXCHANGE RISK

Over the past few years, the exchange rate of RMB has been increasingly market oriented and fluctuated according to the global economic environment. As aforesaid, under the existing debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

To better manage its exchange rate risk, the Group has gradually adjusted the proportion of RMB loan in its entire borrowings portfolio according to market situation. The Group would continue to actively monitor the volatility of RMB exchange rate and after balancing the finance cost and risks, would review the financing strategy constantly to optimize the ratio of RMB and HKD/USD debt at appropriate time and also explore different financing tools to minimize the foreign exchange risk.

PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be dampened by sub-standard housing products arising from improper work procedures and poor site management.

With extensive experience in the property development business, the Group has established a well-defined quality assessment system and would strictly regulate the construction work process in order to ensure smooth running and quality of the property development projects.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Revenue	4	53,830,471	42,909,060
Cost of sales and services provided		<u>(41,431,335)</u>	<u>(31,267,644)</u>
Gross profit		12,399,136	11,641,416
Other income		463,279	381,381
Distribution and selling expenses		(1,634,858)	(1,368,847)
Administrative expenses		(1,096,364)	(1,069,885)
Other operating expenses		(21,222)	(27,845)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties		80,683	8,123
Fair value gain on investment properties		20,000	-
Operating profit		10,210,654	9,564,343
Finance costs		(54,100)	(43,125)
Share of results of associates		8,110	11,955
Share of results of joint ventures		(15,278)	6,662
Profit before income tax	6	10,149,386	9,539,835
Income tax expense	7	(4,504,484)	(4,935,694)
Profit for the year		5,644,902	4,604,141
Profit for the year attributable to:			
Owners of the Company		5,050,575	4,374,765
Non-controlling interests		594,327	229,376
		5,644,902	4,604,141
		RMB Cents	RMB Cents
Earnings per share	9		
Basic		147.5	127.8
		147.5	127.8
Diluted		147.5	127.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	RMB'000	RMB'000
Profit for the year	5,644,902	4,604,141
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising from translation into presentation currency	555,319	1,035,288
Other comprehensive income for the year, net of tax	555,319	1,035,288
Total comprehensive income for the year	6,200,221	5,639,429
Total comprehensive income attributable to:		
Owners of the Company	5,605,894	5,410,053
Non-controlling interests	594,327	229,376
	6,200,221	5,639,429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Assets and liabilities			
Non-current assets			
Investment properties		3,978,235	3,355,235
Property, plant and equipment		839,080	869,409
Right-of-use assets		256,478	239,150
Interests in associates		277,416	19,056
Interests in joint ventures		908,170	701,038
Financial assets at fair value through other comprehensive income		1,000	1,000
Deferred tax assets		1,883,460	1,242,877
		8,143,839	6,427,765
Current assets			
Inventories of properties		136,371,481	107,721,167
Other inventories		11,309	16,429
Contract assets		153,582	94,732
Trade and other receivables, prepayments and deposits	<i>10</i>	15,076,202	19,451,556
Amounts due from associates		994,964	124,838
Amounts due from joint ventures		752,391	2,091,043
Amounts due from non-controlling interests		2,215,461	871,139
Tax prepaid		2,574,823	2,545,737
Restricted cash and deposits		12,616,346	7,525,826
Cash and bank balances		19,876,023	20,543,265
		190,642,582	160,985,732

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Trade and other payables	<i>11</i>	19,928,604	15,699,347
Contract liabilities		81,803,731	70,336,424
Amounts due to associates		2,069	13,136
Amounts due to joint ventures		84,928	584,458
Amounts due to non-controlling interests		5,510,332	2,834,726
Amounts due to related companies		186,119	189,482
Lease liabilities		14,534	11,196
Guaranteed notes payable		-	3,314,214
Taxation liabilities		7,282,145	6,757,759
Borrowings		12,773,873	10,448,303
		<u>127,586,335</u>	<u>110,189,045</u>
Net current assets		<u>63,056,247</u>	<u>50,796,687</u>
Total assets less current liabilities		<u>71,200,086</u>	<u>57,224,452</u>
Non-current liabilities			
Borrowings		29,162,103	26,701,867
Lease liabilities		28,199	21,819
Guaranteed notes payable		3,286,018	-
Amount due to a related company		75,026	75,026
Deferred tax liabilities		2,892,481	3,189,358
		<u>35,443,827</u>	<u>29,988,070</u>
Net assets		<u>35,756,259</u>	<u>27,236,382</u>
Capital and reserves			
Share capital	<i>12</i>	5,579,100	5,579,100
Reserves		23,148,789	18,554,125
Equity attributable to owners of the Company		<u>28,727,889</u>	<u>24,133,225</u>
Non-controlling interests		<u>7,028,370</u>	<u>3,103,157</u>
Total equity		<u>35,756,259</u>	<u>27,236,382</u>

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC”) and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office and principal place of business is Suites 701-702, 7/F., Three Pacific Place, 1 Queen’s Road East, Hong Kong.

The principal activities of the Group mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in certain regions in the PRC such as Changzhou, Hefei, Jinhua, Lanzhou, Nantong, Shantou, Taizhou and Yinchuan.

The Company is an associated company of China Overseas Land & Investment Limited (“COLI”). COLI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange. COLI’s ultimate holding company is 中國建築集團有限公司 China State Construction Engineering Corporation*, an entity established in the PRC.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the provisions of the Hong Kong Companies Ordinance (“Companies Ordinance”) which concern the preparation of financial statements. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results 2021 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements for the year ended 31 December 2021 were approved and authorized for issue by the Board on 23 March 2022.

* English translation is for identification only

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value.

All values are rounded to the nearest thousand except otherwise indicated.

Save as described in note 3 “Adoption of New or Revised HKFRS”, the accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW OR REVISED HKFRS

3.1 Adoption of new or revised HKFRS – effective 1 January 2021

In the current year, the Group has applied for the first time the following new amendments issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	COVID-19 - Related Rent Concessions
Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new amendments to HKFRS did not have material impact on the Group’s results and financial position and accounting policies.

3. ADOPTION OF NEW OR REVISED HKFRS (CONTINUED)

3.2 New and amendments to HKFRS that have been issued but not yet effective

The following new and amendments to HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1 HK-Int 5 (2020)	Classification of Liabilities as Current or Non-current ⁴ Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021 ¹
Annual Improvements to HKFRS 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases ²

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The above new and amendments to HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue derived from the Group's principal activities comprises of the followings:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
- Sales of properties	53,594,028	42,701,339
- Hotel and other services income	18,770	21,585
	53,612,798	42,722,924
Revenue from other sources		
- Property rental income	217,673	186,136
Total revenue	53,830,471	42,909,060

5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and assessment of segment performance. The Group has identified two reportable segments and other segment for its operating segments as follows:

Property investment and development	—	This segment constructs residential and commercial properties in the PRC. Part of the business is carried out through associates and joint ventures.
Property leasing	—	This segment holds office units, commercial units and hotel properties located in the PRC for leasing to generate rental income and gain from appreciation in the properties' values in the long-term. Part of the business is carried out through a joint venture.
Other segment	—	This segment mainly engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

5. SEGMENT INFORMATION (CONTINUED)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different operating segments during the year or in prior year. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses and finance costs from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of tax assets and corporate assets, including certain cash and bank balances and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to associates, joint ventures, non-controlling interests and related companies and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, other corporate liabilities and liabilities such as borrowings, certain amounts due to related companies and guaranteed notes payable that are managed on a group basis.

Disaggregation of revenue by timing of revenue recognition

Disaggregation of revenue by timing of revenue recognition is set out as follows:

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
<i>For the year ended 31 December 2021</i>				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
- Goods transferred over time	1,799,709	-	-	1,799,709
- Goods transferred at a point in time	51,794,319	-	-	51,794,319
- Services transferred over time	-	-	18,770	18,770
	53,594,028	-	18,770	53,612,798
Revenue from other sources				
- Rental income	-	217,673	-	217,673
	53,594,028	217,673	18,770	53,830,471

5. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
<i>For the year ended 31 December 2020</i>				
Revenue from contracts with customers disaggregated by timing of revenue recognition				
- Goods transferred over time	5,754,388	-	-	5,754,388
- Goods transferred at a point in time	36,946,951	-	-	36,946,951
- Services transferred over time	-	-	21,585	21,585
	42,701,339	-	21,585	42,722,924
Revenue from other sources				
- Rental income	-	186,136	-	186,136
	42,701,339	186,136	21,585	42,909,060

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reportable segment revenue, segment profit/loss, segment assets, segment liabilities, reconciliations to revenue, profit before income tax, total consolidated assets, total consolidated liabilities and other segment information are as follows:

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
<i>For the year ended 31 December 2021</i>				
Reportable segment revenue	53,594,028	217,673	18,770	53,830,471
Reportable segment profit/(loss)	10,181,426	180,569	(48,912)	10,313,083
Corporate income				7,527
Finance costs				(54,100)
Other corporate expenses				(117,124)
Profit before income tax				10,149,386

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
<i>As at 31 December 2021</i>				
Reportable segment assets	189,185,833	4,182,650	611,595	193,980,078
Tax assets				4,458,283
Corporate assets [^]				348,060
Total consolidated assets				198,786,421
Reportable segment liabilities	107,479,679	58,992	933	107,539,604
Tax liabilities				10,174,626
Borrowings				41,935,976
Amount due to a related company				75,026
Guaranteed notes payable				3,286,018
Other corporate liabilities				18,912
Total consolidated liabilities				163,030,162
<i>For the year ended 31 December 2020</i>				
Reportable segment revenue	42,701,339	186,136	21,585	42,909,060
Reportable segment profit/(loss)	9,564,456	159,379	(65,732)	9,658,103
Corporate income				22,257
Finance costs				(43,125)
Other corporate expenses				(97,400)
Profit before income tax				9,539,835
<i>As at 31 December 2020</i>				
Reportable segment assets	158,720,700	3,550,957	647,765	162,919,422
Tax assets				3,788,614
Corporate assets [^]				705,461
Total consolidated assets				167,413,497
Reportable segment liabilities	89,279,244	130,520	1,151	89,410,915
Tax liabilities				9,947,117
Borrowings				37,150,170
Amounts due to related companies				264,508
Guaranteed notes payable				3,314,214
Other corporate liabilities				90,191
Total consolidated liabilities				140,177,115

[^] Corporate assets as at 31 December 2021 mainly included property, plant and equipment, right-of-use assets and cash and bank balances of RMB95,910,000 (2020: RMB105,282,000), RMB92,185,000 (2020: RMB99,538,000) and RMB158,688,000 (2020: RMB499,329,000) respectively which are managed on a group basis.

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

Other information

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Corporate RMB'000	Consolidated RMB'000
<i>For the year ended 31 December 2021</i>					
Interest income	346,499	504	17	6,675	353,695
Depreciation	28,860	3,118	41,683	16,917	90,578
Fair value gain on reclassification of inventories of properties to investment properties	80,683	-	-	-	80,683
Fair value gain on investment properties	-	20,000	-	-	20,000
Gain on disposal of property, plant and equipment	268	-	4	-	272
Write-off of property, plant and equipment	2	-	934	-	936
Write-down of inventories of properties	244,600	-	-	-	244,600
Share of profit of associates	8,110	-	-	-	8,110
Share of (loss)/profit of joint ventures	(19,704)	4,426	-	-	(15,278)
Additions to specified non-current assets #	1,010,792	30,564	3,651	376	1,045,383
<i>As at 31 December 2021</i>					
Interests in associates	277,416	-	-	-	277,416
Interests in joint ventures	791,351	116,819	-	-	908,170
<i>For the year ended 31 December 2020</i>					
Interest income	259,238	598	56	10,310	270,202
Depreciation	18,427	2,953	55,425	17,600	94,405
Gain on bargain purchase					
Fair value gain on reclassification of inventories of properties to investment properties	8,123	-	-	-	8,123
Gain on disposal of property, plant and equipment	22,538	-	15	-	22,553
Write-off of property, plant and equipment	101	-	649	-	750
Share of profit of associates	11,955	-	-	-	11,955
Share of profit of joint ventures	2,920	3,742	-	-	6,662
Additions to specified non-current assets #	22,877	214,748	4,233	7,961	249,819
<i>As at 31 December 2020</i>					
Interests in associates	19,056	-	-	-	19,056
Interests in joint ventures	587,403	113,635	-	-	701,038

Including additions to the Group's investment properties, other properties, plant and equipment, right-of-use assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from transfer from inventories of properties to owner-occupied properties as well as transfer from owner-occupied properties and inventories of properties to investment properties.

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities conducted in the PRC excluding Hong Kong. Accordingly, no analysis of the Group's revenue by geographical locations is presented.

An analysis of the Group's specified non-current assets by geographical locations, determined based on physical location of the assets or location of operations in case of interests in associates and joint ventures, is as follows:

	2021 RMB'000	2020 RMB'000
Hong Kong	3,786	8,755
Other regions of the PRC	6,255,593	5,175,133
	6,259,379	5,183,888

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

6. PROFIT BEFORE INCOME TAX

	2021 RMB'000	2020 RMB'000
Profit before income tax is arrived at after charging:		
Depreciation:		
Right-of-use assets	23,856	20,481
Property, plant and equipment	66,722	73,924
Total depreciation	90,578	94,405
Write-down of inventories of properties*	244,600	-

* included in "Cost of sales and services provided" in the consolidated income statement

7. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax for the year		
Hong Kong profits tax	-	-
Other regions of the PRC		
- Enterprise income tax ("EIT")	3,486,296	2,223,335
- Land appreciation tax ("LAT")	1,911,083	2,997,195
	5,397,379	5,220,530
(Over)/Under provision in prior years		
Other regions of the PRC	(17,036)	28,376
Deferred tax	(875,859)	(313,212)
	4,504,484	4,935,694

7. INCOME TAX EXPENSE (CONTINUED)

No Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profit in Hong Kong for the current year and in prior year.

EIT arising from other regions of the PRC is calculated at 25% (2020: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2020: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

8. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2021 RMB'000	2020 RMB'000
Interim dividend – HK\$0.08 (2020: HK\$0.07) per ordinary share	228,472	214,458
Proposed final dividend – HK\$0.30 (2020: HK\$0.275) per ordinary share (<i>note</i>)	839,676	836,227
	<u>1,068,148</u>	<u>1,050,685</u>

Note:

The final dividend of HK\$0.30 (2020: HK\$0.275) per ordinary share, amounting to HK\$1,027,008,000, equivalent to approximately RMB839,676,000 (2020: HK\$941,424,000, equivalent to approximately RMB836,227,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting (“AGM”).

Shareholders of the Company will be given an option to elect to receive the proposed final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part under the scrip dividend scheme (the “Scrip Dividend Scheme”). The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the AGM and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

(b) Dividends payable to owners of the Company attributable to the previous financial year:

	2021 RMB'000	2020 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK\$0.275 (2020: HK\$0.195) per ordinary share	782,758	607,697

9. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

Earnings	2021	2020
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	5,050,575	4,374,765
Weighted average number of ordinary shares	2021	2020
	'000	'000
Weighted average number of ordinary shares in issue during the year	3,423,360	3,423,360

Diluted earnings per share for the years ended 31 December 2021 and 2020 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during both years.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021	2020
	RMB'000	RMB'000
Trade receivables, net	69,505	24,335
Other receivables, net	1,170,491	2,889,519
Prepayments and deposits	13,836,206	16,537,702
	15,076,202	19,451,556

The ageing analysis of the Group's trade receivables net of loss allowance for impairment, based on invoice date or when appropriate, date of transfer of property, is as follows:

	2021	2020
	RMB'000	RMB'000
30 days or below	61,660	5,270
31–60 days	393	310
61–90 days	192	417
91–180 days	2,567	538
181–360 days	2,162	16,758
Over 360 days	2,531	1,042
	69,505	24,335

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

As at 31 December 2021, no material provision was made against the gross amount of trade receivables, other receivables and contract assets.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of unrelated customers.

11. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	16,766,887	13,727,103
Other payables and accruals	2,659,299	1,783,047
Deposits received	502,418	189,197
	19,928,604	15,699,347

The ageing analysis of the Group's trade payables based on invoice date or contract terms, where appropriate, is as follows:

	2021 RMB'000	2020 RMB'000
30 days or below	4,963,403	3,524,340
31–60 days	980,182	1,156,814
61–90 days	332,051	554,139
91–180 days	2,414,362	2,679,008
181–360 days	3,493,279	1,607,619
Over 360 days	4,583,610	4,205,183
	16,766,887	13,727,103

12. SHARE CAPITAL

	Number of ordinary shares '000	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par		
Balance at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	3,423,360	5,579,100

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 28 January 2022, China Overseas Grand Oceans Property Group Company Limited (“COGOP”), an indirect wholly-owned subsidiary of the Company, entered into the sales and purchase agreements in relation to the acquisition of additional equity interests and the shareholder loans in two subsidiaries and an associate at a total consideration of RMB1,000,000,000. Details of relevant acquisitions are set out in the announcement published by the Company on 28 January 2022.

On 8 March 2022, COGOP entered into the sales and purchase agreement in relation to the acquisition of 100% equity interest and the shareholder loan of a company at a consideration of RMB1,024,038,000. Details of the acquisition are set out in the announcement published by the Company on 8 March 2022.

PROPOSED FINAL DIVIDEND

After reviewing the working capital requirements for the Group's future expansion of its business, the Board has recommended the payment of a final dividend of HK30 cents per share for the year ended 31 December 2021. Together with an interim dividend of HK8 cents per share, the total dividend for the whole year amounted to HK38 cents per share, HK3.5 cents increase compared with the total dividend of HK34.5 cents per share for the previous year.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). Shareholders of the Company will be given an option to elect to receive the proposed final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part under the scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the proposed final dividend. The circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders around July 2022.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the AGM and the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

The final dividend warrant and the share certificate to be issued under the Scrip Dividend Scheme are expected to be despatched to the shareholders of the Company at their own risk on or around 16 August 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, and entitlement to the proposed final dividend, the Company's Register of Members will be closed as set out below:

(i) For determining eligibility to attend and vote at the AGM:

- | | |
|---|---|
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 14 June 2022 |
| - Closure of Register of Members | 15 June 2022 to 20 June 2022
(both days inclusive) |
| - Record date | 20 June 2022 |

(ii) For determining entitlement to the final dividend:

- | | |
|---|------------------------------|
| - Ex-dividend date | 22 June 2022 |
| - Latest time to lodge transfer documents for registration with the Company's share registrar | At 4:30 p.m. on 23 June 2022 |
| - Closure of Register of Members | 24 June 2022 |
| - Record date | 24 June 2022 |

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar at Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 20 June 2022 at 10:00 a.m. The notice of the AGM, which constitutes part of a circular to shareholders of the Company, will be sent to the shareholders of the Company in due course.

In light of the uncertain development of the current COVID-19 situation, shareholders of the Company are encouraged to appoint the chairman of the AGM as their proxy to vote on the resolutions, instead of attending the AGM in person. In accordance with the prevailing guidelines published by the Hong Kong Government and/or regulatory authorities, the Company will implement additional precautionary measures at the AGM to ensure the safety of the shareholders attending the meeting. Details of the measures will be set out in the circular to the shareholders, and any further updates will be announced as appropriate.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Audit Committee of the Company has discussed with management and reviewed the Group's annual results and consolidated accounts for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2021 and up to the date of this announcement.

On 26 January 2021, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP"), a wholly-owned subsidiary of the Company), issued RMB525,000,000 3.9 per cent. 2020 Phase I final payment of properties asset-backed securities due February 2022 (the "ABS"), which were guaranteed by the Company and listed on the Shenzhen Stock Exchange. RMB25,000,000 and RMB10,000,000 of the ABS were subordinate securities and preferred securities purchased by COGOP as original equity holder. The net proceeds, after deducting the expenses in connection with the issuance of the ABS, were used to repay the existing indebtedness and outstanding liabilities of the Group. On 11 November 2021, the ABS were fully settled.

On 9 February 2021, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited (“COGO Cayman IV”, a wholly-owned subsidiary of the Company) announced the issuance of US\$512,000,000 2.45 per cent. guaranteed notes due 2026 (the “2021 Guaranteed Notes”). The 2021 Guaranteed Notes are guaranteed by the Company irrevocably and unconditionally and listed on the Stock Exchange. The net proceeds, after deducting the fees and other expenses in connection with the issuance of the 2021 Guaranteed Notes, amounted to approximately US\$509.9 million, which are used to repay and/or refinance the existing indebtedness of the Group, and for general corporate purposes.

On 1 June 2021 (i.e. the maturity date of the guaranteed notes), COGO Cayman IV redeemed the US\$500,000,000 4.875 per cent. guaranteed notes in whole at par, which were issued on 1 June 2018 and listed on the Stock Exchange prior to redemption.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors of the Company (the “Code of Conduct”), on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

Having made specific inquiries to all directors of the Company, they confirmed that they have complied with the Code of Conduct throughout the year of 2021.

CORPORATE GOVERNANCE PRACTICE

The Group strives to raise the standards of corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and senior management on abiding by the standards of corporate governance, as well as our commitment to maintain transparency and accountability to maximise the value of our shareholders as a whole.

Save as disclosed below, the Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the “CG Code”) for the year ended 31 December 2021.

Code A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two non-executive directors of the Company are not appointed for a specific term, however, they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE, THE COMPANY AND EQS TODAYIR LIMITED

This results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> under “Latest Information”, the Company’s website at <http://www.cogogl.com.hk> and the website of EQS TodayIR Limited at <http://www.todayir.com/en/showcases.php?code=81>.

The printed copy of the 2021 Annual Report will be sent to shareholders of the Company before the end of April 2022 and the soft copy of the 2021 Annual Report will be published on websites of the Stock Exchange, the Company and EQS TodayIR Limited in due course.

By Order of the Board

China Overseas Grand Oceans Group Limited

Zhuang Yong

Chairman and Executive Director

Hong Kong, 23 March 2022

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Zhuang Yong, Mr. Yang Lin and Mr. Paul Wang Man Kwan; two non-executive directors, namely Mr. Guo Guanghui and Mr. Billy Yung Kwok Kee, and three independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.