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C&D INTERNATIONAL INVESTMENT GROUP LIMITED

建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, the Group together with its joint ventures and associates achieved the cumulated contracted sales attributable to the shareholders of the Company of approximately RMB130.092 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 6.8269 million sq.m., representing a significant increase by approximately RMB65.337 billion and approximately 3.4852 million sq.m. respectively (approximately 100.90% and 104.29% respectively) as compared with the previous year.
- Cash collected from property development by the Group together with its joint ventures and associates totalled approximately RMB154.855 billion.
- For the year ended 31 December 2021, the Group's total revenue amounted to approximately RMB53.44186 billion, increased by approximately RMB10.69739 billion (approximately 25.03%) as compared with the previous year. Revenue from the property development amounted to approximately RMB52.57478 billion, increased by approximately RMB10.11453 billion (approximately 23.82%) as compared with the previous year.
- For the year ended 31 December 2021, the Group's gross profit amounted to approximately RMB8.73645 billion, increased by approximately RMB1.39618 billion (approximately 19.02%) as compared with the previous year.
- For the year ended 31 December 2021, the profit attributable to the equity holders of the Company amounted to approximately RMB3.51676 billion, increased by approximately RMB1.19513 billion (approximately 51.48%) as compared with the previous year.
- The Group's basic earnings per share was RMB2.54.
- The Board recommended payment of a final dividend of HK\$1.2 per Share, which will be payable in cash, but the Eligible Shareholders will be given the option of electing to receive the final dividend in the form of new Shares in lieu of cash in respect of part or all of the final dividend.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “Board”) of directors (the “Directors”) of C&D International Investment Group Limited (the “Company”) is pleased to announce the following consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 (the “Year”) together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB’000	2020 <i>RMB’000</i>
Continuing operations			
Revenue	4	53,441,863	42,744,478
Cost of sales		(44,705,412)	(35,404,210)
Gross profit		8,736,451	7,340,268
Other net gain	5	687,156	414,068
Loss on changes in fair value of investment properties		(21,359)	(15,294)
Administrative expenses		(806,540)	(389,149)
Selling expenses		(2,713,442)	(1,783,072)
Provision for expected credit losses allowance		(40,180)	(18,557)
Finance costs	6	(611,563)	(655,763)
Share of results of associates		435,246	77,084
Share of results of joint ventures		11,776	(6,719)
Profit before income tax from continuing operations		5,677,545	4,962,866
Income tax expense	7	(1,668,143)	(2,211,702)
Profit for the year from continuing operations		4,009,402	2,751,164
Discontinued operation			
Profit for the year from a discontinued operation		–	16,675
Profit for the year		4,009,402	2,767,839

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		<u>57,779</u>	<u>32,651</u>
Total comprehensive income for the year		<u>4,067,181</u>	<u>2,800,490</u>
Profit for the year attributable to:			
— Equity holders of the Company		<u>3,516,758</u>	2,321,625
— Non-controlling interests		<u>492,644</u>	446,214
		<u>4,009,402</u>	<u>2,767,839</u>
Total comprehensive income for the year attributable to:			
— Equity holders of the Company		<u>3,574,494</u>	2,354,507
— Non-controlling interests		<u>492,687</u>	445,983
		<u>4,067,181</u>	<u>2,800,490</u>
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	9		
— For profit for the year		<u>RMB2.54</u>	RMB1.92
— For profit from continuing operations		<u>RMB2.54</u>	RMB1.90
Diluted earnings per share	9		
— For profit for the year		<u>RMB2.54</u>	RMB1.92
— For profit from continuing operations		<u>RMB2.54</u>	RMB1.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		319,838	116,020
Right-of-use assets		283,868	227,842
Investment properties		1,310,153	1,328,060
Intangible assets		651,522	–
Interests in associates		13,093,625	5,927,351
Interests in joint ventures		660,294	668,417
Other financial assets		245,700	377,840
Deposits for land acquisitions		64,166	64,166
Deferred tax assets		4,390,144	2,591,854
		21,019,310	11,301,550
Current assets			
Inventories of properties, other inventories and other contract costs	<i>10</i>		
— Properties under development		222,920,780	113,191,414
— Properties held for sale		7,058,250	5,690,644
— Other inventories		17,592	–
— Other contract costs		1,234,427	599,440
Contract assets		166,378	–
Trade and other receivables	<i>11</i>	9,076,538	5,475,040
Amounts due from non-controlling interests		26,462,676	12,591,609
Other financial assets		280,500	25,840
Deposits for land acquisitions		7,038,796	5,915,970
Prepaid taxes		2,192,838	639,181
Cash at banks and on hand		46,054,130	27,992,866
		322,502,905	172,122,004
Total assets		343,522,215	183,423,554

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Current liabilities			
Trade and other payables	<i>12</i>	32,392,098	16,122,619
Contract liabilities		148,118,139	66,115,894
Amounts due to related companies		7,944,227	3,936,789
Amounts due to non-controlling interests		6,388,232	3,011,547
Interest-bearing borrowings		4,859,455	3,272,636
Income tax liabilities		3,108,306	3,229,140
Lease liabilities		49,598	28,325
Receipts under securitisation arrangements		1,998,346	–
		204,858,401	95,716,950
Net current assets		117,644,504	76,405,054
Total assets less current liabilities		138,663,814	87,706,604
Non-current liabilities			
Loans from intermediate holding company		37,637,867	24,421,624
Lease liabilities		141,236	138,327
Receipts under securitisation arrangements		–	1,993,583
Interest-bearing borrowings		36,807,502	23,520,939
Deferred tax liabilities		820,389	280,562
		75,406,994	50,355,035
Total liabilities		280,265,395	146,071,985
Net assets		63,256,820	37,351,569
EQUITY			
Share capital	<i>13</i>	117,215	100,636
Reserves		11,994,098	8,214,729
Equity attributable to the equity holders of the Company		12,111,313	8,315,365
Equity attributable to the subscriber of the perpetual loans		14,500,000	9,500,000
Equity attributable to owners of the parent		26,611,313	17,815,365
Non-controlling interests		36,645,507	19,536,204
Total equity		63,256,820	37,351,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

C&D International Investment Group Limited (the “Company”) was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company’s registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 May 2014.

The Company’s functional currency is Hong Kong Dollars (“HK\$”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the Directors consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB (“RMB’000”) unless otherwise stated.

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of property development mainly in the People’s Republic of China (“PRC” or “China”).

Well Land International Limited (“Well Land”) is the Company’s immediate holding company which was incorporated in the British Virgin Islands (“BVI”) with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) (“C&D Real Estate”) which was incorporated in the PRC with limited liability is the Company’s intermediate holding company; and Xiamen C&D Corporation Limited* (廈門建發集團有限公司) (“Xiamen C&D”) which was incorporated in the PRC with limited liability is the Company’s ultimate holding company.

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Board on 25 March 2022.

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The significant accounting policies were consistent with those applied to the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the changes in accounting policies in relation to the adoption of new and amended HKFRSs and the impacts on the Group’s consolidated financial statements if any, are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

(i) Amended HKFRSs that are effective for annual periods beginning or after 1 January 2021

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

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

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendment ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

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

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

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

The Directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. REVENUE FROM CONTINUING OPERATIONS AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

Upon the spin-off and separately listing the shares of its property management services business on 31 December 2020, all of the Group's business operations relate to property development and provision of its related services with similar economic characteristics. Accordingly, the chief operating decision-maker of the Company reviews the performance of the Group as a single business segment. No separate analysis information is presented.

Disaggregation of revenue is as follow:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Timing of revenue recognition		
— A point in time	52,574,784	42,460,248
— Over time (<i>note</i>)	<u>867,079</u>	<u>284,230</u>
	<u><u>53,441,863</u></u>	<u><u>42,744,478</u></u>

Note: The balance mainly comprises entrusted construction services income of RMB437,893,000 (2020: RMB78,891,000) and rental income from property leasing of RMB94,066,000 (2020: RMB110,617,000) of which rental income does not fall within the scope of HKFRS 15.

As the chief operating decision-maker of the Company considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the year ended 31 December 2021, revenue from transaction with a single external customer amounts to about 12% of the Group's revenue. For the year ended 31 December 2020, none of customers contributed 10% or more of the Group's revenue.

For the year ended 31 December 2020

Information of discontinued operation is as follows:

	Discontinued operation Property management services RMB'000
Disaggregated by timing of revenue recognition:	
— Point in time	—
— Over time	<u>997,861</u>
	997,861
Inter-segment revenue	<u>(211,147)</u>
	786,714
Revenue to external customers	<u><u>786,714</u></u>
	28,565
Reportable segment profit before income tax	<u><u>28,565</u></u>
Other segment information:	
Interest income	408
Interest expense	(51,522)
Depreciation of property, plant and equipment	(2,853)
Depreciation of right-of-use assets	(5,047)
Provision for ECL allowance on trade and other receivables	<u>(169)</u>

5. OTHER NET GAIN FROM CONTINUING OPERATIONS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from:		
— banks	319,255	132,913
— loans to associates	157,462	113,452
— financial assets at amortised cost	8,079	3,641
— others	39,970	7,889
	<u>524,766</u>	<u>257,895</u>
Government subsidy income	65,824	32,913
Compensation income	97,041	26,627
Gain on changes in fair value of financial assets measured at fair value through profit or loss	920	26,650
Gain on disposal of investment properties	–	33,800
(Loss)/gain on deemed disposal of subsidiaries	(27,388)	10,960
Sundry income	25,993	25,223
	<u>687,156</u>	<u>414,068</u>

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest charges on:		
— Bank borrowings	2,449,267	1,483,380
— Loans from intermediate holding company	828,248	1,127,560
— Amounts due to non-controlling interests	299,097	141,806
— Receipts under securitisation arrangements	502,680	502,028
— Significant financing component of contract liabilities	3,595,899	1,612,481
— Finance charges on lease liabilities	7,746	10,505
	<u>7,682,937</u>	<u>4,877,760</u>
Total borrowing costs	7,682,937	4,877,760
Less: Interest capitalised	(7,071,374)	(4,221,997)
	<u>611,563</u>	<u>655,763</u>

Borrowing costs have been capitalised at various applicable rates ranging from 3.8% to 11.5% per annum (2020: 2.75% to 11.5% per annum).

7. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current income tax		
PRC corporate income tax (“CIT”)		
— Current year	2,794,039	2,242,544
— Under provision in respect of prior years	966	1,699
	<u>2,795,005</u>	<u>2,244,243</u>
PRC land appreciation tax (“LAT”)	95,120	1,120,572
	<u>2,890,125</u>	3,364,815
Deferred tax	<u>(1,221,982)</u>	<u>(1,153,113)</u>
Total income tax expense	<u><u>1,668,143</u></u>	<u><u>2,211,702</u></u>

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2021 and 2020.

(b) PRC CIT

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

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%) for the year ended 31 December 2021.

(c) PRC LAT

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

7. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS *(Continued)*

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

(e) Cayman Islands corporate tax

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2021 and 2020.

(f) British Virgin Islands profits tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2021 and 2020.

(g) Australia profits tax

No Australia profits tax has been provided as the Group did not derive any assessable profit arising in Australia during the years ended 31 December 2021 and 2020.

8. DIVIDENDS AND THE DISTRIBUTION

(a) Dividends attributable to the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposed final dividend after the reporting date of HK\$1.2 per ordinary share (2020: Nil) <i>(note (i))</i>	1,351,809	–
Interim dividend of HK\$1.1 per ordinary share (2020: HK\$Nil) <i>(note (ii))</i>	1,153,395	–
The Distribution <i>(note (iii))</i>	–	377,184
	<u>2,505,204</u>	<u>377,184</u>

8. DIVIDENDS AND THE DISTRIBUTION (Continued)

(a) Dividends attributable to the year (Continued)

Notes:

- (i) Subsequent to 31 December 2021, the Board recommended the payment of a final dividend of HK\$1.2 per share for the year ended 31 December 2021, totalling HK\$1,653,384,000 (equivalent to RMB1,351,809,000) with the eligible shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is subjected to shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after the reporting date has not been recognised as a liability as at 31 December 2021.
- (ii) On 27 August 2021, the Board declared an interim dividend of HK\$1.1 per share. The shareholders of the Company were provided with an option to receive the interim dividend in form of scrip dividend. The interim dividend totalling RMB1,153,395,000 has been paid partly in new shares of the Company and partly in cash in October 2021. The number of ordinary shares settled and issued as scrip dividends was 100,809,098 and the total amount of dividend paid as scrip dividends was RMB1,011,490,000 while cash dividend amounted to RMB141,905,000.
- (iii) C&D Property Management Group Co., Ltd was spun-off via a distribution in specie completed on 31 December 2020. The net assets of C&D Property Management Group Co., Ltd subject to the distribution to the Company's shareholders, amounted to approximately RMB377,184,000.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year, of HK\$Nil (2020: HK\$0.82) per ordinary share	<u> -</u>	<u> 884,835</u>

9. EARNINGS PER SHARE FROM CONTINUING OPERATIONS

(a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit for the year attributable to the equity holders of the Company	3,516,758	2,305,942
Distributions to the subscriber of the perpetual loans, net of taxation	(345,216)	–
Distributions to holders of perpetual convertible bond	–	(84,038)
Profit used to determine basic earnings per share	3,171,542	2,221,904
Weighted average number of ordinary shares in issue (thousands)	1,247,993	1,167,206
Earnings per share (expressed in RMB per share)	<u>RMB2.54</u>	<u>RMB1.90</u>

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2021 equals to the basic earnings per share as there were no dilutive potential ordinary shares in existence during the year.

During the year ended 31 December 2020, the Company has one category of dilutive potential ordinary shares: perpetual convertible bond. The computation of diluted earning per share for the year ended 31 December 2020 did not assume the conversion of perpetual convertible bond because the conversion will have an antidilutive effect. Therefore, diluted earning per share equals to basic earning per share.

10. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Inventories of properties		
Properties under development	222,920,780	113,191,414
Properties held for sale	7,058,250	5,690,644
	<u>229,979,030</u>	<u>118,882,058</u>
Other inventories	17,592	–
Other contract costs	1,234,427	599,440
	<u>231,231,049</u>	<u>119,481,498</u>
Inventories of properties and other inventories	230,892,262	119,181,064
Less: Provision for inventories	(913,232)	(299,006)
	<u>229,979,030</u>	<u>118,882,058</u>

11. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables		
From third parties	1,341,876	465,391
Less: Loss allowance	(34,733)	(23,322)
	<u>1,307,143</u>	<u>442,069</u>
Other receivables		
Deposits	1,439,624	209,962
Prepayments	38,707	24,182
Other receivables	676,021	425,468
Prepayments for proposed development projects (<i>note</i>)	616,616	2,308,372
Value-added-tax receivables	5,029,721	2,084,114
	<u>7,800,689</u>	<u>5,052,098</u>
Less: Loss allowance	(31,294)	(19,127)
	<u>7,769,395</u>	<u>5,032,971</u>
	<u>9,076,538</u>	<u>5,475,040</u>

Note: The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.

11. TRADE AND OTHER RECEIVABLES (Continued)

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Trade receivables generally have credit terms of 30 to 60 days. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted construction services income, design and consultancy services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0–30 days	637,436	433,027
31–90 days	63,670	8,555
91–180 days	66,253	–
181–365 days	93,457	16
Over 1 year	446,327	471
	<u>1,307,143</u>	<u>442,069</u>

Movements of the Group's loss allowance on trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at 1 January	23,322	11,609
ECL allowances recognised during the year	11,411	12,619
The Distribution	–	(906)
Balance at 31 December	<u>34,733</u>	<u>23,322</u>

Movements of the Group's loss allowance on other receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at 1 January	19,127	14,287
ECL allowances recognised during the year	12,167	4,840
Balance at 31 December	<u>31,294</u>	<u>19,127</u>

11. TRADE AND OTHER RECEIVABLES (Continued)

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the simplified approach on trade receivables and 12-month ECL method on other receivables to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2021, the Group has made provision of ECL allowance for trade receivables and other receivables of approximately RMB11,411,000 and RMB12,167,000 (2020: RMB12,619,000 and RMB4,840,000) respectively.

12. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	21,311,533	11,244,915
Other payables		
Receipts in advances and other payables	6,465,227	2,046,237
Interest payable	107,930	375,398
Salaries payable	1,051,759	631,477
Value-added-tax payable	584,666	800,861
Deposits received	1,054,602	352,050
Accrued expenses	1,035,538	443,637
Collection and payment on behalf of others	568,835	228,044
Payable in relation to restricted share incentive scheme	212,008	–
	11,080,565	4,877,704
	32,392,098	16,122,619

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0–30 days	12,999,542	9,819,012
31–60 days	1,263,341	456,987
61–90 days	1,194,053	121,939
Over 90 days	5,854,597	846,977
	21,311,533	11,244,915

13. SHARE CAPITAL

	2021		2020	
	Number of shares	Amount <i>RMB'000</i>	Number of shares	Amount <i>RMB'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each				
At 31 December	<u>3,000,000,000</u>	<u>254,870</u>	<u>3,000,000,000</u>	<u>254,870</u>
Issued and fully paid:				
At 1 January	1,176,711,106	100,636	909,864,745	76,921
Conversion of perpetual convertible bond (<i>note (a)</i>)	–	–	266,846,361	23,715
Issuance of new shares by the way of placing (<i>note (b)</i>)	65,000,000	5,366	–	–
Issuance of shares in respect of restricted share incentive scheme (<i>note (c)</i>)	35,300,000	2,936	–	–
Issuance of shares in respect of scrip dividend of 2021 interim dividend (<i>note (d)</i>)	<u>100,809,098</u>	<u>8,277</u>	<u>–</u>	<u>–</u>
At 31 December 2021	<u>1,377,820,204</u>	<u>117,215</u>	<u>1,176,711,106</u>	<u>100,636</u>

Notes:

- (a) On 14 January 2020, Well Land exercised the conversion rights with conversion of 266,846,361 shares at the conversion price of HK\$7.42 per share, giving rise to an increase in share capital and share premium of approximately HK\$26,685,000 (equivalent to RMB23,715,000) and HK\$1,953,315,000 (equivalent to RMB1,735,911,000) respectively. Distributions to holders of perpetual convertible bond amounting to RMB84,038,000 was treated as a deduction against the share premium account.
- (b) On 15 June 2021, the Company completed the placing of 65,000,000 ordinary shares of HK\$0.1 each at a placing price of HK\$14.50 per share under general mandate with total gross proceed of HK\$942,500,000 (equivalents to RMB777,959,000), giving rise to an increase in share premium of approximately RMB772,593,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB413,000 was treated as a deduction against the share premium account.
- (c) On 29 June 2021, the Company issued 35,300,000 restricted shares at a price of HK\$7.22 per share and recorded an amount of approximately HK\$254,866,000 (equivalent to RMB212,008,000) received from participants, which was included in other payables as payable in relation to restricted share incentive scheme.
- (d) On 27 August 2021, the Board declared an interim dividend of HK\$1.1 per share. The shareholders of the Company were provided with an option to receive the interim dividend in form of scrip dividend. On 27 October 2021, 100,809,098 shares were issued at an issue price of HK\$12.22 per share to shareholders of the Company who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling RMB1,011,490,000.

14. EVENT AFTER THE REPORTING DATE

Equity transfer agreements entered into with C&D Real Estate

On 9 September 2021, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) (“Xiamen Yi Yue”), Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司) (“Xiamen Zhaoyirong”) and C&D Real Estate entered into equity transfer agreements, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to acquire 85% equity interests in Changsha Zhaoxiang Real Estate Company Limited* (長沙兆祥房地產有限公司), (“Changsha Zhaoxiang ”), C&D Real Estate agreed to sell and Xiamen Zhaoyirong agreed to acquire 5% equity interests in Changsha Zhaoxiang, at a cash consideration of RMBNil (the “Changsha Zhaoxiang Acquisition”). As specified in the equity transfer agreements, Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder’s loan (principal and interest) in the amount of approximately RMB1,667,211,000 (subject to adjustment) previously advanced by C&D Real Estate to Changsha Zhaoxiang in accordance with the proportion of their respective equity interests in Changsha Zhaoxiang. Please refer to the Company’s circular dated 11 November 2021 for further details.

The Changsha Zhaoxiang Acquisition is expected to be completed in the second quarter of 2022.

15. COMPARATIVE FIGURES

The comparative figures has been restated in order to conform to the current year’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2021, the Chinese economy experienced a difficult time because of the severe challenges brought by the pandemic, and the real estate industry has gone through ups and downs. Local governments continued to emphasize the policy objective of “housing without speculation” and insisted on regulation and control, and real estate regulation policies were introduced frequently. As for real estate financing, major banks continued to specify the rule of “Three Red Lines” to restrict real estate housing loans, the “concentration” management of real estate loans strictly controlled the scale of housing loans, and the supervision of all channels of real estate financing continued to be strengthened; meanwhile, local regulators further strengthened “pre-sale funds supervision” to prevent risks in the real estate market. Since the second half of 2021, the confidence of home buyers in the market have been plagued and severely affected by the private real estate enterprises with high debts, and sales in the real estate market across the industry declined significantly in the second half of the year.

BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industry chain investment services and emerging industry investment. During the Year, the main source of revenue for the Company was property development.

During the Year, the revenue of the Group was approximately RMB53.44186 billion, representing a year-on-year increase by approximately RMB10.69739 billion (approximately 25.03%) as compared with the previous financial year. The gross profit of the Group amounted to approximately RMB8.73645 billion, increased by approximately RMB1.39618 billion (approximately 19.02%) as compared with the previous year. The profit attributable to the equity holders of the Company amounted to approximately RMB3.51676 billion, increased by approximately RMB1.19513 billion (approximately 51.48%) as compared with the previous year.

Property Development Business

In the Year, the Group's revenue from property development business was approximately RMB52.57478 billion, representing a year-on-year increase by approximately RMB10.11453 billion as compared with the previous financial year and accounting for approximately 98% of the Group's total revenue. During the Year, the gross floor area ("GFA") of delivered properties was approximately 3.4814 million sq.m., representing an increase by approximately 953,700 sq.m. as compared with the previous financial year.

The amount recognised for sales by city are set out in the following table:

City	Amount (RMB ten thousand)	
	2021	2020
Suzhou	1,173,194	1,048,737
Xiamen	1,085,894	964,656
Putian	461,333	176,039
Zhangzhou	394,054	399,646
Nanning	329,419	1,203
Guangzhou	281,753	–
Fuzhou	244,940	365,923
Ningde	227,180	–
Nanping	193,535	275,292
Shanghai	177,169	–
Nanjing	177,047	–
Longyan	132,214	245,781
Wuhan	128,420	–
Shenzhen	116,264	–
Wuxi	70,433	484,241
Zhuhai	44,784	–
Changsha	18,609	275,522
Quanzhou	746	3,716
Sanming	490	5,269
Total	5,257,478	4,246,025

Contracted Sales in 2021

During the Year, the Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the shareholders of the Company amounted to approximately RMB130.092 billion, representing an increase of approximately 100.90% as compared to the previous financial year. As at 31 December 2021, the cumulative contracted sales GFA attributable to the shareholders of the Company was approximately 6.8269 million sq.m., representing an increase of approximately 104.29% as compared to the previous financial year.

The amount and GFA sold for contracted sales attributable to the shareholders of the Company by city in the Year are set out in the following table:

City	Amount Sold <i>(RMB ten thousand)</i>	GFA Sold <i>(sq.m.)</i>
Xiamen	2,509,952	698,444
Fuzhou	989,113	499,756
Suzhou	957,330	647,360
Chengdu	873,488	262,580
Wuxi	858,691	367,105
Shanghai	789,149	190,605
Nanjing	643,913	315,696
Hangzhou	593,704	244,092
Zhangzhou	525,796	484,223
Quanzhou	514,501	565,431
Nanning	490,688	264,036
Ningde	440,959	334,583
Putian	330,080	266,999
Changsha	317,491	245,001
Beijing	220,337	29,395
Nanping	212,621	256,379
Longyan	190,728	158,681
Zhuhai	183,437	60,854
Chongqing	159,095	91,392
Foshan	134,463	55,755
Guangzhou	123,409	27,011
Guiyang	121,688	135,133
Bengbu	116,404	89,530

City	Amount Sold <i>(RMB ten thousand)</i>	GFA Sold <i>(sq.m.)</i>
Zhuzhou	110,746	147,118
Huai'an	84,968	42,092
Shaoxing	72,487	30,253
Nanchang	59,078	33,480
Wuhan	57,399	40,085
Yiyang	55,903	77,956
Ningbo	54,334	21,353
Nantong	50,411	26,789
Suqian	50,066	21,653
Jinan	29,221	28,197
Liuzhou	23,136	20,630
Lu'an	18,753	17,912
Shenzhen	18,731	4,355
Shangrao	11,147	16,327
Wenzhou	11,026	4,007
Yancheng	4,033	3,734
Jiujiang	579	733
Yiwu	136	149
Total	13,009,191	6,826,864

The amount and GFA sold for contracted sales attributable to the shareholders of the Company by city in 2020 are set out in the following table:

City	Amount Sold <i>(RMB ten thousand)</i>	GFA Sold <i>(sq.m.)</i>
Xiamen	1,564,212	321,663
Suzhou	1,194,406	646,513
Changsha	547,779	382,139
Wuxi	457,160	219,335
Putian	450,413	337,392
Zhangzhou	380,299	306,009
Nanning	353,068	213,780
Shanghai	303,642	79,232
Fuzhou	214,553	138,113
Nanping	213,715	236,404
Nanjing	197,094	95,129
Longyan	171,664	156,477
Ningde	126,388	113,386
Zhuhai	100,403	33,361
Guangzhou	55,462	12,493
Wuhan	42,661	29,746
Shenzhen	38,549	9,167
Beijing	33,117	4,425
Hangzhou	30,895	6,921
Total	6,475,480	3,341,685

Land Reserves

As of 31 December 2021, the aggregate saleable GFA of land reserves of the Group was approximately 19.4443 million sq.m., with a total of 218 projects in China and Australia.

The amount of saleable GFA and attributable GFA of land reserves by city in the Year are set out in the following table:

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Changsha	1,165,958	838,849
Wuxi	1,141,113	801,988
Putian	1,043,440	569,159
Zhuzhou	867,804	867,804
Zhangzhou	819,550	585,222
Chengdu	809,476	723,574
Fuzhou	784,480	484,107
Suzhou	739,342	481,884
Quanzhou	736,512	635,808
Nanning	711,569	661,753
Xiamen	709,922	601,463
Suqian	588,103	588,103
Wenzhou	529,619	199,588
Nanping	515,531	389,488
Huangshi	515,513	515,513
Guiyang	500,527	450,474
Longyan	490,767	418,034
Huai'an	446,716	357,373
Jinan	445,020	445,020
Shanghai	423,834	323,022
Foshan	418,902	191,099
Hefei	413,319	257,631
Nanchang	388,707	190,466
Jiangmen	368,509	262,598
Ningde	349,303	284,240
Yiyang	329,793	329,793

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Ningbo	326,391	261,112
Nanjing	314,691	297,773
Shangrao	306,291	233,561
Nantong	282,007	203,176
Hangzhou	246,408	170,891
Guangzhou	227,168	186,626
Bengbu	196,559	196,559
Yancheng	179,731	88,068
Jiujiang	171,734	110,941
Taizhou	158,956	62,275
Yiwu	139,600	46,068
Xuzhou	119,524	119,524
Shaoxing	97,923	52,649
Beijing	97,658	85,010
Zhuhai	84,202	84,202
Wuhan	83,721	41,982
Liuzhou	72,077	72,077
Chongqing	63,267	63,267
Shenzhen	7,815	3,986
Sydney	7,663	4,598
Sanming	7,623	3,888
	<hr/>	<hr/>
Total	19,444,338	14,842,286
	<hr/> <hr/>	<hr/> <hr/>

The amount of saleable GFA and attributable GFA of land reserves by city in 2020 are set out in the following table:

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Wuxi	1,225,968	891,060
Suzhou	1,178,425	965,193
Zhangzhou	974,695	768,245
Fuzhou	904,337	524,267
Changsha	835,165	465,017
Ningde	773,978	435,803
Xiamen	736,670	619,787
Nanping	723,354	562,171
Nanning	716,159	634,367
Guiyang	569,551	512,596
Nanjing	415,645	326,806
Longyan	393,792	384,697
Quanzhou	372,554	370,032
Huai'an	372,510	156,454
Hangzhou	312,491	233,447
Putian	284,826	220,987
Bengbu	281,479	281,479
Wuhan	238,611	119,736
Shanghai	187,148	94,182
Zhuhai	170,114	157,836
Guangzhou	154,954	99,170
Chongqing	150,797	150,797
Foshan	109,710	109,710
Beijing	83,450	42,559
Jinan	76,634	76,634
Shaoxing	42,862	42,862
Shenzhen	16,351	8,339
Sanming	11,814	6,025
Sydney	7,663	4,598
Total	<u>12,321,707</u>	<u>9,264,856</u>

FINANCIAL REVIEW

Revenue

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property development	52,574,784	98.38	42,460,248	99.34
Others (<i>Note</i>)	867,079	1.62	284,230	0.66
Total	53,441,863	100.00	42,744,478	100.00

Note: Represents income from entrusted construction services, commercial assets management and other services.

Property development

Revenue from property development increased by approximately RMB10.11453 billion from approximately RMB42.46025 billion for the year ended 31 December 2020 to approximately RMB52.57478 billion for the Year. Saleable GFA delivered for each of the years ended 31 December 2020 and 2021 were approximately 2.5277 million sq.m. and approximately 3.4814 million sq.m., respectively. The revenue derived from property development for the Year increased mainly due to the increase in saleable GFA delivered.

Others

Other segment during the Year mainly included entrusted construction services income, commercial assets management income and other income. The total external income of these remaining segments was approximately RMB867.08 million while that of 2020 was approximately RMB284.23 million. The increase was mainly due to the increase of provision of entrusted construction services in the Year.

Cost of Sales

Cost of sales increased by approximately RMB9.30120 billion from approximately RMB35.40421 billion for the year ended 31 December 2020 to approximately RMB44.70541 billion for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB7.34027 billion and RMB8.73645 billion for each of the two years ended 31 December 2020 and 2021 respectively, representing a gross profit margin of approximately 17.17% and 16.35% respectively. The decrease in the overall gross profit margin was mainly due to the decrease in gross profit margin of property development of certain regions where price ceiling policies were in place.

Other Net Gain

Other net gain increased from approximately RMB414.07 million for the year ended 31 December 2020 to approximately RMB687.16 million for the Year. The increase was mainly due to an increase in interest income and government subsidy income in the Year.

Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs increased from approximately RMB4.87776 billion for the year ended 31 December 2020 to approximately RMB7.68294 billion for the Year. The increase was mainly due to an increase in capital required due to an increase in property projects.

Loss on Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB21.36 million for the Year (2020: loss of approximately RMB15.29 million). The loss reflected the adjustments in the value of investment properties during the Year.

Administrative Expenses

Administrative expenses increased by approximately RMB417.39 million to approximately RMB806.54 million for the Year from approximately RMB389.15 million for the year ended 31 December 2020. This was primarily due to an increase in the provision for inventories of properties during the Year.

Selling Expenses

Selling expenses increased by approximately RMB930.37 million to approximately RMB2.71344 billion for the Year from approximately RMB1.78307 billion for the year ended 31 December 2020. It was primarily due to (i) an increase in labour cost; and (ii) an increase in marketing expenses such as advertising and promotion expenses as a result of a significant increase in the number of sales projects during the Year as compared to 2020.

Profit before Income Tax from Continuing Operations

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB5.67755 billion for the Year, representing an increase of approximately RMB714.68 million (approximately 14.40%) from a profit of approximately RMB4.96287 billion in the previous financial year.

Income Tax Expense

Income tax expense decreased from approximately RMB2.21170 billion in the previous financial year to approximately RMB1.66814 billion for the Year. The decrease in income tax was mainly due to the completion of the land value-added tax settlement for some projects, which resulted in a larger balance than expected.

Profit for the Year Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company increased by approximately RMB1.19513 billion (approximately 51.48%) from approximately RMB2.32163 billion in the previous financial year to approximately RMB3.51676 billion for the Year.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2021, the Group's cash at banks and on hand amounted to approximately RMB46.05413 billion (as at 31 December 2020: approximately RMB27.99287 billion) while total assets and net assets (after deducting non-controlling interests) were approximately RMB343.52222 billion (as at 31 December 2020: approximately RMB183.42355 billion) and approximately RMB26.61131 billion (as at 31 December 2020: approximately RMB17.81537 billion) respectively. As at 31 December 2021, the Group's working capital amounted to

approximately RMB117.64450 billion (as at 31 December 2020: approximately RMB76.40505 billion). As at 31 December 2021, the Group recorded net debt of approximately RMB39.80660 billion (as at 31 December 2020: approximately RMB27.55164 billion) with net debt to equity ratio of approximately 62.93% (as at 31 December 2020: approximately 73.76%).

As at 31 December 2021, the Group had (i) interest-bearing borrowings of approximately RMB621.38 million and RMB14.84 million denominated in HK\$ and AUD respectively which borne an interest rate ranging from 1.95% to 2.75% and 4.27% (as at 31 December 2020: approximately RMB339.02 million and approximately RMB16.64 million, with an interest rate at 2.75% and 4.27% per annum respectively) per annum respectively; (ii) interest-bearing borrowings (including receipts under securitisation arrangements) of approximately RMB43.02909 billion denominated in RMB which borne an interest rate ranging from 3.8% to 6.5% (as at 31 December 2020: approximately RMB28.43792 billion, with an interest rate ranging from 3.8% to 7.0% per annum) per annum; (iii) loans from intermediate holding company of approximately RMB37.63787 billion denominated in RMB which borne an interest rate at 4.81% (as at 31 December 2020: approximately RMB24.42162 billion, with an interest rate at 5.5% per annum) per annum; (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB12.34 million and approximately RMB3.65936 billion denominated in AUD and RMB respectively which borne an interest rate at 6% and ranging from 4.35% to 10% (as at 31 December 2020: approximately RMB12.40 million and approximately RMB2.31691 billion, with an interest rate at 6% and ranging from 3.85% to 11.5% per annum) per annum; and (v) the amounts due to associates of the Company of approximately RMB885.85 million denominated in RMB which borne an interest rate ranging from 4.35% to 6% (as at 31 December 2020: Nil) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) as at 31 December 2021 decreased to 135.7% (as at 31 December 2020: 148.7%) as a result of the increase in total equity due to the issuance of a perpetual loan and the increase in contribution from the non-controlling shareholders of the Company during the Year.

Of the total borrowings, approximately RMB11.41536 billion are repayable within one year while approximately RMB73.83827 billion are repayable after one year but within five years.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2021 was approximately RMB64.58836 billion (as at 31 December 2020: approximately RMB52.24280 billion). The increase in balance was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property projects in the Year.

Capital Commitments

Capital commitments were those contracts that were concluded but not provided for leasehold improvement, prepayments for intended projects that were concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment balance was approximately RMB40.39596 billion as at 31 December 2021 (as at 31 December 2020: approximately RMB23.52120 billion). The increase was mainly attributable to the increase in properties under development that were concluded but not provided for allowance during the Year as compared to 2020.

Pledge of Assets

As at 31 December 2021, the Group's bank loan was secured by legal charges in respect of property, plant and equipment with carrying value of approximately RMB22.05 million (2020: Nil), right-of-use assets with carrying value of approximately RMB10.93 million (2020: Nil), investment properties with a fair value of approximately RMB684.46 million (as at 31 December 2020: approximately RMB633.00 million) and properties under development with carrying value of approximately RMB47.10244 billion (as at 31 December 2020: approximately RMB28.31376 billion).

Capital Structure

As at 31 December 2021, the Company's issued share capital was HK\$137,782,020.4, divided into 1,377,820,204 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2020: HK\$117,671,110.6, divided into 1,176,711,106 Shares).

Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses denominated mainly in RMB.

As at 31 December 2021, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (as at 31 December 2020: Nil).

Significant Investments

During the Year, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio.

Employees and Emolument Policy

As at 31 December 2021, the Group employed a total of 2,672 full-time employees (as at 31 December 2020: 966 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB1.98359 billion for the Year (2020: approximately RMB1.74485 billion). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme and restricted share incentive scheme have been adopted to attract and retain eligible employees to contribute to the Group.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

KEY RISK FACTORS AND UNCERTAINTIES

The property market in China is affected by a number of factors, such as changes in social, political, economic and legal environment and the government's undertakings of fiscal, economic, monetary, industrial and environmental policies. Changes in macro-economic conditions, consumer confidence, consumption spending, and consumption preferences may also affect the Group's business. As such, the Group, taking into account the market situations, implements locally differentiated investment and marketing strategies and nurtures a number of projects across different regional markets so as to reduce reliance on individual markets. In addition, the Group's operations are exposed to a variety of idiosyncratic risks in property development, property investment, and property related businesses. Default by buyers and partners, manual and systematic negligence or mistake in internal processes, and other external factors may have impact on operation. The Epidemic may also have negative influences on the property industry operations and consumers' property preferences, if there are any changes as to the situation in relation to the Epidemic. In addition to the aforesaid factors, other risk factors and uncertainties may exist.

EVENTS AFTER REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 14 to the consolidated financial statements contained in this announcement.

OUTLOOK AND PROSPECT

In 2022, the PRC's Central Economic Conference summarized the economic situation this year as “contraction in demand, supply shock and weaker expectations* (需求收縮、供給衝擊、預期較弱)”. The real estate industry will continue to be impacted by the overlapping effects of economic downturn, policy regulation, recurrence of epidemic, risk exposure and market competition, resulting in continued wait-and-see expectations among home buyers. The Group will continue to strengthen its development model of “Product + Service”, emphasize the quality of its operations and continuously improve its profitability by actively responding to various tests in the economic and policy environment and by focusing on the overall working principle of “focusing on projects to enhance quality and efficiency, holding fast to innovation to help development and preventing risks to ensure safety”.

(1) Consolidate the core competitiveness of real estate development and become a stable and long-running real estate enterprise

Focusing on its core business of real estate development, the Group will enhance its financial, product, operational and investment capabilities to comprehensively improve the Group's overall competitiveness over the full cycle, enhance its operational resilience and flexibility, and continue to contribute to its stability and growth.

The Group will closely combine the advantages of its state-owned enterprise background and market-oriented operation system, and adopt “city-specific strategies” for the real estate market environment in each key core city, including: (1) gaining insight into market changes, analyzing the competitive landscape and customer needs to better meet customer demands and improve the speed of project de-commissioning; (2) accelerating product development and innovation, establishing and improving the mechanism for innovation implementation, and enhancing product competitiveness; (3) targeting key points of the project operation cycle, continuously improving the operational efficiency and profitability of individual projects, and pursuing profitable growth.

(2) Clear positioning of “integrated investment services provider for real estate industry chain” to enhance the value creation capability of the industry chain

The Group will continue to consolidate its strategic layout of real estate industry chain investment services in order to enhance the value creation and industry competitiveness of the real estate industry chain investment services business, develop new business growth curves and improve anti-cyclicality.

1. Business operation: Continuously improve the quality of investment, operation and assets in order to increase the occupancy rate of projects and enhance the efficiency of commercial asset management.
2. Entrusted construction services: To give full play to the advantages of high-quality professional construction management to ensure the quality of project construction and improve operational efficiency; to strengthen the market expansion, promote the innovation of construction mode and enhance the influence of “C&D” brand in the entrusted construction industry.
3. Engineering management: In the future, the in-depth synergistic cooperation between Holsin Engineering Consulting Group Co., Ltd. (合誠工程諮詢集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603909) (“Holsin”) and the Group’s property development segment will help enhance the production efficiency and production management capability of the Group’s property development business, which will in turn strengthen the Group’s corporate competitiveness and operating efficiency.

In 2022, the Group will proactively adapt to national policies and directions, insist on quality growth and maintain a balance between growth, efficiency and risk; implement a long-term mechanism, prudent management plans and focus on long-term stable development; enhance the core competencies of its property development business and maintain its competitive edge in the real estate industry chain. The Group will also be expanding its business foundation and presence in the industry chain and strive to become a leading “integrated investment services provider for real estate development and real estate industry chain” in the PRC.

FINAL DIVIDEND

The Board recommended payment of a final dividend of HK\$1.2 per Share for the Year (2020: Nil). Shareholders of the Company whose names appear on the register of members of the Company on Monday, 30 May 2022, (the “Eligible Shareholders”) may select to receive the final dividend in the form of new Shares in lieu of cash in respect of part or all of such dividend (the “Scrip Dividend Scheme”).

The Scrip Dividend Scheme is subject to the approval of the resolution relating to the payment of the final dividend at the annual general meeting; and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Tuesday, 7 June 2022. If approved by the Shareholders, it is expected that the final dividend and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all of the final dividend in the form of new Shares) will be distributed and dispatched to the Eligible Shareholders on or around Friday, 8 July 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Friday, 20 May 2022. A notice convening the AGM will be published and despatched to the shareholders of the Company (the “Shareholders”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by 4:30 p.m. on Monday, 16 May 2022.

For the purpose of determining the Shareholders’ entitlement to the proposed final dividend for the Year, the register of members of the Company will be closed from Thursday, 26 May 2022 to Monday, 30 May 2022 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at the above-mentioned address for registration by 4:30 p.m. on Wednesday, 25 May 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the required standard set out in the Model Code for the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Year.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the Year, which will be released in due course.

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

Save for the placing of 65,000,000 new Shares and the issuance of 35,300,000 new Shares pursuant to the 2021 restricted share incentive scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

For details of the placing and 2021 restricted share incentive scheme, please refer to the announcements of the Company dated 31 March 2021, 3 June 2021, 9 June 2021 and 15 June 2021 and the circular of the Company dated 20 May 2021.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (comprising all the three independent non-executive Directors, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed with management the consolidated financial statements of the Company for the Year.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 will be despatched to the Shareholders and available on the respective websites of the Stock Exchange and the Company.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Shareholders for their continuing support, and our appreciation to all staff members for the dedication and loyalty to the Group.

By Order of the Board
C&D International Investment Group Limited
Zhuang Yuekai
Chairman and Executive Director

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Zhuang Yuekai (*Chairman*)
Ms. Zhao Chengmin
Mr. Lin Weiguo (*Chief Executive Officer*)

Non-executive Directors:

Mr. Huang Wenzhou
Ms. Ye Yanliu
Mr. Wang Wenhui

Independent Non-executive Directors:

Mr. Wong Chi Wai
Mr. Wong Tat Yan, Paul
Mr. Chan Chun Yee

This announcement is prepared in both English and Chinese; in the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.

* *denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only*