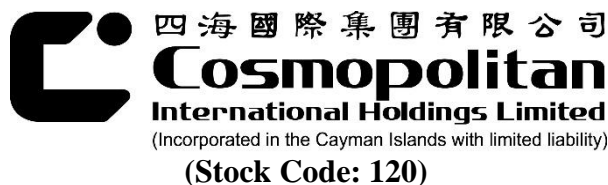


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ANNOUNCEMENT OF 2021 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2021	Year 2020	% Change
	HK\$'M	HK\$'M	
Revenue	1,638.9	69.6	+2,254.7%
Gross profit	652.3	25.7	+2,438.1%
Operating profit/(loss) before depreciation and amortisation, finance costs and tax	323.9	(7.0)	N/A
Profit/(Loss) for the year attributable to equity holders of the parent	33.6	(123.5)	N/A
Basic earnings/(loss) per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	HK0.40 cent	HK(1.65) cents	N/A
	As at 31st December,		
	2021	2020	
	(Unaudited)	(Unaudited)	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	HK\$0.19	HK\$0.18	+5.6%

- **The Company achieved a profit attributable to shareholders of HK\$33.6 million, as compared to the loss of HK\$123.5 million for the preceding year.**
- **The improved results attained in the year under review were largely attributable to the partial recognition of the revenues from the contracted presales of the residential units in the third stage of the Group's Regal Cosmopolitan City development in Chengdu, China, as about 60% of the units presold have been handed over to the purchasers before the year end in 2021.**
- **The revenues from the remaining presold units will be recognised in the current financial year, as the hand over of those units is expected to be completed shortly.**
- **The remaining components of the Regal Cosmopolitan City under development include a 325-room hotel, a commercial complex, five towers of office accommodations as well as shops and car parking spaces.**
- **The Group is conducting preliminary discussions with Regal Hotels International Holdings Limited, a fellow subsidiary of the Company, for its possible acquisition of the hotel under development in Regal Cosmopolitan City in Chengdu.**
- **The residential portion of the Group's other composite development in China, the Regal Renaissance in Tianjin, has also been substantially sold. The other components comprise a commercial complex that has been completed and, in addition, two office towers and the commercial podium, the superstructure works for which were recently completed in December 2021.**
- **The remaining components in the Group's two composite development projects in Chengdu and Tianjin command significant values, which are expected to generate substantial revenues to the Group when they are all completed and sold.**
- **Despite the increasing uncertainties in the global outlook, the Group remains optimistic of the continuing economic prospects in China and will continue to seek with prudence appropriate investment opportunities in China that might become available.**

FINANCIAL RESULTS

For the year ended 31st December, 2021, the Company achieved a profit attributable to shareholders of HK\$33.6 million, as compared to the loss of HK\$123.5 million for the preceding year.

As indicated in the profit alert announcement published by the Company on 23rd March, 2022, the improved results attained in the year under review were largely attributable to the partial recognition of the revenues from the contracted presales of the residential units in the third stage of the Group's Regal Cosmopolitan City development in Chengdu, China, as about 60% of the units presold have been handed over to the purchasers before the year end in 2021. The revenues from the remaining presold units will be recognised in the current financial year, as the hand over of those units is expected to be completed shortly.

Shareholders may also wish to note that the property income from the sale of the residential units and other properties in the Chengdu project, which have been handed over to the purchasers before 31st December, 2021, amounted to HK\$599.4 million before tax and selling expenses. However, at the same time, there were impairment losses on the ascribed goodwill as well as on the property under development comprised within the Chengdu project, which totaled HK\$237.3 million. Consequently, after further accounting for the substantial tax incurred on the property projects, the net profit attributable to shareholders for the financial year under review had been affected.

BUSINESS OVERVIEW

China's economy expanded by 8.1% in 2021, which was in line with market expectations. However, the growth momentum has apparently slowed down towards the end of last year, as the growth rate of its Growth Domestic Product declined from 18.3% in the first quarter to just 4% in the fourth quarter of 2021. Apart from the intermittent disruptions in the global supply chain, one of the reasons for the economic slow down in the latter part of 2021 may be attributed to the adverse impact on market confidence caused by the regulatory measures imposed by the central government authorities to reform selected business industries in China.

These regulatory measures included the series of efforts by the government authorities to deleverage the property market in the Mainland, which led to reduced home sales and weakened investment activities in real estate, as compared with the preceding year.

As reported before, nearly all of the 1,555 residential units comprised in the ten residential towers in the third stage of the Regal Cosmopolitan City development in Chengdu have been presold by early 2021 at satisfactory prices. The construction and fitting out works of these residential towers were all completed in December 2021. About 60% of the units presold have been handed over to their respective purchasers before the last year end and the revenues derived therefrom accounted for in the financial results for the year under review. The procedures for the hand over of the remaining units sold are expected to be completed shortly and the relevant revenues will be recognised in the current financial year.

The remaining components of the Regal Cosmopolitan City under development include a 325-room hotel, a commercial complex, five towers of office accommodations as well as shops and car parking spaces. The interior construction works of the hotel for the procurement of the Completion Certificate are scheduled to commence shortly.

The residential portion of the Group's other composite development in China, the Regal Renaissance in Tianjin, has also been substantially sold. The other components comprise a commercial complex that has been completed and, in addition, two office towers and the commercial podium, the superstructure works for which were recently completed in December 2021.

As mentioned in the 2021 Interim Report, the Company entered into a Deed of Variation with the holder of the then outstanding convertible bonds issued by the Group in the principal amount of HK\$500 million, which were due to mature on 18th August, 2021. The purpose of the Deed of Variation was primarily to extend the maturity date of the bonds in the principal amount of HK\$300 million for 5 years to 18th August, 2026. As the holder of the bonds is a wholly owned subsidiary of P&R Holdings Limited (a 50/50 joint venture of Paliburg Holdings Limited, the intermediate listed parent of the Company, and Regal Hotels International Holdings Limited, a listed subsidiary of Paliburg), the Deed of Variation required approval by the independent shareholders of the Company, which was so duly approved at the Extraordinary General Meeting of the Company held on 30th August, 2021. Details of the Deed

of Variation and other related matters were contained in the circular dated 10th August, 2021 despatched to shareholders.

As part of the arrangements contemplated in connection with the Deed of Variation, the remaining convertible bonds in the principal amount of HK\$200 million were converted by the holder into 500 million new ordinary shares of the Company on 11th August, 2021, which further expanded the capital base of the Company.

On 21st September, 2021, the Group entered into a Supplemental Agreement with the Regal group in relation to the loan facilities granted by the Regal group in 2016, principally with the objective to extending the repayment date of the revised loan facilities in the aggregate amount of HK\$857.0 million for three years to 12th October, 2024, in order that the Group can align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin. Details of the Supplemental Agreement and the terms of the revised loan facilities were contained in the circular to shareholders dated 11th November, 2021 and the transaction was approved by the independent shareholders at the Extraordinary General Meeting of the Company held on 30th November, 2021.

As indicated in the above-mentioned circular dated 11th November, 2021, the Group is conducting preliminary discussions with the Regal group for its possible acquisition of the hotel under development in Regal Cosmopolitan City in Chengdu. Shareholders will be kept apprised of the progress in this respect.

Further detailed information on the Group's two major development projects in Chengdu and Tianjin, the reforestation and land grant project in Urumqi, Xinjiang as well as the Group's other investments is contained in the section headed "Management Discussion and Analysis" in this announcement.

OUTLOOK

Over the past few months, the central government of China has been rolling out some monetary easing and fiscal support policies to boost domestic demand and to restore the economic growth momentum in the Mainland. Moreover, the national banks of China are also gradually releasing liquidity in the property market, with a view to promoting the healthy development of the property sector in China in the long term.

The remaining components in the Group's two composite development projects in Chengdu and Tianjin command significant values, which are expected to generate substantial revenues to the Group when they are all completed and sold.

Despite the increasing uncertainties in the global outlook, the Group remains optimistic of the continuing economic prospects in China and will continue to seek with prudence appropriate investment opportunities in China that might become available.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development and investment, which are mainly focused in the PRC, and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses during the year under review and its future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plans for material investments or capital assets, other than those disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the property projects currently undertaken by the Group in the PRC and the Group's other investments is set out below.

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces were all completed in December 2021. Nearly all of the residential units in the third stage have been presold by early 2021, at prices significantly higher than those attained in the first and second stages of the development. Total proceeds from the contracted presales and/or sales of the residential units amounted to approximately RMB2,046 million (HK\$2,518.2 million). About 60% of the units presold have been handed over to their respective purchasers before the last year end and the revenues derived therefrom accounted for in the financial results for the year under review. The procedures for the hand over of the remaining units sold are expected to be completed shortly and the relevant revenues will be recognised in the current financial year.

The sale of the shops with about 2,350 square metres (25,300 square feet) comprised in the third stage are in progress. Up to date, a total of 2,173 square meters (23,390 square feet) of shops have been sold or contracted to be sold, at aggregate sale considerations of approximately RMB75.6 million (HK\$93.0 million). The sale of 1,389 car parking spaces is continuing and, so far, 381 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB42.2 million (HK\$51.9 million). The procedures for the hand over of the shop units to their respective purchasers in stages have also commenced from December 2021.

The interior construction works of the 325-room hotel for the procurement of the Completion Certificate are scheduled to commence shortly. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are planned to commence after the procurement of the Completion Certificate and the hotel is scheduled to open in phases after the completion of respective fitting-out works.

The construction works of the remaining commercial components within the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. One of the office towers, three blocks of commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall are in progress. The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), has commenced in May 2021. Up to date, 113 office units with a total of about 4,846 square meters (52,162 square feet) have been subscribed by prospective purchasers or presold under contracts, for an aggregate consideration of RMB43.3 million (HK\$53.3 million). The presale of the remaining four office towers, consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet), will follow in phases with reference to the market environment.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing but latest progress has been slow due to the downturn in the local retail market. Certain parts of the commercial complex have been leased out for rental income.

The superstructure works of the remaining two office towers and the four-storey commercial podium were completed in December 2021 and the related Completion Certificates were recently obtained. The programme for the presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) has been delayed and presently planned to be launched in the second half of 2022. Depending on the market conditions, the presale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Group continues to maintain the overall re-forested area. In the meanwhile, the Group is communicating with the relevant government authority to initiate appropriate measures to settle the disputes over certain portions of the land in the project site that have been illegally occupied. Based on the legal advice obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective.

Other Investments

Investment in shares of AMTD International Inc.

In 2020, the Group applied the sale proceeds received from the disposal of its investment in a logistics services provider in the PRC to purchase 6,069,000 Class A ordinary shares of AMTD International Inc.. AMTD is a reputable financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. The Group expects to be able to leverage on the strategic co-operative relationship with AMTD to explore and capture new business and investment opportunities through its intensive business network. The AMTD shares are being held by the Group as equity investments at fair value through other comprehensive income.

PRC Real Estate Company

As previously disclosed, the Group acquired an 80% equity interest in and provided pro rata shareholder's loan to an investee company incorporated in the PRC in July 2019. The investee company owned 10% equity interest in another PRC-incorporated real estate company that undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. In December 2021, the Group entered into an agreement with an

independent third party for the disposal of its entire 80% equity interest in and shareholder's loan to the abovementioned investee company at a consideration equal to the original investment cost of the Group. Under the terms of the agreement, the Group has the right to repurchase the subject equity interest and shareholder's loan from the purchaser at the original consideration plus interest at 8% per annum at any time on or before 31st December, 2023.

FINANCIAL REVIEW

ASSETS VALUE

As at 31st December, 2021, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,628.4 million, representing approximately HK\$0.19 per share (including ordinary share and convertible preference share).

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The acquisition of the two ongoing development projects in the PRC in 2013 had been financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the latest progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

In September 2021, the Group entered into a Supplemental Agreement with the Regal group in relation to the loan facilities granted by the Regal group in 2016, principally with the objective

to extending the repayment date of the revised loan facilities in the aggregate amount of HK\$857.0 million from 12th October, 2021 to 12th October, 2024, in order that the Group can align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin.

Construction and related costs for the property projects for the time being are principally financed by internal resources, proceeds from the presale of the units and drawdown of loan facilities granted by the Regal group. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

Cash Flows

Net cash flows used in operating activities during the year under review amounted to HK\$39.4 million (2020 – net cash flows generated from operating activities of HK\$773.1 million). Net interest payment for the year amounted to HK\$35.8 million (2020 – HK\$86.8 million).

Borrowings and Gearing

As at 31st December, 2021, the Group had cash and bank balances and deposits of HK\$177.7 million (2020 – HK\$269.9 million) and the Group's borrowings including convertible bonds, net of cash and bank balances and deposits, amounted to HK\$584.1 million (2020 – HK\$771.5 million).

As at 31st December, 2021, the gearing ratio of the Group was 12.1% (2020 – 13.4%), representing the Group's borrowings including convertible bonds, net of cash and bank balances and deposits, of HK\$584.1 million (2020 – HK\$771.5 million), as compared to the total assets of the Group of HK\$4,844.7 million (2020 – HK\$5,769.0 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2021 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the year ended 31st December, 2021 (the "2021 Annual Report") to be published on or before 30th April, 2022.

Lease Liabilities

As at 31st December, 2021, the Group had lease liabilities of HK\$0.7 million (2020 – HK\$1.2 million).

Pledge of Assets

As at 31st December, 2021, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the amount of HK\$24.8 million (2020 – HK\$24.7 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure the other borrowings and the related interest payable in respect of a loan facility from a fellow subsidiary.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2021 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2021 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2021 (2020 – Nil). No interim dividend was paid for the year ended 31st December, 2021 (2020 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Monday, 13th June, 2022. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2021 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2022 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Wednesday, 8th June, 2022 to Monday, 13th June, 2022, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2022 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 7th June, 2022.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2021	Year ended 31st December, 2020
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,638.9	69.6
Cost of sales	(986.6)	(43.9)
Gross profit	652.3	25.7
Other income (Note 3)	4.1	18.3
Fair value gains on investment properties, net	1.4	2.3
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	1.5	(48.9)
Impairment of goodwill	(193.5)	–
Impairment loss on property under development	(43.8)	–
Gain on disposal of subsidiaries	–	68.9
Loss on disposal of investment properties, net	–	(0.7)
Property selling and marketing expenses	(40.6)	(9.1)
Administrative expenses	(57.5)	(63.5)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION	323.9	(7.0)
Depreciation and amortisation	(2.2)	(3.2)
OPERATING PROFIT/(LOSS) (Note 4)	321.7	(10.2)
Finance costs (Note 5)	(54.0)	(104.3)
PROFIT/(LOSS) BEFORE TAX	267.7	(114.5)
Income tax (Note 6)	(234.1)	(9.0)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	33.6	(123.5)

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2021	Year ended 31st December, 2020
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	33.6	(123.5)
Non-controlling interests	–	–
	<hr/> 33.6 <hr/>	<hr/> (123.5) <hr/>
EARNINGS/(LOSS) PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<hr/> HK0.40 cent <hr/>	<hr/> HK(1.65) cents <hr/>

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2021	Year ended 31st December, 2020
	HK\$'M	HK\$'M
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	33.6	(123.5)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	26.0	81.7
Reclassification adjustment on disposal of foreign operation	–	71.1
	<u>26.0</u>	<u>152.8</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on equity investments designated at fair value through other comprehensive income	(160.6)	(217.2)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(134.6)</u>	<u>(64.4)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(101.0)</u>	<u>(187.9)</u>
Attributable to:		
Equity holders of the parent	(101.0)	(187.9)
Non-controlling interests	–	–
	<u>(101.0)</u>	<u>(187.9)</u>

Consolidated Statement of Financial Position

	31st December, 2021	31st December, 2020
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	11.2	11.5
Investment properties	98.5	94.5
Right-of-use assets	0.7	1.2
Investment in a joint venture	2.4	2.4
Loans receivable	1.8	–
Prepayments (Note 9)	133.7	114.3
Equity investments designated at fair value through other comprehensive income	196.6	356.0
Goodwill	41.6	235.1
Intangible asset	–	0.7
Total non-current assets	<u>486.5</u>	<u>815.7</u>
CURRENT ASSETS		
Properties under development	2,764.3	3,854.2
Properties held for sale	1,311.2	538.4
Deposits, prepayments and other assets (Note 9)	76.8	186.6
Financial assets at fair value through profit or loss	28.2	104.2
Restricted cash	66.1	27.3
Pledged bank balances	1.8	1.0
Time deposits	17.1	149.1
Cash and bank balances	92.7	92.5
Total current assets	<u>4,358.2</u>	<u>4,953.3</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2021	31st December, 2020
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals	(522.9)	(380.7)
Contract liabilities	(1,328.8)	(2,377.0)
Deposits received	(130.1)	(116.2)
Interest bearing bank borrowing	(12.5)	(12.5)
Other borrowings (Note 10)	(121.9)	(535.9)
Convertible bonds	–	(493.0)
Lease liabilities	(0.5)	(0.5)
Tax payable	(172.5)	(6.1)
Total current liabilities	<u>(2,289.2)</u>	<u>(3,921.9)</u>
NET CURRENT ASSETS	<u>2,069.0</u>	<u>1,031.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,555.5</u>	<u>1,847.1</u>
NON-CURRENT LIABILITIES		
Creditors and accruals	(31.2)	(32.8)
Deposits received	(1.6)	(2.7)
Other borrowings (Note 10)	(357.0)	–
Convertible bonds	(270.4)	–
Lease liabilities	(0.2)	(0.7)
Deferred tax liabilities	(266.7)	(316.6)
Total non-current liabilities	<u>(927.1)</u>	<u>(352.8)</u>
Net assets	<u>1,628.4</u>	<u>1,494.3</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	17.4	16.4
Reserves	1,611.0	1,477.9
	<u>1,628.4</u>	<u>1,494.3</u>
Non-controlling interests	<u>–</u>	<u>–</u>
Total equity	<u>1,628.4</u>	<u>1,494.3</u>

Notes:

1. Basis of Preparation and Accounting Policies

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

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

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

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate

benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had an interest-bearing bank borrowing denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) as at 31st December, 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rate of this borrowing is replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30th June, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The Group has not applied the practical expedient to any rent concessions granted by the lessors as a direct consequence of the COVID-19 pandemic. Accordingly, the adoption of the amendment has had no significant impact on the financial position and performance of the Group.

2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and
- (b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude loans receivable, investment deposits, restricted cash, pledged bank balances, time deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, interest bearing bank borrowing, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2021 and 2020:

	Property development and investment		Financial assets investments		Consolidated	
	2021	2020	2021	2020	2021	2020
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue (Note 3):						
Sales to external customers	1,587.8	66.2	51.1	3.4	1,638.9	69.6
Segment results before depreciation and amortisation	293.5	(14.1)	52.6	(45.5)	346.1	(59.6)
Depreciation and amortisation	(2.2)	(3.1)	–	–	(2.2)	(3.1)
Segment results	291.3	(17.2)	52.6	(45.5)	343.9	(62.7)
Unallocated interest income and unallocated non-operating and corporate gains					3.3	81.5
Unallocated non-operating and corporate expenses					(25.6)	(29.1)
Finance costs (other than interest on lease liabilities)	(27.8)	(57.1)	–	–	(27.8)	(57.1)
Unallocated finance costs					(26.1)	(47.1)
Profit/(Loss) before tax					267.7	(114.5)
Income tax					(234.1)	(9.0)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests					33.6	(123.5)
Attributable to:						
Equity holders of the parent					33.6	(123.5)
Non-controlling interests					–	–
					33.6	(123.5)

	Property development and investment		Financial assets investments		Consolidated	
	2021	2020	2021	2020	2021	2020
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment assets	4,483.2	5,080.6	179.0	415.1	4,662.2	5,495.7
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					180.1	270.9
Total assets					4,844.7	5,769.0
Segment liabilities	(2,490.6)	(3,443.6)	–	–	(2,490.6)	(3,443.6)
Unallocated liabilities					(725.7)	(831.1)
Total liabilities					(3,216.3)	(4,274.7)
Other segment information:						
Capital expenditure	545.2	738.6	–	–		
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	–	–	(1.5)	48.9		
Loss on disposal of investment properties, net	–	0.7	–	–		
Fair value gains on investment properties, net	(1.4)	(2.3)	–	–		
Impairment of goodwill	193.5	–	–	–		
Impairment loss on property under development	43.8	–	–	–		

Geographical information

(a) Revenue from external customers

	2021	2020
	HK\$'M	HK\$'M
Hong Kong	51.1	3.4
Mainland China	1,587.8	66.2
	1,638.9	69.6

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	2020
	HK\$'M	HK\$'M
Hong Kong	–	–
Mainland China	288.1	459.7
	288.1	459.7

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

Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

3. Revenue and other income are analysed as follows:

	2021	2020
	HK\$'M	HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	1,585.9	64.5
<i>Revenue from other sources</i>		
Rental income	1.9	1.7
Net gain from sale of financial assets at fair value through profit or loss	49.2	–
Dividend income from listed investments	1.9	3.4
	1,638.9	69.6
<u>Other income</u>		
Bank interest income	3.3	12.6
Others	0.8	5.7
	4.1	18.3

4. An analysis of profit on sale of properties and depreciation and amortisation of the Group is as follows:

	2021	2020
	HK\$'M	HK\$'M
Profit on disposal of properties, net	599.8	19.9
Depreciation of property, plant and equipment	1.0	1.1
Depreciation of right-of-use assets	0.5	0.7
Amortisation of intangible asset	0.7	1.4
	2.2	3.2

5. Finance costs of the Group are as follows:

	2021	2020
	HK\$'M	HK\$'M
Interest on a bank loan	0.2	0.3
Interest on convertible bonds	25.9	46.8
Interest on other borrowings	24.4	66.0
Interest expenses arising from revenue contracts	107.1	82.2
Interest on lease liabilities	0.1	0.1
	157.7	195.4
Less: Finance costs capitalised	(103.7)	(91.1)
	54.0	104.3

6. The income tax charge for the year arose as follows:

	2021	2020
	HK\$'M	HK\$'M
Current – PRC		
Corporate income tax	123.5	7.6
Land appreciation tax	160.8	0.7
Deferred	(50.2)	0.7
Total tax charge for the year	234.1	9.0

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year.

No provision for Hong Kong profits tax had been made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2020 – Nil).

7. Dividend

No dividend was paid or proposed during the year ended 31st December, 2021, nor has any dividend been proposed since the end of the reporting period (2020 – Nil).

8. (a) Basic earnings/(loss) per share

The calculation of the basic earnings per share for the year ended 31st December, 2021 is based on the profit for the year attributable to equity holders of the parent of HK\$33.6 million (2020 – loss of HK\$123.5 million) and on the weighted average of 8,382.5 million (2020 – 7,497.1 million) shares of the Company in issue (including ordinary shares and convertible preference shares) during the year ended 31st December, 2021.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the earnings/(loss) per share amount presented for the years ended 31st December, 2021 and 2020 in respect of a dilution, as the impact of the convertible bonds outstanding during the years had an anti-dilutive effect on the earnings/(loss) per share amount presented.

9. Deposits, prepayments and other assets are analysed as follows:

	2021	2020
	HK\$'M	HK\$'M
Non-current		
Prepayments (Note (a))	133.7	114.3
Current		
Trade debtors (Note (b))	1.4	1.8
Contract costs	17.2	24.3
Prepayments	49.6	150.9
Deposits	0.1	0.2
Other receivables	8.5	9.4
	76.8	186.6

Notes:

- (a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to monetary compensation with reference to the valuation of the land use right in respect of 30% of the overall project area for development purposes and to participate in the tender of such land use right.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective and the Directors of the

Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

- (b) Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over certain of these balances.

The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	0.7	0.8
4 to 6 months	–	0.3
7 to 12 months	–	0.3
Over 1 year	1.3	0.4
	<hr/> 2.0	<hr/> 1.8
Impairment	(0.6)	–
	<hr/> 1.4 <hr/>	<hr/> 1.8 <hr/>

10. Other borrowings are analysed as follows:

	2021	2020
	HK\$'M	HK\$'M
Non-current		
Other borrowings	357.0	–
	<hr/>	<hr/>
Current		
Other borrowings	121.9	535.9
	<hr/>	<hr/>

Other borrowings, comprising a term loan of HK\$357.0 million and revolving loan of HK\$121.9 million (2020 – term loan of HK\$535.9 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan was originally due on 12th October, 2021. Pursuant to a supplemental agreement entered into with that fellow subsidiary during the year, the repayment date of the revised loan facilities in the aggregate amount of HK\$857.0 million was extended for three years to 12th October, 2024. The term loan is accordingly classified under non-current other borrowings and the revolving loan is classified as short-term borrowings.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2021.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2021, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2021, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman and Managing Director)

Miss LO Po Man

(Vice Chairman)

Mr. Kenneth WONG Po Man

(Chief Operating Officer)

Mr. Kelvin LEUNG So Po

(Chief Financial Officer)

Mr. Kenneth NG Kwai Kai

Independent Non-Executive Directors:

Mr. Francis BONG Shu Ying

Ms. Alice KAN Lai Kuen

Mr. David LI Ka Fai

Hon Abraham SHEK Lai Him, GBS, JP

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 31st March, 2022