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## **HUIJING HOLDINGS COMPANY LIMITED**

**滙景控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 9968)**

### **ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2021 RESULTS HIGHLIGHTS**

- Contracted sales (including contracted sales from the joint venture) increased by 3.9% to approximately RMB8,004.7 million for the year ended 31 December 2021.
- Revenue increased by 3.0% to approximately RMB5,309.3 million for the year ended 31 December 2021.
- Gross profit amounted to approximately RMB1,666.9 million for the year ended 31 December 2021, of which gross profit on property development was approximately RMB1,675.8 million. Gross profit margin on this segment was approximately 31.6%.
- Net profit amounted to approximately RMB550.4 million for the year ended 31 December 2021, which represented a year-on-year decrease of 25.7%, of which approximately RMB256.1 million was attributable to owners of the parent company.
- Cash and bank balances were RMB2,702.4 million as at 31 December 2021. Net gearing ratio was 42.6%, which is calculated by net debt divided by total equity. Net debt includes interest-bearing bank and other borrowings, senior notes and lease liabilities less cash and bank balances.
- Proposed final dividend of HK2.48 cents per share (2020: final dividend of HK4.95 cents per share) was recommended by the Board for the year ended 31 December 2021.

## ANNUAL RESULTS

The board of directors (the “**Board**”) of Huijing Holdings Company Limited (the “**Company**”) announces that the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>RMB’000</i>	2020 <i>RMB’000</i>
<b>REVENUE</b>	4	<b>5,309,290</b>	5,153,233
Cost of sales		<u>(3,642,404)</u>	<u>(3,368,907)</u>
<b>Gross profit</b>		<b>1,666,886</b>	1,784,326
Other income and gains	4	<b>124,112</b>	142,329
Selling and distribution expenses		<b>(122,965)</b>	(157,595)
Administrative expenses		<b>(472,932)</b>	(510,150)
Fair value gains on investment properties, net		<b>170,757</b>	41,559
Other expenses		<b>(129,927)</b>	(31,889)
Finance costs	5	<b>(150,801)</b>	(135,554)
Share of loss of an associate		<b>(3,265)</b>	–
Share of profit of joint ventures, net		<u><b>20,299</b></u>	<u>196,103</u>
<b>PROFIT BEFORE TAX</b>	6	<b>1,102,164</b>	1,329,129
Income tax expense	7	<u><b>(551,768)</b></u>	<u>(588,655)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>550,396</b></u>	<u>740,474</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>256,140</b>	516,356
Non-controlling interests		<u><b>294,256</b></u>	<u>224,118</u>
		<u><b>550,396</b></u>	<u>740,474</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	9		
Basic and diluted ( <i>RMB per share</i> )		<u><b>0.05</b></u>	<u>0.10</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>550,396</u>	<u>740,474</u>
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of financial statements of the Company	(19,326)	(82,363)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of financial statements of the subsidiaries	<u>42,932</u>	<u>51,812</u>
<b>Other comprehensive income/(loss) for the year</b>	<u>23,606</u>	<u>(30,551)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>574,002</u></u>	<u><u>709,923</u></u>
<b>ATTRIBUTABLE TO:</b>		
Owners of the parent	279,746	485,805
Non-controlling interests	<u>294,256</u>	<u>224,118</u>
	<u><u>574,002</u></u>	<u><u>709,923</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		69,071	65,330
Right-of-use assets		2,010	6,684
Investment properties		1,786,900	1,433,900
Intangible assets		6,321	7,618
Investment in joint ventures		290,660	225,061
Investment in an associate		2,235	–
Land held for development for sale		597,814	496,728
Deferred tax assets		168,962	165,802
		<hr/>	<hr/>
Total non-current assets		2,923,973	2,401,123
<b>CURRENT ASSETS</b>			
Land held for development for sale		1,113,137	1,161,151
Properties under development		3,388,502	2,944,941
Completed properties held for sale		872,569	1,153,279
Trade receivables	10	37,497	56,760
Prepayments, other receivables and other assets		3,751,039	2,181,815
Receivable from a joint venture		160,256	258,121
Financial assets at fair value through profit or loss		232,819	494,838
Prepaid land appreciation tax		–	3,241
Cash and bank balances		2,702,420	2,083,723
		<hr/>	<hr/>
Total current assets		12,258,239	10,337,869
<b>CURRENT LIABILITIES</b>			
Trade payables	11	1,678,076	1,738,948
Other payables, deposits received and accruals		530,527	719,989
Lease liabilities		1,933	5,163
Contract liabilities		2,676,239	2,223,304
Interest-bearing bank and other borrowings		1,452,479	823,100
Senior notes		915,930	871,332
Provision for corporate income tax		726,907	644,145
Provision for land appreciation tax		637,404	697,045
		<hr/>	<hr/>
Total current liabilities		8,619,495	7,723,026
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		3,638,744	2,614,843
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,562,717	5,015,966
		<hr/>	<hr/>

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>2,143,762</b>	1,073,040
Lease liabilities		<b>79</b>	2,134
Deferred tax liabilities		<b>167,501</b>	111,156
		<hr/>	<hr/>
Total non-current liabilities		<b>2,311,342</b>	1,186,330
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>4,251,375</b>	3,829,636
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	<i>12</i>	<b>47,972</b>	47,972
Reserves		<b>3,273,692</b>	3,196,838
		<hr/>	<hr/>
		<b>3,321,664</b>	3,244,810
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>929,711</b>	584,826
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>4,251,375</b>	3,829,636
		<hr/> <hr/>	<hr/> <hr/>

## NOTES

### 1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 9 January 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit 2403–2408, 24/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 January 2020.

The Company is an investment holding company. During the year, the Company’s subsidiaries were involved in property development and investment in the People’s Republic of China (the “**PRC**”). In the opinion of the directors of the Company (the “**Directors**”), the ultimate and immediate holding company of the Company is Wui Ying Holdings Limited and the controlling shareholders of the Company (the “**Controlling Shareholders**”) are Mr Lun Ruixiang (“**Mr Lun Ruixiang**”) and Ms Chan Hau Wan (“**Ms Chan**”), spouse of Mr Lun Ruixiang.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 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 (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) 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  
Amendment to HKFRS 16

*Interest Rate Benchmark Reform — Phase 2*

*Covid-19-Related Rent Concessions  
beyond 30 June 2021 (early adopted)*

The nature and the 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 certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“**HIBOR**”) as at 31 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 rates of these borrowings are 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 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

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

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., the property development and investment business. Accordingly, no operating segment information is presented.

#### Geographical information

No geographical information by operating segment is presented as the Group's revenue from the external customers is derived solely from its operations in Mainland China and more than 90% of the non-current assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

#### Information about major customers

During the years ended 31 December 2021 and 2020, no revenue from a single external customer contributed 10% or more of the Group's total revenue.

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties in the PRC	5,305,367	5,149,966
<i>Revenue from another source</i>		
Gross rental income from investment property operating leases	<u>3,923</u>	<u>3,267</u>
	<u><b>5,309,290</b></u>	<u><b>5,153,233</b></u>

#### Revenue from contracts with customers

##### (i) *Disaggregated revenue information*

All revenue from contracts with customers are recognised at a point in time.

The following table shows the amount of revenue recognised in the current year that were included in the contract liabilities at the beginning of the year:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the year		
Sale of properties	<u><b>1,842,116</b></u>	<u><b>1,692,986</b></u>

(ii) *Performance obligations*

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

*Sale of properties*

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the customer.

The contracted sales amounts allocated to the remaining performance obligations as at the end of the year:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<b>2,300,015</b>	3,795,407
After one year	<b>95,775</b>	84,371
	<b><u>2,395,790</u></b>	<u>3,879,778</u>

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within two years. All the other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Fair value gains on financial assets at fair value through profit or loss	–	71,086
Dividend income from financial assets at fair value through profit or loss	<b>6,207</b>	18,412
Interest income of a loan to a joint venture	<b>13,034</b>	16,653
Foreign exchange differences, net	–	9,490
Bank interest income	<b>14,449</b>	5,208
Forfeiture of deposits	<b>679</b>	1,605
Gain on disposal of items of property, plant and equipment	<b>84</b>	91
Gain on disposal of subsidiaries, net	<b>82,419</b>	–
Others	<b>7,240</b>	19,784
	<b><u>124,112</u></b>	<u>142,329</u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on lease liabilities	306	331
Interest on bank and other borrowings	178,953	167,581
Interest on senior notes	136,427	56,488
Interest expense arising from revenue contracts	5,599	10,592
	<u>321,285</u>	<u>234,992</u>
Less: Interest capitalised	(170,484)	(99,438)
	<u><u>150,801</u></u>	<u><u>135,554</u></u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of properties sold	3,629,596	3,363,348
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	12,808	5,559
Depreciation of property, plant and equipment	6,020	8,307
Depreciation of right-of-use assets	4,752	5,913
Amortisation of intangible assets <sup>#</sup>	1,855	2,930
Gain on disposal of items of property, plant and equipment*	(84)	(91)
Impairment of other receivables	–	13,309
Change in fair value of financial assets at fair value through profit or loss <sup>**</sup>	85,530	(71,086)
Dividend income from financial assets at fair value through profit or loss*	(6,207)	(18,412)
Lease payments not included in the measurement of lease liabilities	1,464	642
Auditor's remuneration	4,700	4,600
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	191,461	202,034
Equity-settled share option expense	15,751	33,774
Pension scheme contributions <sup>##</sup>	14,023	6,588
	<u>221,235</u>	<u>242,396</u>
Foreign exchange differences, net <sup>*/#</sup>	<u><u>2,861</u></u>	<u><u>(9,490)</u></u>

\* Included in "Other income and gains" in the consolidated statement of profit or loss.

# Included in "Administrative expenses" in the consolidated statement of profit or loss.

\*\* Included in "Other expenses" in the consolidated statement of profit or loss.

## There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contribution.

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil). Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax (“CIT”) at a rate of 25% (2020: 25%).

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current:		
PRC CIT	250,574	230,655
PRC LAT	<u>234,553</u>	<u>366,283</u>
	485,127	596,938
Deferred	<u>66,641</u>	<u>(8,283)</u>
Total tax charge for the year	<u><u>551,768</u></u>	<u><u>588,655</u></u>

## 8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposed final — HK2.48 cents (2020: HK4.95 cents) per ordinary share	<u><u>106,351</u></u>	<u><u>218,643</u></u>

The proposed final dividend is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the year ended 31 December 2021 is based on the profit for the year attributable to owners of the parent of RMB256,140,000 (2020: RMB516,356,000), and the weighted average number of ordinary shares of 5,254,000,000 (2020: 5,221,700,820) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2020 represented 100 ordinary shares of the Company issued, 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue (as defined in note 12(a)) as if these shares had been in issue throughout the year, as well as 788,100,000 ordinary shares issued upon the completion of the listing of the Company, as further detailed in note 12(b).

The calculations of the basic and diluted earnings per share are based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u>256,140</u>	<u>516,356</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>5,254,000,000</b>	5,221,700,820
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>136,451</u>	<u>1,348,261</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u><b>5,254,136,451</b></u>	<u>5,223,049,081</u>

## 10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	<u>37,497</u>	<u>56,760</u>

Trade receivables represent receivable arising from the sale of properties. Consideration in respect of properties is payable by the customers in accordance with the terms of the related sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the revenue recognition date or invoice date, is as follows:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b><u>37,497</u></b>	<u>56,760</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on the evaluation on the expected credit loss rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of expected credit loss in respect of these balance is considered immaterial. As at 31 December 2021 and 2020, the loss allowance for trade receivables was assessed to be minimal.

## 11. TRADE PAYABLES

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables to third parties	<b>1,597,579</b>	1,708,751
Trade payables to related companies controlled by Mr Lun Ruixiang	<b><u>80,497</u></b>	<u>30,197</u>
	<b><u>1,678,076</u></b>	<u>1,738,948</u>

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>941,593</b>	1,389,669
1 to 2 years	<b>418,462</b>	277,233
More than 2 years	<b><u>318,021</u></b>	<u>72,046</u>
	<b><u>1,678,076</u></b>	<u>1,738,948</u>

The trade payables are unsecured and interest-free and are normally settled based on the progress of the construction of the Group's properties under development.

## 12. SHARE CAPITAL

### Shares

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>90,141</u>	<u>90,141</u>
Issued and fully paid:		
5,254,000,000 ordinary shares of HK\$0.01 each	<u>47,972</u>	<u>47,972</u>

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares	Nominal value of ordinary shares <i>RMB'000</i>
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021, and 31 December 2021	<u>10,000,000,000</u>	<u>90,141</u>

	<i>Notes</i>	Number of ordinary shares in issue	Issued capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
Issued and fully paid:					
At 1 January 2020		100	–*	–	–
Capitalisation Issue	<i>(a)</i>	4,465,899,900	40,776	(40,776)	–
Issuance of new shares in connection with the listing of the Company	<i>(b)</i>	788,100,000	7,196	1,381,584	1,388,780
Share issue expenses		–	–	(66,535)	(66,535)
2019 special dividend		–	–	(212,159)	(212,159)
At 31 December 2020 and 1 January 2021		<u>5,254,000,000</u>	<u>47,972</u>	<u>1,062,114</u>	<u>1,110,086</u>
2020 final dividend ( <i>note 8</i> )		–	–	(218,643)	(218,643)
At 31 December 2021		<u>5,254,000,000</u>	<u>47,972</u>	<u>843,471</u>	<u>891,443</u>

\* The amount is less than RMB500.

*Notes:*

- (a) Pursuant to the shareholders' resolution passed on 11 December 2019, the Company shall allot and issue a total of 4,465,899,900 ordinary shares, credited as fully paid at par, to Wui Ying and Wui Shing by way of capitalisation of the sum of HK\$44,658,999 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"). The Capitalisation Issue became unconditional on 16 January 2020.
  
- (b) In connection with the listing of the shares of the Company on the Stock Exchange, 788,100,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.93 per share for a total cash consideration, before expenses, of HK\$1,521,033,000 (equivalent to RMB1,388,780,000). Dealings in the shares of the Company on the Stock Exchange commenced on 16 January 2020.

## **FINAL DIVIDEND**

The Board recommends a final dividend of HK2.48 cents (2020: final dividend of HK4.95 cents) per ordinary share of the Company, amounting to a total final dividend of approximately RMB106.4 million (2020: RMB218.6 million) for the year ended 31 December 2021.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the “**2022 AGM**”) to be held on Wednesday, 22 June 2022, is expected to be payable on Tuesday, 11 October 2022 to shareholders whose names appear on the register of members of the Company on Thursday, 7 July 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods:

- (a) from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2022 AGM. In order to be entitled to attend and vote at the 2022 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Thursday, 16 June 2022; and
- (b) from Monday, 4 July 2022 to Thursday, 7 July 2022 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at the address as set out in sub-paragraph (a) above no later than 4:30 p.m. (Hong Kong Time) on Thursday, 30 June 2022.

During the periods mentioned in sub-paragraphs (a) and (b) above, no transfer of shares will be registered.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL OVERVIEW**

In 2021, which is the first year of the 14th Five-Year Plan (十四五規劃), the economic development in China showed a steady recovery as the country gradually shrugged off the impact of COVID-19 pandemic in 2020. As a major part of the macro economy in China, real estate has experienced a change from a feverish first half of the year to a deep adjustment in the second half, with the market size remaining relatively high

throughout the year. The Chinese government will continue to adhere to the policy keynote of “houses for living in and not for speculative investment as well as implementing city-specific policies (房住不炒，因城施策)” to achieve the “three stabilities (三穩)” of “stabilising land prices (穩地價)”, “stabilising housing prices (穩房價)” and “stabilising expectations (穩預期)”, thereby promoting the positive cycle and healthy development of the real estate market.

Under this economic and policy environment, the Group has maintained a stable development momentum. It has been highly recognised by credit rating agencies for its strengthening of financial security, maintaining of adequate liquidity, enhancement of financial management, continuous optimisation of financial structure and stable growth in contracted sales. Lianhe Ratings Global Limited has assigned a “B+” rating to the Group with a positive outlook. Meanwhile, the Group also won over ten investment and brand awards in 2021, including the Most Valuable Real Estate Company for Investment of the Year and the Brand Value Communication Award of the Year. This fully reflects the Group’s track record of contracted sales growth, gradual realisation of its geographically diversified land reserves and above-average profitability.

Based on the mission of “maintaining foothold in the Greater Bay Area, penetrating into Dongguan, and sustaining coverage of high value-added cities in the Southern, Central and Eastern China areas (立足大灣區、深耕東莞、布局華南、華中及華東等高增值城市)”, and the strategic positioning of “a leader in city value upgrade (城市價值升級領航者)”, the Group will maintain the business model of “focusing on residential development projects, while taking the urban renewal projects as the core, as well as the cultural and tourism-healthy living towns and the scientific and innovative technologies industrial towns as the two wings (以住宅開發為主營業務，以城市更新為核心、文旅康養和科創產業為兩翼)”, which constitutes its “one focus, one core, and two wings (一主一核兩翼)” blueprint, in order to continually enhance the core competitiveness and the capacity of sustainable development of the Company.

## **BUSINESS REVIEW**

The Group derives its revenue primarily from sales of properties and, to a lesser extent, lease of investment properties. For the year ended 31 December 2021, the Group recorded a total revenue of approximately RMB5,309.3 million, representing a year-on-year increase of approximately 3.0%.

### **Contracted sales**

For the year ended 31 December 2021, including the joint venture, the Group recorded contracted sales of approximately RMB8,004.7 million, representing an increase of approximately 3.9% compared to the year ended 31 December 2020, and contracted gross floor area (“GFA”) sold of approximately 981,997 sq.m., representing an increase of approximately 29.6% compared to the year ended 31 December 2020.

## Sales of properties

For the year ended 31 December 2021, the revenue from sales of properties recorded a year-on-year increase of approximately 3.0% to approximately RMB5,305.4 million, which accounted for approximately 99.93% of the total revenue of the Group. For the year ended 31 December 2021, the Group recognised total GFA of approximately 758,749 sq.m., which represented an increase of approximately 31.1% as compared to the previous year. The average selling price (“ASP”) of the properties recognised as property sales was approximately RMB6,992 per sq.m., representing a year-on-year decrease of approximately 21.4%.

Based in Guangdong Province, the Group continued to expand into the east and west regions of China during the year.

The following table sets out the recognised sales and GFA sold of each city in 2021:

<b>Location</b>	<b>Recognised GFA sq.m.</b>	<b>Percentage of total recognised GFA (%)</b>	<b>Recognised ASP RMB/sq.m.</b>	<b>Recognised revenue RMB'000</b>	<b>Percentage of total recognised revenue (%)</b>
Dongguan	15,397	2.0%	9,025	138,961	2.6%
Heyuan	185,737	24.5%	6,213	1,153,903	21.7%
Hefei	35,323	4.7%	10,377	366,551	6.9%
Hengyang	50,154	6.6%	10,213	512,221	9.7%
Xichang	6,591	0.9%	4,829	31,827	0.6%
Bazhou	212	0.0%	7,623	1,616	0.0%
Chengdu	254,887	33.6%	6,008	1,531,461	28.9%
Fuyang	210,448	27.7%	7,455	1,568,827	29.6%
<b>Total</b>	<b>758,749</b>	<b>100.0%</b>	<b>6,992</b>	<b>5,305,367</b>	<b>100.0%</b>

Particulars of projects and land parcels are set out in the following table:

Name of Project	City	The Group's equity interest	Total estimate							Land cost (RMB/sq.m.)
			GFA Sold (sq.m.)	Saleable GFA (Note 1) (sq.m.)	Investment property (sq.m.)	Unsaleable GFA (sq.m.)	GFA for future development (sq.m.)	Total consideration* (RMB)	Attributable consideration (RMB)	
Huijing Riverside Villa (御海藍岸)	Dongguan	100%	431,247	8,826	-	49,257	-	559,891	559,891	1,144.2
Huijing Riverside Villa•Perfection (御海藍岸•臻品)	Dongguan	100%	32,871	-	-	5,276	-	80,059	80,059	2,098.7
Royal Spring Hill (御泉香山)	Dongguan	100%	220,417	3,976	-	42,024	-	184,600	184,600	692.9
City Valley (城市山谷)	Dongguan	100%	123,653	557	-	24,566	-	91,794	91,794	617.0
Huijing City Centre (滙景城市中心)	Dongguan	100%	120,709	5,291	15,329	28,659	-	231,031	231,031	1,359.1
Century Gemini (世紀雙子) (Note 4)	Dongguan	100%	49,749	8,759	-	27,168	-	102,639	102,639	920.9
Huijing City (滙景城) (Note 4)	Dongguan	100%	-	-	25,780	-	-	80,097	80,097	1,013.5
Central Palace (中央華府)	Dongguan	100%	62,590	4,770	-	11,670	-	105,260	105,260	5,570.8
Fenghua Mansion (豐華公館)	Dongguan	100%	15,006	1,144	-	2,745	-	-	-	-
Houjie Town Baotun Village Area (厚街鎮寶屯村地塊) (Note 2)	Dongguan	100%	-	-	-	-	-	23,701	23,701	-
Hongmei Hongwuwo (洪梅洪屋渦) (Note 3)	Dongguan	100%	-	-	-	-	-	259,154	259,154	-
Qingxi Sanzhong Area (清溪三中片區) (Note 3)	Dongguan	100%	-	-	-	-	-	186,300	186,300	-
Shatian Renzhou Area (沙田稔洲片區) (Note 3)	Dongguan	100%	-	-	-	-	-	115,075	115,075	-
Bund No.8 (外灘8號)	Heyuan	100%	180,785	-	-	35,244	-	186,131	186,131	861.6
Nine Miles Bay (九里灣花園)	Heyuan	100%	370,013	326,084	-	125,413	-	747,084	747,084	909.4
Dongjiang River Galleries (a portion of) 東江畫廊 (部分)	Heyuan	80%	-	-	-	-	532,707	490,517	392,414	920.8
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	100%	137,504	69,956	84,121	69,960	-	182,723	182,723	505.4
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	Hengyang	100%	90,619	84,222	-	27,441	1,105,596	330,283	330,283	252.5
Xingfu District (幸福里)	Pinghu	80%	-	61,525	-	22,996	-	268,977	215,182	3,182.4
Yonghe District (雍和居)	Chenzhou	90%	-	266,456	-	61,781	-	418,600	376,740	1,275.3
Jieyou Lake (解憂湖)	Xuzhou	100%	-	333,383	-	9,813	-	658,200	658,200	1,917.9
Feili Palace (霽麗華府)	Xichang	40%	-	87,401	-	2,679	-	381,842	152,737	4,238.9
Yongjinlan Bay (雍錦瀾灣)	Chengdu	51%	144,131	8,348	-	8,053	-	236,421	120,575	1,472.7
Royal View Peak (御景峰閣)	Chengdu	51%	-	40,231	-	3,321	-	70,277	35,841	1,613.6
Royal View Palace (御景華府)	Chengdu	51%	57,046	21,243	-	18,995	-	114,898	58,598	1,181.1
Royal View Riverside (御景濱江)	Chengdu	51%	53,710	5,763	-	3,878	-	107,545	54,848	1,697.6
The 1st Mansion (壹號府邸)	Fuyang	51%	210,448	41,387	63,505	31,947	-	578,816	295,196	1,666.9
Huijing Global Centre (滙景發展環球中心)	Changsha	49%	102,736	129,206	-	64,672	-	826,040	404,760	2,784.9
<b>Total</b>			<b>2,403,234</b>	<b>1,508,528</b>	<b>188,735</b>	<b>677,558</b>	<b>1,638,303</b>	<b>7,617,955</b>	<b>6,230,913</b>	<b>37,898.1</b>

\* Refer to the cost of land which the project company acquired

*Notes:*

1. Saleable/leasable GFA refer to the internal floor area of a property, which has been derived from the relevant (i) pre-sale permit; (ii) floor area prediction report (房產面積預測報告), where a pre-sale permit is not available for the whole or a part of a property; and/or (iii) relevant development indicators approved by the relevant authority responsible for urban and rural planning or the Group's internal records, where neither a pre-sale permit nor floor area prediction report is available for the whole or a part of the development.

2. The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to the subsection under the prospectus of the Company headed “Compliance with Laws and Regulations – Historical Non-compliance Incidents – (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts”.
3. As at 31 December 2021, the land in Qingxi Sanzhong Area, Hongmei Hongwuwo and Shatian Renzhou Area was zoned for industrial use, current information (including plot ratio) is not relevant for our Group’s purpose. For further details, please refer to the subsection under the prospectus of the Company headed “Business – Land reserves”.
4. Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

### **Investment properties**

As at 31 December 2021, the Group had a total GFA of approximately 188,735 sq.m. (leasable area of approximately 40,024 sq.m.) with rental income of approximately RMB3.9 million for the year ended 31 December 2021.

### **Land reserves**

Leveraging on the Group’s in-depth understanding of the property markets in the Greater Bay Area, the Yangtze River Delta Urban Cluster, the Mid-Stream Urban Cluster and the Chengdu-Chongqing Urban Cluster and intensive studies on its target cities, the Group continued to strategically develop and operate property projects at strategic and advantageous locations in those regions. In 2021, the Group also expanded into the east and west regions of China, such as Anhui and Sichuan provinces, to further establish the Group’s present in those markets. As at 31 December 2021, the Group has land reserves amounting to approximately 3,146,831 sq.m., with 21 projects and 4 parcels of land located in 11 cities all over China.

The following table sets out the GFA of the Group’s land reserves by geographical locations as at 31 December 2021:

<b>Location</b>	<b>Total land reserve GFA (sq.m.)</b>	<b>Percentage of total land reserve GFA (%)</b>
Dongguan	33,323	1.0%
Heyuan	858,791	27.3%
Hefei	69,956	2.2%
Hengyang	1,189,818	37.8%
Pinghu	61,525	2.0%
Chenzhou	266,456	8.5%
Xuzhou	333,383	10.6%
Xichang	87,401	2.8%
Chengdu	75,585	2.4%
Fuyang	41,387	1.3%
Changsha	129,206	4.1%
<b>Total</b>	<u><u>3,146,831</u></u>	<u><u>100.0%</u></u>

As at the date of this announcement, the progress of the Three-old Transformation Schemes (the “**Three-old Transformation Schemes**”) was as follows:

1. Project Zhangmutou Baoshan Area: The Three-old Transformation for this project is carried out under the Cooperation Scenario. Currently, the Company completes the negotiation with local village committee, and moves forward to obtain the final approval by the relevant government authorities and then apply to deregister the current land title and be issued a new land use right. It is expected that the Company will obtain the new land use right certificate before the second quarter of 2022 subsequent to relocation of residents and payment of land premium. The expected plot ratio accountable GFA was 367,222 sq.m..
2. Humen Xinwan Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. As the project is located in Humen area, which is within the territorial spatial planning of Guangdong Province (2020–2035), the urban renewal procedure is suspended until the completion of the planning by relevant government authorities. The Company anticipates that the urban renewal procedure of Humen Xinwan Area will resume in 2022 following completion of the aforesaid government work. The total site area of this project is 14,910 sq.m. with an expected plot ratio accountable GFA of 34,288 sq.m..

3. Shatian Renzhou Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. The project is located in Shatian town with a total site area of approximately 77,321 sq.m. The Three-old Transformation was currently completed and the land used for the project was identified as M3 industrial land, with an expected total GFA of 270,625 sq.m.. The Three-old Transformation for this project was completed in July 2021. It currently finished the relevant land supply procedures and is under the progress of construction.
4. The Company had entered into nine agreements as preparatory services providers with relevant parties. The relevant projects are all located in Dongguan city carrying out preparatory services and have a total site area of 2,229,500 sq.m.. The Three-old Transformation for the relevant projects is expected to be carried out under the Single Party Scenario. The details of the projects are as follows:

<b>Project</b>	<b>Location</b>	<b>Total site area (sq.m.)</b>
Xie Gang Li Village (謝崗黎村)	Xiegang town, Dongguan city	323,000
Shatian AI Smart Town (First Phase) (沙田AI智能小鎮(一期))	Shatian town, Dongguan city	294,400
Qishi South Town (企石南鎮)	Qishi town, Dongguan city	255,300
Cha Shan Shang Yuan (茶山上元)	Chashan town, Dongguan city	207,800
Qingxi Qingxia (清溪清廈)	Qingxi town, Dongguan city	161,300
Chashan Waterworks Area (茶山水廠片區)	Chashan town, Dongguan city	105,700
Wanjiang Gonglian Area (萬江共聯片區)	Wanjiang Gonglian area, Dongguan city	210,000
Hongmei Hongwuwo Area (洪梅洪屋渦片區)	Hongmei town, Dongguan City	485,300
Hengli, Wangniudun (望牛墩橫樞)	Wangniudun town, Dongguan City	186,700
<b>Total</b>		<u><u>2,229,500</u></u>

5. The Group is currently working on obtaining the qualifications of the preparatory services providers for the other nine projects. The relevant projects are all located in Dongguan city and the site area of the nine projects for Three-old Transformation will be approximately 1.89 million sq.m..

## **FINANCIAL REVIEW**

### **Overall performance**

For the year ended 31 December 2021, total revenue of the Group was approximately RMB5,309.3 million, which represented a year-on-year increase of approximately 3.0%. Gross profit was approximately RMB1,666.9 million, which represented a year-on-year decrease of approximately 6.6%. Gross profit margin was approximately 31.4%, which represented a year-on-year decrease of approximately 3.2 percentage points. Profit for the year recorded a year-on-year decrease of approximately 25.7% to approximately RMB550.4 million and profit attributable to owners of the parent recorded a year-on-year decrease of approximately 50.4% to approximately RMB256.1 million for the year ended 31 December 2021.

### **Revenue**

Revenue increased from approximately RMB5,153.2 million for the year ended 31 December 2020 to approximately RMB5,309.3 million for the year ended 31 December 2021, which represented a year-on-year increase of approximately 3.0%. The GFA delivered increased from 578,747 sq.m. for the year ended 31 December 2020 to 758,749 sq.m. for year ended 31 December 2021, which represented a year-on-year increase of approximately 31.1%, while the ASP decreased from RMB8,898 per sq.m. to RMB6,992 per sq.m. mainly as a result of the higher portion of GFA delivered in Chengdu and Fuyang, such as Yongjinlan Bay, Royal View Riverside, Royal View Palace and The 1st Mansion, which have relatively lower average selling price compared with the higher average selling price in Dongguan where the major portion of GFA was delivered in the 2020.

### **Cost of sales**

Corresponding to the increase in revenue, the cost of sales increased accordingly from approximately RMB3,368.9 million for the year ended 31 December 2020 to approximately RMB3,642.4 million for the year ended 31 December 2021, which resulted from the increase in GFA delivered during the year ended 31 December 2021 as compared to the same period in 2020.

### **Gross Profit and Gross Profit Margin**

Gross profit decreased from approximately RMB1,784.3 million for the year ended 31 December 2020 to approximately RMB1,666.9 million for the year ended 31 December 2021, with gross profit margin being approximately 34.6% and 31.4%, respectively. The decrease in gross profit margin was mainly due to the regional portfolio of property delivery and the relatively lower average selling price of the properties in 2021.

## **Other Income and Gains**

Other income and gains decreased from approximately RMB142.3 million for the year ended 31 December 2020 to approximately RMB124.1 million for the year ended 31 December 2021. Such decrease was mainly due to (i) the decrease in the fair value gains on financial assets at fair value through profit or loss of approximately RMB71.1 million; (ii) the decrease in the dividend income on financial assets at fair value through profit or loss of approximately RMB12.2 million; (iii) the decrease in government subsidies of approximately RMB9.6 million, which was partially offset by the increase in gain on disposal of subsidiaries, net by approximately RMB82.4 million.

## **Fair Value Gains on Investment Properties**

Fair value gains on investment properties increased from approximately RMB41.6 million for the year ended 31 December 2020 to approximately RMB170.8 million for the year ended 31 December 2021, the increase was primarily due to the increased fair value of the Group's investment property of hotel in Hefei and the building including commercial offices and hotel in Fuyang.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased from approximately RMB157.6 million for the year ended 31 December 2020 to approximately RMB123.0 million for the year ended 31 December 2021. Such decrease was primarily due to (i) the decrease of approximately RMB29.7 million of advertisement expense for the year ended 31 December 2021 as compared to the same period in 2020, as a result of the decrease in advertising and marketing activities held for the year ended 31 December 2021; (ii) the decrease of approximately RMB4.1 million in salaries and benefits expense for the year ended 31 December 2021, as a result of the decrease in the number of employees.

## **Administrative Expenses**

Administrative expenses decreased from RMB510.2 million for the year ended 31 December 2020 to RMB472.9 million for the year ended 31 December 2021. Such decrease was primarily due to (i) the decrease of approximately RMB32.0 million in salaries and benefits expenses for the year ended 31 December 2021 compared to the same period in 2020 and (ii) the decrease of approximately RMB18.0 million in share option expenses; being partially offset by the increase of approximately RMB12.3 million in other related tax expenses.

## **Other Expenses**

Other expenses increased from RMB31.9 million for the year ended 31 December 2020 to RMB129.9 million for the year ended 31 December 2021. Such increase was primarily due to the fair value losses on financial assets at fair value through profit or loss of approximately RMB85.5 million.

## **Share of Profit of Joint Ventures**

Share of profit of joint ventures decreased from a share of profit of approximately RMB196.1 million for the year ended 31 December 2020 to a share of profit of approximately RMB20.3 million for the year ended 31 December 2021, which primarily due to the loss arising from Xuzhou Huijing Jiacheng Properties Company Limited, our joint venture, in 2021.

## **Finance Costs**

Finance cost increased from approximately RMB135.6 million for the year ended 31 December 2020 to approximately RMB150.8 million for the year ended 31 December 2021, which was primarily due to the increase in interest on senior notes.

## **Income Tax Expenses**

Income tax expenses decreased from approximately RMB588.7 million for the year ended 31 December 2020 to approximately RMB551.8 million for the year ended 31 December 2021, with effective income tax rate of approximately 44.3% and 50.1% for the respective year. The increase in effective income tax rate was primarily due to the decrease in gross profit margin, which resulted in the decrease of appreciation rate and therefore the decrease in LAT charge rate.

## **Net Profit and Net Profit Margin**

Net profit decreased from approximately RMB740.5 million for the year ended 31 December 2020 to approximately RMB550.4 million for the year ended 31 December 2021, while net profit margin decreased from approximately 14.4% for the year ended 31 December 2020 to approximately 10.4% for the year ended 31 December 2021. The decrease in net profit margin was primarily due to the decrease in gross profit margin, the increase in finance costs and the decrease in share of profit of joint ventures.

The decrease in net profit was primarily due to the decrease in gross profit by 6.6%, the increase in finance costs by 11.2% and the decrease in share of profit of joint ventures by 89.6% for the year ended 31 December 2021, which was partially offset by the increase in net fair value gains on investment properties by 310.9% for the year ended 31 December 2021.

## LIQUIDITY AND CAPITAL RESOURCES

The Group operated in a capital-intensive industry and has funded its growth primarily through cash generated from operations including proceeds from the sale of its properties, debt financing and capital contributions from shareholders. The Group's cash requirements relate primarily to acquisitions of lands, properties development, debt repayment, and clearance of all applicable taxes for projects developed.

Going forward, the Group believes that its liquidity requirements will be satisfied by cash generated from its operating activities, banking facilities available to us, and the net proceeds received from the Company's global initial public offering (the "**Global Offering**") and issuing notes.

As at 31 December 2021, the Group had a total cash and bank balances of approximately RMB2,702.4 million as compared to approximately RMB2,083.7 million as at 31 December 2020. The increase was primarily due to the increase in proceeds from sales of properties, borrowing from banks, and issuance of senior notes. Substantially all of the Group's cash and bank balance are denominated in RMB.

The Group's net current assets were approximately RMB2,614.8 million and RMB3,638.7 million as at 31 December 2020 and 2021, respectively. The increase in net current assets was mainly attributable to (i) the increase of cash and bank balances of approximately RMB618.7 million as at 31 December 2021, (ii) the increase of prepayment, other receivables and other assets of approximately RMB1,569.2 million; being partially offset by (i) the increase in contract liabilities of approximately RMB452.9 million; (ii) the net increase in current portion of interest-bearing bank and other borrowings of approximately RMB629.4 million; and (iii) the increase in provision for corporate income tax of approximately RMB82.8 million for the year ended 31 December 2021.

As at 31 December 2021, the Group's borrowings of RMB1,068.1 million (2020: RMB931.9 million) were borrowings with floating interest rates.

As at 31 December 2021, the Group had banking facilities in the total amount of RMB5,033.6 million, of which approximately RMB1,728.1 million, representing 34.3% has been utilized.

## **Key financial ratios**

As at 31 December 2021, the Group's net gearing ratio (calculated as the total borrowings and lease liabilities net of cash and bank balances divided by total equity) was approximately 42.6%, which represented an increase of 24.6% as compared to approximately 18.0% as at 31 December 2020. The increase was primarily attributable to (i) the increase in both short-term and long-term interest-bearing bank and other borrowings and senior notes of approximately 63.0% as at 31 December 2021; and (ii) the increase in the balance of total equity as at 31 December 2021.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates and remained relatively stable at 1.3 times and 1.4 times as at 31 December 2020 and 2021.

## **Foreign exchange risk**

Substantially all of the Group's revenue and expenditure are denominated in RMB. As at 31 December 2021, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

## **Interest rate risk**

The interest rates on the Group's borrowings are primarily affected by interest-bearing bank and other borrowings. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

## **Pledge of assets**

The Group's bank and other borrowings as at 31 December 2021 of approximately RMB3,596.2 million (2020: approximately RMB1,896.1 million) were secured by certain land held for development for sale, equity interests in certain subsidiaries, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB3,292.5 million (2020: approximately RMB2,602.1 million).

## Capital commitments

As at 31 December 2021, the Group had commitments that are contracted but not provided for in respect of property development expenditure as follows:

	As at 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Contracted, but not provided for:		
Properties under development	1,691,648	1,339,627
Purchase of land through acquisition of subsidiaries	578,040	491,790
Investment properties under construction	168,640	122,520
<b>Total</b>	<b>2,438,328</b>	<b>1,953,937</b>

## Financial guarantees and contingent liabilities

As at 31 December 2021, the Group's total financial guarantees are as follows:

	As at 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with mortgage facilities provided to customers of the Group's properties	3,588,717	4,516,730

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted customers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the start of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to customers of the Group's completed properties held for sale. In the opinion of the directors of the Company that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans principals together with any accrued interest and penalties and accordingly, no financial liability has been made in connection with these guarantees.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no financial liability has been recognised in the financial statements.

### **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

The Group (i) acquired 51% of the equity interest in Fuyang City Xinggang Properties Company Limited\* (阜陽市星港置業有限公司) (“**Fuyang Xinggang**”), which holds properties located in Fuyang City, Anhui Province, in April 2021; (ii) acquired 51% of the equity interest of each of Chengdu Lida Real Estate Development Co., Ltd.\* (成都立達房地產開發有限公司) (“**Chengdu Lida**”) and Pujiang Gaoyu Zhongxinhai Real Estate Co., Ltd.\* (蒲江縣高宇中鑫海置業有限公司) (“**Gaoyu Zhongxinhai**”), together with Pujiang Gaoyu Xinda Real Estate Co., Ltd.\* (蒲江縣高宇鑫達置業有限公司) (“**Gaoyu Xinda**”), their jointly owned company, holding a total of five property projects in Chengdu City, Sichuan Province, by way of capital increase in May 2021. For details, please refer to the announcement of the Company dated 30 April 2021 in respect of the discloseable transaction of the Company in relation to the acquisition of 51% of the equity interest in Fuyang Xinggang and the announcement of the Company dated 21 May 2021 in respect of the discloseable transactions of the Company in relation to the investment in Chengdu Lida, Gaoyu Zhongxinhai and Gaoyu Xinda by way of capital increase.

The Group disposed of (i) 40% of the equity interest in Bazhou City Yongzheng Property Development Company Limited\* (霸州市永正房地產開發有限公司) in September 2021; (ii) 40% of the equity interest in Xichang Shugao Property Development Company Limited\* (西昌樹高房地產開發有限公司) in December 2021; and (iii) 40% of the equity interest in Dongyuan Changyong Industrial Investment Company Limited\* (東源縣昌永實業投資有限公司) in December 2021 and no longer had control over the above companies.

\* For identification purpose only

The Group disposed of 50% of its equity interest in Nanfang Silk in February 2021 and no longer had control over the company, which had been changed to the joint venture of the Group.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures or updates in relation thereto during the year ended 31 December 2021.

### **Significant investment held**

On 21 December 2020, the Company entered into an agreement with Shenzhen Runhang Investment Industrial Partnership (“**Shenzhen Runhang**”), pursuant to which Shenzhen Runhang agreed to make an investment of an amount not exceeding RMB1,288,240,000 in Dongguan Huijing East Automobile Development Limited (“**Dongguan Huijing East Automobile**”) and Huijing Group Limited, which is a wholly-owned subsidiary of the Company, has agreed to make an investment of approximately RMB575,000,000 in Dongguan Huijing East Automobile simultaneously regarding the three-old transformation project located in Zhangmutou Town, Dongguan City. For further detail, please refer to “Discloseable Transaction Cooperation Agreement” of the Company’s announcement dated 21 December 2020, and “Supplemental Announcement in Relation to the Discloseable Transaction: Cooperation Agreement” dated 12 March 2021.

Other than the above mentioned investment, there were no significant investment held by the Group during the year ended 31 December 2021.

### **Employee and remuneration policy**

As at 31 December 2021, the Group had a total of 545 employees. Total expenditure on salary and welfare of the Group’s employees for the year ended 31 December 2021 amounted to approximately RMB221.2 million (2020: approximately RMB242.4 million). The Group has adopted a system of determining the remuneration of employees based on employees qualification, experience, position and seniority. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, allowances, discretionary bonus, performance-based rewards and year-end bonus. The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Group also pays social security insurance for the Group’s employees, including social insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

## Future outlook

Looking ahead to 2022, the Group foresees that the economic development in China will continue to recover steadily. As the real estate industry is a major part of the macro economy, the Chinese government has proposed that the general keynote of “houses for living in and not for speculative investment (住房不炒)” will remain unchanged and will strive to achieve the goal of “three stabilities (三穩)”, which are “stabilising land prices (穩地價)”, “stabilising housing prices (穩房價)” and “stabilising expectations (穩預期)”, in order to ensure the positive cycle and healthy development of the real estate market. The macro control of the real estate industry and its liquidity requirement will continue to bring challenges to the operation of the Group.

Looking forward, the general keynote of the real estate industry control in China will remain unchanged, and the corresponding financial supervision will not be significantly relaxed. The “three red lines (三條紅線)” for real estate financing, the “two red lines (兩條紅線)” for banks and the “two concentrations” of lands will remain in place. Against this background, the growth rate of real estate investment will continue to face challenges. The Group will adopt a more proactive sales strategy, adjust marketing plans and strategies in a timely manner and increase marketing investment. At the same time, it will continue to strengthen financial security, maintain adequate liquidity, enhance financial management and continuously optimise financial structure to further accelerate the contracted sales of the Group’s projects and maintain a stable capital structure.

The Group will pay close attention to changes in the market environment and related industrial policies. From the perspective of the domestic industrial development strategy, the Group will adhere to the business model of “focusing on residential development projects, while taking the urban renewal projects as the core, as well as the cultural and tourism-healthy living towns and the scientific and innovative technologies industrial towns as the two wings (以住宅開發為主營業務，以城市更新為核心、文旅康養和科創產業為雙翼)”, which constitutes its “one focus, one core, and two wings (一主一核兩翼)” blueprint, and uphold the “people-oriented (以人為本)” core value to continue to meet customers’ demand as its orientation by leveraging on its own strengths and abundant resources to ensure adequate and quality land reserves, as well as by linking the upstream and downstream industrial chains to bring integrated renewal in residential and industrial development to the city, with a view to providing customers with a more comprehensive and diversified way of “new production (新生產)” and “new life (新生活)”. The Group will continue to strengthen its presence across the Guangdong-Hong Kong-Macau Greater Bay Area, vigorously boost its market share in regions where the Group has established its presence, gradually extend its outreach across areas with high growth potential such as the Yangtze River Delta, Chengdu-Chongqing and the mid-stream of the Yangtze River Urban Clusters and continue to build a high-quality development road that integrates “industry, city and people (產、城、人)”.

The following table sets out the GFA breakdown of the Group's land reserves by property project as at 31 December 2021:

**As at 31 December 2021**

Property Type	Completed as at 31 December 2021				Under development as at 31 December 2021			Total estimate GFA for future development (sq.m.)	Total GFA (sq.m.)
	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale/lease (sq.m.)	Investment property (sq.m.)	Saleable/leaseable GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment property (sq.m.)		
<b>Residential property project</b>									
Dongguan	162,706	935,532	28,033	-	-	-	-	-	1,126,271
Heyuan	100,715	550,798	41,024	-	285,060	59,942	-	532,707	1,570,246
Pinghu	-	-	-	-	61,525	22,996	-	-	84,521
Xichang	-	-	-	-	87,401	2,679	-	-	90,080
Chenzhou	-	-	-	-	266,456	61,781	-	-	328,237
Xuzhou	-	-	-	-	333,383	9,813	-	-	343,196
Chengdu	30,926	254,887	35,354	-	40,231	3,321	-	-	364,719
Subtotal	294,347	1,741,217	104,411	-	1,074,056	160,532	-	532,707	3,907,270
<b>Integrated property project</b>									
Dongguan	28,659	120,709	5,291	-	-	-	-	-	154,659
Hefei	7,415	137,504	8,436	-	61,520	62,545	-	-	277,420
Changsha	64,672	102,736	129,206	-	-	-	-	-	296,614
Fuyang	31,921	210,448	10,532	-	30,855	27	-	-	283,783
Subtotal	132,667	571,397	153,465	-	92,375	62,572	-	-	1,012,476
<b>Investment property</b>									
Dongguan	-	-	-	41,109	-	-	-	-	41,109
Heyuan	-	-	-	-	-	-	84,121	-	84,121
Fuyang	-	-	-	-	-	-	63,505	-	63,505
Subtotal	-	-	-	41,109	-	-	147,626	-	188,735
<b>Property project promoting specific industry</b>									
Hengyang	12,867	90,619	2,853	-	81,369	14,574	-	1,105,596	1,307,878
Subtotal	12,867	90,619	2,853	-	81,369	14,574	-	1,105,596	1,307,878
<b>Total</b>	<b>439,881</b>	<b>2,403,233</b>	<b>260,729</b>	<b>41,109</b>	<b>1,247,800</b>	<b>237,678</b>	<b>147,626</b>	<b>1,638,303</b>	<b>6,416,359</b>

The following table sets forth a summary of the Group's property projects and project phases developed, including projects and project phases held for future development as at 31 December 2021:

## As at 31 December 2021

Location	Completed as at 31 December 2021						Under development as at 31 December 2021						Actual/estimated construction commencement time	Actual/estimated pre-sale commencement time	Actual/estimated construction completion time		
	Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sale GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment property (sq.m.)	Total GFA under development (sq.m.)				Total estimate GFA for future development (sq.m.)	
Huijing Riverside Villa (御海藍岸)	Dongguan	315,867	49,257	431,247	8,026	-	489,330	-	-	-	-	-	-	489,330	2019.30	2011.41	2020.611
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	Dongguan	10,220	5,276	32,871	-	-	38,147	-	-	-	-	-	-	38,147	2019.91	2018.4.28	2019.6.26
Royal Spring Hill (御泉香山)	Dongguan	119,999	42,024	220,417	3,976	-	266,417	-	-	-	-	-	-	266,417	2010.12.28	2011.5.20	2017.3.9
City Valley (城市山谷)	Dongguan	59,665	24,566	123,653	557	-	148,776	-	-	-	-	-	-	148,776	2014.4.15	2014.11.25	2018.7.6
Huijing City Centre (滙景城市中心)	Dongguan	37,025	28,659	120,709	5,291	15,329	169,988	-	-	-	-	-	-	169,988	2015.10.16	2016.4.8	2019.7.8
Century Gemini (世紀雙子)	Dongguan	-	27,168	49,749	8,759	-	85,676	-	-	-	-	-	-	85,676	2011.1.21	2012.5.21	2015.1.5
Huijing City (滙景城)	Dongguan	17,314	-	-	-	25,780	25,780	-	-	-	-	-	-	25,780	2011.1.21	n.a	2015.4.30
Central Palace (中央華府)	Dongguan	18,914	11,670	62,590	4,770	-	79,030	-	-	-	-	-	-	79,030	2010.4.14	2010.4.28	2011.11.21
Fenghua Mansion (豐華公館)	Dongguan	6,042	2,745	15,006	1,144	-	18,895	-	-	-	-	-	-	18,895	2018.10.24	2019.11.29	2020.6.30
Subtotal		585,046	191,265	1,056,242	33,323	41,109	1,322,039	-	-	-	-	-	-	1,322,039			
Location	Completed as at 31 December 2021						Under development as at 31 December 2021						Actual/estimated construction commencement time	Actual/estimated pre-sale commencement time	Actual/estimated construction completion time		
Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sale GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment property (sq.m.)	Total GFA under development (sq.m.)	Total estimate GFA for future development (sq.m.)					
Band No.8 (外灘8號)	Heyuan	60,007	35,244	180,785	-	-	216,029	-	-	-	-	-	-	216,029	2016.7.27	2019.5.8	2018.12.25
Nine Miles Bay (九里灣花園)	Heyuan	273,500	65,471	370,013	41,024	-	476,508	285,060	282,151	92,736	59,942	-	345,002	821,510	2018.11.30	2018.12.20	2022.12.31
Dongjiang River Galleries (a portion of) (東江畫廊(部分))	Heyuan	266,353	-	-	-	-	-	-	-	-	-	-	532,707	532,707	n.a	n.a	n.a
Subtotal		599,860	100,715	550,798	41,024	-	692,537	285,060	282,151	92,736	59,942	-	345,002	532,707	1,570,246		
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	37,779	7,415	137,504	8,436	-	153,355	61,520	43,356	27,696	62,545	84,121	208,186	361,541	2017.1.19	2017.8.31	2022.9.30
Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮)	Hengyang	938,427	12,867	90,619	2,853	-	106,339	81,369	59,739	40,920	14,574	-	95,943	1,105,596	2016.4.28	2017.10.30	2022.12.31
Xingfu District (幸福里)	Pinghu	25,114	-	-	-	-	61,525	61,525	34,356	22,996	-	84,521	84,521	2020.6.30	2020.12.15	2022.12.31	
Yonghe District (雍和府)	Chenzhou	107,319	-	-	-	-	266,456	58,956	18,863	61,781	-	328,237	328,237	2021.9.23	2021.06.23	2024.9.22	
Jieyou Lake (爵悅湖)	Xuzhou	96,398	-	-	-	-	333,383	54,652	17,189	9,813	-	343,196	343,196	2022.1.1	2021.08.27	2024.1.10	
Feti Palace (南麗華府)	Xichang	20,297	-	-	-	-	87,401	74,622	9,704	2,679	-	90,080	90,080	2019.10.18	2020.10.29	2023.06.20	
Subtotal		1,225,334	20,282	228,123	11,289	-	259,694	891,654	352,850	148,728	174,388	84,121	1,150,163	1,105,596	2,515,453		
Yongjinan Bay (雍錦灘灣)	Chengdu	47,646	8,053	144,131	8,348	-	160,532	-	-	-	-	-	-	160,532	2017.12.29	2018.07.12	2021.03.19
Royal View Peak (御景峰)	Chengdu	14,641	-	-	-	-	40,231	40,031	33,011	3,321	-	43,552	43,552	2020.04.26	2020.08.31	2023.04.26	
Royal View Palace (御景華府)	Chengdu	30,640	18,995	57,046	21,243	-	97,284	-	-	-	-	-	-	97,284	2019.10.30	2019.12.18	2021.07.29
Royal View Riverside (御景濱江)	Chengdu	23,430	3,878	53,710	5,763	-	63,351	-	-	-	-	-	-	63,351	2018.11.14	2019.01.18	2021.06.11
Subtotal		116,357	30,926	254,887	35,354	-	321,167	40,231	40,031	33,011	3,321	-	43,552	-	364,719		
The 1st Mansion (壹號府邸)	Fuyang	114,879	31,921	210,448	10,532	-	252,901	30,855	14,440	20,514	27	63,505	94,387	347,288	2017.11.22	2018.02.02	2022.10.31
Huijing Global Centre (滙景發展環球中心)	Changsha	27,081	64,672	102,736	129,206	-	296,614	-	-	-	-	-	-	296,614	2016.6.30	2017.12.25	2020.6.30
<b>Total</b>		<b>2,668,357</b>	<b>439,881</b>	<b>2,403,234</b>	<b>260,728</b>	<b>41,109</b>	<b>3,144,952</b>	<b>1,247,800</b>	<b>689,472</b>	<b>294,989</b>	<b>237,678</b>	<b>147,626</b>	<b>1,633,104</b>	<b>1,638,303</b>	<b>6,416,359</b>		

Note: Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's consolidated financial statements and the annual results for the year ended 31 December 2021.

## **SCOPE OF WORK OF THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary announcement.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF NEW ARTICLES OF ASSOCIATION**

The Board proposes to amend the existing articles of association ("**Articles of Association**") of the Company ("**Proposed Amendments**") and to adopt the second amended and restated articles of association of the Company ("**New Articles of Association**") to, amongst others, bring the Articles of Association in line with the amended Appendix 3 to the Listing Rules which came into effect on 1 January 2022.

The Proposed Amendments and the adoption of the New Articles of Association are subject to the approval of the shareholders of the Company ("**Shareholders**") by way of special resolution at the 2022 AGM, and will become effective upon the approval by the Shareholders at the 2022 AGM.

A circular of the 2022 AGM containing, among other matters, details of the Proposed Amendments and the adoption of the New Articles of Association, together with a notice of the 2022 AGM will be despatched to the Shareholders in due course.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules. To the best of the knowledge of the Directors, the Company has fully complied with all applicable code provisions set out in the CG Code during the year ended 31 December 2021 (the “**Year**”). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Year.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

This preliminary announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://huijingholdings.com>). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Huijing Holdings Company Limited**  
**Lun Ruixiang**  
*Chairman and Non-executive Director*

Hong Kong, 29 March 2022

*As at the date of this announcement, the Board comprises Mr Lun Zhao Ming, Mr Lu Peijun and Mr Luo Chengyu as Executive Directors, Mr Lun Ruixiang as a Non-executive Director, and Ms Chiu Lai Kuen Susanna, Mr Hung Wan Shun Stephen and Ms Lin Yanna as Independent Non-executive Directors.*