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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2021

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2021)

- Turnover was HK\$30,734 million (2020: HK\$34,371 million).
- Profit attributable to equity holders was HK\$9,759 million (2020: HK\$13,634 million), of which net of tax gain on investment property revaluation accounted for HK\$7,838 million (2020: HK\$573 million).
- Underlying profit was HK\$4,756 million (2020: HK\$12,784 million).
- Basic and diluted earnings per share was HK\$3.71 per share (2020: HK\$5.10 per share (restated)).
- Proposed final dividend per share is HK15 cents per share.
- Bonus issue of one new share for every ten existing shares.

* *For identification purposes only*

BUSINESS REVIEW

Industry Overview

In 2021, China's macroeconomic recovery continued in the face of the complicated and challenging domestic and international environment, with key indicators reaching their expected targets. China adhered to the general keynote of seeking progress while maintaining stability, fully implementing the new development concept, accelerating the establishment of a new development pattern and promoting quality development. In addition, under the policy of "dynamic clearance" against COVID-19, the epidemic in China was effectively controlled, foreign investment and trade continued to flourish, and high-tech industries demonstrated continuous improvement, realizing a good start to the 14th Five-Year Plan. However, the debt crisis of some domestic real estate enterprises has led to a sudden loss of confidence in the market as well as frequent mergers and acquisitions, which posed the challenge of industry consolidation to eliminate the weak and retain the strong.

Over the past three decades, the Group has consistently responded to changes in the industry at a steady and prudent pace, actively embracing technology empowerment as well as innovation and diversified development. The Group has also insisted in building a comprehensive development path with five major business segments, namely real estate, commerce, hooplife, infrastructure and investment. The Group has successfully transformed itself into a technology-enabled and industry-driven integrated investment holding platform, maintaining a steady upward trend even in the midst of the downward environment of structural adjustment in the industry.

The Group has always been at the forefront of the industry, actively extending its technology-enabled capabilities to comprehensively revolutionise the traditional marketing execution model, activate intelligent applications and link up innovative online and offline coverage to trigger new momentum for marketing growth. Despite the downturn in the real estate sector, the Group has benefited from its long-standing quality and robustness, as well as a virtuous cycle of development through the integration and optimisation of resources, and has achieved quality and sustainable development in all five major business segments. On top of its solid financial position, the Group has continued to enhance its operational management capabilities and standards, fully demonstrating its excellence and strength.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2021 totalling RMB42,299 million (2020: RMB35,834 million), including contracted sales of properties of RMB40,273 million (2020: RMB34,456 million) and contracted sales of decoration of RMB2,026 million (2020: RMB1,378 million) are as follows:

- In Guangzhou, a total GFA of 408,172 square metres (2020: 570,284 square metres) with a carrying value of RMB10,833 million (2020: RMB12,843 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold and unit price as compared to last year as we focused on selling the existing units and phases and did not launch any new products during the year.
- In Huizhou, a total GFA of 53,034 square metres (2020: 154,126 square metres) with a carrying value of RMB555 million (2020: RMB1,660 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold and unit price as compared to last year as we focused on selling the existing units and phases and did not launch any new products during the year.
- In Shanghai, a total GFA of 332,070 square metres (2020: 498,107 square metres) with a carrying value of RMB9,002 million (2020: RMB8,239 million) was sold. Despite the decrease in the area sold, the increase in sales was mainly attributable to the increase in the unit price as new units of Hangzhou Hopson Mansion (杭州合生創展名邸) and Kunshan Hesong Lanting (昆山合頌蘭亭) were launched for selling.
- In Beijing and Tianjin, a total GFA of 305,580 square metres (2020: 404,439 square metres) with a carrying value of RMB21,909 million (2020: RMB13,092 million) was sold. The increase in sales was mainly attributable to the moderate increase in the unit price driven by the newly launched Jinmao Palace (金茂府), Hopson YUNĒ (合生縵雲) and Hopson MIYA (合生me悦) enjoying good sales.

Properties sold but yet to be delivered

As at 31st December 2021, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 2,171,235 square metres (2020: 2,548,699 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$39,489 million will be recognised as revenue in the Group's financial statements in 2022 and thereafter.

Delivery of properties

A total GFA of 1,235,695 square metres (2020: 1,206,554 square metres) was delivered in 2021.

Project development progress

- A total GFA of 1,230,794 square metres (2020: 2,177,529 square metres) was completed during the year 2021.
- It is expected that a total GFA of 2,128,359 square metres will be completed in 2022.

Landbank

As at 31st December 2021, the Group had a landbank of 29.44 million square metres (31st December 2020: 30.44 million square metres).

Prospects

Looking forward to 2022, China's economic development will face the triple pressure of "demand contraction, supply shock and weakening expectations", coupled with the uncertainties such as the resurgence of the COVID-19 pandemic and geopolitical risks, the economic situation will remain complex. Nevertheless, China's economy is resilient, and in line with the full implementation of the 14th Five-Year Plan, the downward pressure on the macroeconomy will be greatly relieved, and the long-term positive fundamentals will remain unchanged. Moreover, China's economic policies in 2022 will be more clearly focused on "stability", in strict adherence to the general direction of "seeking progress while maintaining stability". The Chinese government will also make certain adjustments to its regulation and control policies on the real estate market. While insisting on "properties are for accommodation, not for speculation", the government has also proposed to "promote the virtuous cycle and healthy development of the real estate sector". Under these policies, it is expected that the real estate market will gradually recover after the industry consolidation through retaining the best and eliminating the worst.

The year 2022 coincides with the Group's 30th anniversary since its incorporation in Hong Kong, which marks a new beginning for the Group to inject upward vitality into the Company leveraging technology and innovation. With the strengths accumulated over the years and the boldness to make changes, the Group will move forward steadily through the cycle, and actively address new challenges and seize new opportunities. In the future, the Group's development strategy will always revolve around the combination of light and heavy, with emphasis on brand building, quality recognition and market coverage to gain recognition from the market capital. In 2022, the Group plans to equip itself, achieve various targets, seek opportunities to strengthen capital capacity, and actively pursue quality projects to further consolidate its strength. In terms of internal management, the Group is committed to developing business models and systems into applications and transforming them into management tools to enhance the management quality and efficiency through "platform + individual" approach. In the future, the Group will continue to strengthen its team building so as to excel in the market in the next stage of its transformation.

During the epidemic, many new industries and new business models were created and continued to develop rapidly, providing strong support for the economic recovery. The Group will optimise its deployment in reliance on the multifaceted business formats of real estate, commerce, hooplife, infrastructure and investment, and actively utilise advanced technologies such as block chain, big data and artificial intelligence to empower the entire industry chain and attract upstream and downstream users to the industry platform, thereby contributing to the building of an industry ecosystem by the Group.

Actively embracing new technologies, accelerating the Company's technology transformation and informatization empowerment and expanding its business reach have all become the Group's core strengths in leading the industry, and a powerful tool for internal and external reformations and competitiveness enhancement. In the future, the Group will improve its management efficiency through technology and drive industrial restructuring with innovative thinking, providing adequate protection for the sustainable, long-term and quality growth of the Group, which will not only set a new trend in the industry development but also deliver substantial returns for shareholders in the long run.

The board (the “Board”) of directors (the “Directors”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2021 together with the comparative figures for the previous year.

The 2021 consolidated financial statements of the Group have been reviewed by the Company’s audit committee and the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the year ended	
		2021	2020
		HK\$’000	HK\$’000
Revenues	4	30,734,196	34,371,276
Cost of sales	6	(17,589,322)	(12,539,531)
Gross profit		13,144,874	21,831,745
Fair value gain on investment properties		10,450,776	763,689
Other gains, net	5	291,522	1,486,474
Selling and marketing expenses	6	(1,442,246)	(963,174)
General and administrative expenses	6	(5,925,157)	(2,988,358)
Finance income	7	568,030	240,342
Finance costs	7	(1,832,821)	(1,768,581)
Share of (loss)/profit of associates		(110,254)	903
Share of profit of joint ventures		1,152,134	37,320
Profit before taxation		16,296,858	18,640,360
Taxation	8	(5,952,174)	(4,952,283)
Profit for the year		10,344,684	13,688,077
Attributable to:			
Equity holders of the Company		9,759,179	13,633,830
Non-controlling interests		585,505	54,247
		10,344,684	13,688,077
Earnings per share for profit attributable to equity holders of the Company during the year (in HK\$ per share)			(restated)
— basic and diluted	9	3.71	5.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31st December	
	2021	2020
	HK\$'000	HK\$'000
Profit for the year	10,344,684	13,688,077
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Assets revaluation reserve realised upon disposal of completed properties held for sale	(1,039,682)	(118,340)
Deferred tax	505,513	54,823
Currency translation differences	2,173,476	4,023,028
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain on financial assets at fair value through other comprehensive income	609,524	588,374
Deferred tax	(153,409)	(143,782)
Currency translation differences	384,720	382,998
Other comprehensive income for the year, net of tax	2,480,142	4,787,101
Total comprehensive income for the year	12,824,826	18,475,178
Attributable to:		
Equity holders of the Company	11,854,601	18,037,933
Non-controlling interests	970,225	437,245
	12,824,826	18,475,178

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31st December	
	2021	2020
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Prepayments for acquisition of land	130,113	126,397
Loan receivables	1,258,694	321,591
Properties and equipment	4,437,221	4,245,066
Investment properties	80,609,222	61,396,797
Intangible assets	437,455	389,577
Investments in associates	9,966,131	114,847
Investments in joint ventures	8,874,910	11,479,966
Financial assets at fair value through other comprehensive income	4,206,381	6,143,202
Financial assets at fair value through profit and loss	2,183,192	—
Finance lease receivables	151,033	248,298
Right-of-use assets	1,660,053	1,627,933
Prepayments, deposits and other non-current assets	467,884	1,170,643
Deferred tax assets	1,354,394	1,342,998
	115,736,683	88,607,315
Current assets		
Prepayments for acquisition of land	31,887,962	30,105,213
Properties under development for sale	82,391,685	69,159,635
Completed properties for sale	42,684,188	45,041,301
Financial assets at fair value through profit or loss	6,133,808	22,020,697
Accounts receivable	4,882,649	2,622,871
Loan receivables	4,350,954	2,657,587
Prepayments, deposits and other current assets	19,299,440	9,023,528
Due from joint ventures	224,342	91,843
Due from associates	384,055	5,941
Due from related companies	26,621	246,111
Contract acquisition costs	1,919,188	1,639,200
Pledged/charged bank deposits	6,267,556	1,741,508
Cash and cash equivalents	30,044,725	27,908,584
	230,497,173	212,264,019
Total assets	346,233,856	300,871,334

		As at 31st December	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		237,449	219,137
Reserves		96,094,698	87,792,832
		<u>96,332,147</u>	88,011,969
Non-controlling interests		16,697,022	9,856,187
		<u>113,029,169</u>	97,868,156
LIABILITIES			
Non-current liabilities			
Land cost payable		581,084	96,280
Borrowings	12	86,686,648	89,681,292
Lease liabilities		688,740	649,999
Due to non-controlling interests		3,314,358	6,833,733
Deferred tax liabilities		12,908,996	10,757,987
		<u>104,179,826</u>	108,019,291
Current liabilities			
Accounts payable, accruals and other payables	13	47,269,314	32,511,472
Borrowings	12	28,523,749	17,856,427
Margin loans		3,391,653	9,163,844
Contract liabilities		39,488,948	25,940,333
Lease liabilities		64,012	64,541
Due to an associate		598,475	6,348
Due to related companies		263,810	212,001
Due to joint ventures		1,520,666	1,416,623
Current tax liabilities		7,904,234	7,812,298
		<u>129,024,861</u>	94,983,887
Total liabilities		<u>233,204,687</u>	203,003,178
Total equity and liabilities		<u>346,233,856</u>	300,871,334
Net assets		<u>113,029,169</u>	97,868,156

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Mainland China and investments business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 31st March 2022.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair value.

(3) ACCOUNTING POLICIES

(a) Amendments to standards adopted by the Group

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 30th June 2021
(early adopted)*

(b) New standard and amendments to standards that are not yet effective and have not been early adopted by the Group

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKFRS 17	<i>Insurance Contracts</i> ^{2, 5}
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ^{2, 4}
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ²
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ¹
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> ¹
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i> ¹

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

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

³ No mandatory effective date yet determined but available for adoption

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

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

(4) OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development and sale of properties;
- (b) the commercial properties investment segment engages in the investments in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the infrastructure segment engages in construction, design and renovation services in Mainland China; and
- (e) the investments segment engages in the investments in private equity investments and listed equity investments.

Geographically, the property development segment and the commercial properties investment segment are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan, Langfang and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

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

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

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

The segment results by business lines and where applicable by geographical areas for the year ended 31st December 2021 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2021										
Total revenues	9,243,842	7,649,489	5,732,147	988,288	1,757,311	2,088,822	4,475,993	10,597,630	(2,916,666)	39,616,856
Intra/inter-segment revenues	(338,937)	(9,484)	(52,574)	(81,328)	(290,701)	(245,386)	(834,731)	(6,981,474)	(48,045)	(8,882,660)
Revenues	<u>8,904,905</u>	<u>7,640,005</u>	<u>5,679,573</u>	<u>906,960</u>	<u>1,466,610</u>	<u>1,843,436</u>	<u>3,641,262</u>	<u>3,616,156</u>	<u>(2,964,711)</u>	<u>30,734,196</u>
Segment results	4,720,312	2,586,046	4,014,033	6,592,554	569,984	1,883,898	658,467	2,107,057	(5,692,758)	17,439,593
Unallocated corporate expenses (including exchange gain), net										122,056
Finance income										568,030
Finance costs										(1,832,821)
Profit before taxation										16,296,858
Taxation										(5,952,174)
Profit for the year										<u>10,344,684</u>
Depreciation of properties and equipment	(85,961)	(1,597)	(16,830)	(7,596)	(34,809)	(74,964)	(4,457)	(1,056)	(5)	(227,275)
Depreciation of right-of-use assets	(37,574)	(5,637)	(4,652)	(4,162)	(18,445)	(9,963)	(5,757)	(9,722)	—	(95,912)
Provision for impairment of assets	—	—	—	—	—	—	(40,372)	—	(2,478,799)	(2,519,171)
Fair value gain/(loss) on investment properties	—	—	—	5,987,530	(212,758)	4,676,004	—	—	—	10,450,776
Share of loss of associates	(137)	—	(35,227)	—	—	—	(74,890)	—	—	(110,254)
Share of (loss)/profit of joint ventures	(37,637)	8	—	1,189,763	—	—	—	—	—	1,152,134

The segment results by business lines and where applicable by geographical areas for the year ended 31st December 2020 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2020										
Total revenues	10,468,876	7,968,264	1,917,524	840,045	1,188,397	1,782,708	2,690,082	8,453,043	8,104,570	43,413,509
Intra/inter-segment revenues	(1,275,335)	—	(4,059)	(28,584)	(5,058)	(152,952)	(556,473)	(6,945,263)	(74,509)	(9,042,233)
Revenues	<u>9,193,541</u>	<u>7,968,264</u>	<u>1,913,465</u>	<u>811,461</u>	<u>1,183,339</u>	<u>1,629,756</u>	<u>2,133,609</u>	<u>1,507,780</u>	<u>8,030,061</u>	<u>34,371,276</u>
Segment results	4,440,592	3,647,191	12,506	448,191	746,311	1,641,718	327,176	778,825	7,392,136	19,434,646
Unallocated corporate expenses (including exchange gains), net										733,953
Finance income										240,342
Finance costs										(1,768,581)
Profit before taxation										18,640,360
Taxation										(4,952,283)
Profit for the year										<u>13,688,077</u>
Depreciation of properties and equipment	(88,416)	(1,496)	(15,760)	(18,538)	(34,257)	(77,682)	(4,868)	(770)	—	(241,787)
Depreciation of right-of-use assets	(6,589)	(5,394)	(4,443)	(3,961)	(17,615)	(9,612)	(7,131)	—	—	(54,745)
Provision for impairment of financial assets	—	—	—	—	—	—	(40,894)	—	(476,224)	(517,118)
Fair value (loss)/gain on investment properties	—	—	—	(149,877)	34,458	879,108	—	—	—	763,689
Share of profit of associates	483	—	420	—	—	—	—	—	—	903
Share of profit/(loss) of joint ventures	40,627	(47)	(3,260)	—	—	—	—	—	—	37,320

The segment assets by business lines and where applicable by geographical areas as at 31st December 2021 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2021	59,012,548	56,672,825	97,222,207	24,756,766	23,048,695	40,929,265	9,153,655	9,759,143	24,324,358	344,879,462
Deferred tax assets										1,354,394
Total assets										346,233,856
Segment assets include:										
Investments in associates	5,657,103	—	2,932,558	—	—	—	1,376,470	—	—	9,966,131
Investments in joint ventures	2,550,161	3,293	—	6,321,456	—	—	—	—	—	8,874,910
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,128,613	67,332	3,550	2,587,952	301,295	3,874,446	7,805	1,164	881	9,973,038

The segment assets by business lines and where applicable by geographical areas as at 31st December 2020 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2020	56,774,099	49,754,622	89,207,465	9,564,451	22,286,999	35,443,739	1,893,813	2,048,885	32,554,263	299,528,336
Deferred tax assets										1,342,998
Total assets										300,871,334
Segment assets include:										
Investments in associates	12,879	—	101,968	—	—	—	—	—	—	114,847
Investments in joint ventures	5,864,799	1,458,475	4,036,185	120,507	—	—	—	—	—	11,479,966
Additions to non-current assets (other than financial instruments and deferred tax assets)	716,269	1,537,718	3,916,295	125,796	44,795	474,007	31,105	1,627	—	6,847,612

(a) *Revenue from external customers*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from property development	22,224,483	19,075,270
Revenue from commercial properties investment	4,217,006	3,624,556
Property management income	3,641,262	2,133,609
Infrastructure income	3,616,156	1,507,780
Investments (losses)/income	<u>(2,964,711)</u>	<u>8,030,061</u>
	<u>30,734,196</u>	<u>34,371,276</u>

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

(b) *Non-current assets*

As at 31st December 2020 and 2021, non-current assets were mainly located in Mainland China.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

(5) **OTHER GAINS, NET**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net foreign exchange gains	172,200	777,581
Gain on disposal of assets classified as held for sale	—	580,484
Government grants	120,287	122,659
Others	<u>(965)</u>	<u>5,750</u>
	<u>291,522</u>	<u>1,486,474</u>

(6) **EXPENSES BY NATURE**

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2021	2020
	HK\$'000	HK\$'000
Auditor's remuneration		
— Audit services	16,740	15,639
— Non-audit services	10,548	8,450
Cost of completed properties sold	12,130,367	9,108,548
Cost of property management business	2,827,378	1,706,442
Cost of commercial properties business	1,210,436	861,261
Cost of infrastructure business	1,314,929	687,055
Depreciation of properties and equipment	227,275	241,787
Depreciation of right-of-use assets	95,912	54,745
Direct operating expenses arising from investment properties	268,536	229,136
Employees' benefits costs (including directors' emoluments)	2,263,296	1,772,529
(Gain)/loss on disposals of properties and equipment	(230)	15,580
Short-term and low-value assets lease expenses*	5,048	15,421
Provision for impairment of an associate	3,011,834	—
(Reversal of provision)/provision for impairment of financial assets	(492,663)	517,118
Donation	171,589	160,204

* These lease payments are directly charged to general and administrative expenses and are not included in the measurement of lease liabilities under HKFRS 16.

(7) FINANCE INCOME AND COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finance income		
Interest income on bank deposits, advance to a joint venture and loan receivables	<u>568,030</u>	<u>240,342</u>
Finance costs		
Interest expenses and other borrowing costs:		
— loans from banks and financial institutions	(6,013,924)	(5,343,099)
— senior notes, asset-backed securities and commercial mortgage-backed securities	(1,390,227)	(1,181,100)
— margin loans	<u>(104,406)</u>	<u>(92,210)</u>
Total borrowing costs incurred	(7,508,557)	(6,616,409)
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and properties and equipment	<u>5,876,738</u>	<u>4,847,828</u>
	(1,631,819)	(1,768,581)
Cost on early redemption of senior notes	(167,960)	—
Cost on early redemption of commercial mortgage-backed securities	<u>(33,042)</u>	<u>—</u>
	<u>(1,832,821)</u>	<u>(1,768,581)</u>
Net finance costs	<u>(1,264,791)</u>	<u>(1,528,239)</u>

(8) TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	34,843	266,057
Mainland China corporate income tax	1,695,652	2,191,903
Mainland China land appreciation tax	<u>1,746,682</u>	<u>2,296,104</u>
	3,477,177	4,754,064
Deferred tax	<u>2,474,997</u>	<u>198,219</u>
	<u>5,952,174</u>	<u>4,952,283</u>

The Company is exempted from taxation in Bermuda until March 2035.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit arising in Hong Kong during the year.

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the year ended 31st December 2021 (2020: 25%).

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

Dividend distribution made by Mainland China subsidiaries and joint ventures to shareholders outside of Mainland China in respect of their profits earned after 1st January 2008 is subject to withholding income tax at tax rate of 5% or 10%, where applicable.

(9) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue for 2020 is adjusted to reflect the bonus issue during 2021 and 2022.

	2021	2020 (restated)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>9,759,179</u>	<u>13,633,830</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,631,819</u>	<u>2,672,442</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>3.71</u>	<u>5.10</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary share for the years ended 31st December 2021 and 2020, diluted earnings per share is equal to basic earnings per share.

(10) DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend paid of HK\$0.50 (2020: HK\$0.60) per ordinary share	1,082,724	1,335,336
Proposed final dividend of HK\$0.15 (2020: HK\$1.10) per ordinary share	<u>356,174</u>	<u>2,410,505</u>

The final dividend of HK\$0.15 per share in respect of the financial year ended 31st December 2021 (2020: HK\$1.10) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The financial statements as at 31st December 2021 do not reflect this dividend payable.

(11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 3 months	2,961,534	1,627,659
3 to 6 months	400,582	201,238
6 to 9 months	273,525	156,542
9 to 12 months	220,038	92,963
Over 12 months	1,026,970	544,469
	<u>4,882,649</u>	<u>2,622,871</u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable is related to a number of independent customers, and is denominated in Renminbi.

(12) BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	70,983,272	76,683,518
Commercial mortgage-backed securities (<i>Note (a)</i>)	11,557,128	9,156,703
Senior notes (<i>Note (b)</i>)	4,146,248	3,841,071
	<u>86,686,648</u>	<u>89,681,292</u>
Current		
Bank and financial institution borrowings	20,782,138	13,425,498
Commercial mortgage-backed securities (<i>Note (a)</i>)	2,362,845	81,888
Senior notes (<i>Note (b)</i>)	4,608,218	4,349,041
Asset-backed securities (<i>Note (c)</i>)	770,548	—
	<u>28,523,749</u>	<u>17,856,427</u>
	<u>115,210,397</u>	<u>107,537,719</u>

Notes:

- (a) In June 2018, the Group issued 6.50% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB5,600,000,000 according to pre-determined schedule from 2019 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2020, the carrying value of the securities (including arrangement fees) was amounted to HK\$6,203,131,000, and the securities are secured by an investment property of approximately HK\$11,943,349,000 and the rental income and receivables deriving from the investment property. The securities were early redeemed by the Group in July 2021 in full amount

In June 2019, the Group issued 5.70% commercial mortgage-backed securities. The securities will mature in 2037 and are repayable at their nominal value of RMB2,000,000,000 according to pre-determined schedule from 2019 to 2037. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$2,339,300,000 (2020: HK\$2,299,041,000), and the securities are secured by an investment property of approximately HK\$3,438,112,000 (2020: HK\$3,166,438,000) and the rental income and receivables deriving from the investment property.

In September 2020, the Group issued 3.85% commercial mortgage-backed securities. The securities will mature in 2041 and are repayable at their nominal value of RMB700,000,000 according to pre-determined schedule from 2020 to 2041. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$817,637,000 (2020: HK\$736,419,000), and the securities are secured by an investment property of approximately HK\$1,103,229,000 (2020: HK\$996,863,000) and the rental income and receivables deriving from the investment property.

In March 2021, the Group issued 4.80% and 5.30% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB1,410,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$1,624,878,000 (2020: Nil), and the securities are secured by an investment property of approximately HK\$2,091,459,000 (2020: Nil) and the rental income and receivables deriving from the investment property.

In July 2021, the Group issued 4.35% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB8,000,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$9,138,158,000 (2020: Nil), and the securities are secured by an investment property of approximately HK\$13,389,188,000 (2020: Nil) and the rental income and receivables deriving from the investment property.

- (b) In June 2019, the Group issued 7.50% senior notes. The notes are unsecured, will mature in June 2022 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2020, the carrying value of the securities (including arrangement fees) was amounted to HK\$3,841,071,000. The notes were early redeemed by the Group in August 2021 in full amount.

In February 2020, the Group issued 6.00% senior notes. The notes are unsecured, will mature in February 2021 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2020, the carrying value of the securities (including arrangement fees) was amounted to HK\$3,872,644,000. The notes were redeemed by the Group upon maturity in full amount.

In July 2020, the Group issued 6.00% senior notes. The notes are unsecured, will mature in July 2021 and are repayable at their nominal value of US\$61,450,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2020 the carrying value of the securities (including arrangement fees) was amounted to HK\$476,397,000. The notes were redeemed by the Group upon maturity in full amount.

In January 2021, the Group issued 5.80% senior notes. The notes are unsecured, will mature in January 2022 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$3,894,198,000. The notes were redeemed by the Group upon maturity in full amount subsequent to the end of the reporting period.

In May 2021, the Group issued 7.00% senior notes. The notes are unsecured, will mature in May 2024 and are repayable at their nominal value of US\$300,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$2,314,092,000.

In June 2021, the Group issued 6.80% senior notes. The notes are unsecured, will mature in December 2023 and are repayable at their nominal value of US\$200,000,000. In July 2021, the Group entered into a purchase agreement in connection with the additional issue of nominal value of US\$37,500,000 of the 6.80% senior note due 2023. Upon the completion of the additional issue, the Group has an aggregate outstanding nominal value of US\$237,500,000 of the 6.80% senior note due 2023. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$1,832,156,000.

In July 2021, the Group issued 5.25% senior notes. The notes are unsecured, will mature in July 2022 and are repayable at their nominal value of HK\$720,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31st December 2021, the carrying value of the securities (including arrangement fees) was amounted to HK\$714,020,000.

- (c) In June 2021, the Group issued 7.50% asset-backed securities. The securities will mature in June 2023 and are repayable at their nominal value of RMB664,000,000. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. As at 31st December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$770,548,000, and the securities are secured by the final payments to be received from buyers of a property project.

(13) ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 3 months	7,774,277	4,190,958
3 to 6 months	3,240,074	4,128,806
6 to 9 months	5,048,400	1,931,843
9 to 12 months	3,255,661	1,081,952
Over 12 months	4,682,146	7,246,941
	<u>24,000,558</u>	<u>18,580,500</u>

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

DIVIDEND

The Board has recommended the payment of a final dividend of HK15 cents per share for the year ended 31st December 2021. An interim dividend of HK50 cents per share has been declared for the half year ended 30th June 2021.

Subject to the approval of the payment of the proposed final dividend by shareholders at the annual general meeting of the Company to be held on Friday, 10th June 2022, it is expected that the final dividend will be paid on Friday, 29th July 2022 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 8th July 2022.

BONUS ISSUE OF SHARES

The Board has proposed to make a bonus issue of one new share for every ten existing shares held by shareholders whose names are on the register of members of the Company at the close of business on Friday, 8th July 2022 (“Bonus Issue”). The Bonus Issue is proposed to be made under the general mandate to issue shares of the Company (taking into account the number of shares repurchased by the Company under the general mandate to repurchase shares of the Company) granted by the shareholders to the Board by the resolution of the shareholders passed in the annual general meeting of the Company held on 11th June 2021. Details of the Bonus Issue will be disclosed in the announcement to be published by the Company in due course.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

In 2021, the Group recorded a turnover of RMB25,498 million (HK\$30,734 million), down 15% (denominated in RMB) and down 11% (denominated in HK\$) comparing to RMB29,859 million (HK\$34,371 million) in 2020. The decrease was mainly due to the losses recorded in the investments segment.

In respect of property development business, a total GFA of 1,235,695 square metres (2020: 1,206,554 square metres) was delivered in 2021. The major projects delivered include The Town of Hangzhou Bay (合生杭州灣國際新城) in Shanghai, Hopson Hushan Guoji Villa (合生湖山國際) in Guangzhou and Hopson No. 8 Royal Park (合生霄雲路8號) in Beijing.

The overall average selling price in respect of delivered and completed properties was RMB14,651 per square metre (2020: RMB13,582 per square metre), which increased by 8% as compared to the same period of last year.

(ii) Contracted Sales

The Group recorded total contracted sales of approximately HK\$51,736 million (RMB42,299 million) in 2021, up 21.51% comparing to approximately HK\$42,576 million (RMB35,834 million) in the same period of 2020. Affected by the product structure of sales, the average contracted selling price increased by 79.91% to HK\$47,081 (RMB38,494) per square metre (2020: HK\$26,169 (RMB22,025) per square metre).

In 2021, Guangzhou and Huizhou had in total twenty-seven projects on sale and the contracted sales amounted to HK\$13,929 million (RMB11,388 million), representing 27% of the total contracted sales of the Group. The major projects were Hopson Hushan Guoji Villa (合生湖山國際), Hopson Shidai City (合生時代城) and Hopson Joy Mansion (合生悅公館).

There were sixteen property projects on sale in Shanghai, mainly comprising Hangzhou Hopson Mansion (杭州合生創展名邸) and Kunshan Hesong Lanting (昆山合頌蘭亭). Contracted sales of Shanghai amounted to HK\$11,010 million (RMB9,002 million), representing 21% of the total contracted sales of the Group.

The combined contracted sales of Beijing and Tianjin were HK\$26,797million (RMB21,909 million), representing 52% of the total contracted sales of the Group in 2021. Nineteen projects in total were on sale in Beijing and Tianjin, of which Hopson No. 8 Royal Park (合生霄雲路8號), Jinmao Palace (金茂府) and Hopson YUNĒ (合生縵雲) were the major sales contributors.

Gross Profit

Gross profit in 2021 amounted to HK\$13,145 million (2020: HK\$21,832 million) with a gross profit margin of 43% (2020: 64%). The decrease in gross profit margin was mainly attributable to the losses recorded in the investments segment.

Fair Value Gain on Investment Properties

Fair value gain on investment properties as at 31st December 2021 amounted to HK\$10,451 million (2020: HK\$764 million), up HK\$9,687 million or 1,268%. The increase in fair value gain on investment properties was mainly attributable to the fair value gain from transfer of three properties under development for sale to investment properties by the Group in 2021. As at 31st December 2021, the Group owns 18 (2020: 15) investment properties.

Other Gains, Net

Other gains as at 31st December 2021 amounted to HK\$292 million (2020: HK\$1,487 million), comprising (1) government grants of HK\$121 million; (2) net exchange gains of HK\$172 million and (3) other net losses of HK\$1 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration increased by 86% to HK\$7,367 million in 2021 (2020: HK\$3,952 million). The increase was primarily attributable to the increase in expenses of sales promotion and sales and tenant recruitment, remuneration and benefits of employees and donations to charitable organisations during the year. In addition, operating costs also included an impairment provision made by the Group to one of its associates.

Finance Costs

Gross interest expenses before capitalisation in 2021 increased to HK\$7,710 million (2020: HK\$6,616 million), up HK\$1,094 million or 17%. The increase was primarily attributable to the increase in borrowings from banks and financial institutions in 2021 as compared to last year.

Taxation

The effective tax rate was 36.5% in 2021, increased by 9.9% as compared with last year, mainly due to the increase in revenue from property development business (which has a higher tax rate than other businesses) of the Group in 2021, resulting in the increased tax rate as compared to last year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$9,759 million in 2021 (2020: HK\$13,634 million). Basic and diluted earnings per share was HK\$3.71. During the period under review, excluding the effect of the net of tax gain from investment property revaluation of HK\$8,296 million, adding back the net of tax loss from disposal of subsidiaries of HK\$1 million, the impairment of investments in associates of HK\$3,012 million, the net of tax expenses for early redemption of senior notes and bonds of HK\$151 million and the net of tax from donations of HK\$129 million, the underlying profit amounted to HK\$4,756 million, representing a decrease of HK\$8,028 million, or 62.8%, as compared to last year. The overall decrease of the underlying profit for the year was mainly attributable to the losses recorded in the investments segment.

Segment Information

Property development continued to be the Group's core business activity (72%). In 2021, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Southern China (including Guangzhou, Huizhou, Zhongshan and Yangshuo) contributed 37% of the total revenues of the Group, followed by 31% from Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) and 32% from Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao).

Liquidity and Financial Position

As at 31st December 2021, total assets of the Group amounted to HK\$346,234 million and total liabilities came to HK\$233,205 million, representing an increase of 15% and 15% respectively as compared to 31st December 2020. The increase in total assets was mainly attributable to the increase in properties under development for sale. The increase in total liabilities was mainly attributable to the increase in borrowings.

The Group's current ratio as at 31st December 2021 was 1.79 (31st December 2020: 2.23). Equity as at 31st December 2021 increased by 15% to HK\$113,029 million from 31st December 2020, mainly due to the increase in profit attributable to equity holders during the year. The net asset value ("NAV") per share as at 31st December 2021 was HK\$47.45.

As at 31st December 2021, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 67% (31st December 2020: 67%).

As at 31st December 2021, the Group had cash and bank deposits amounting to HK\$36,312 million (31st December 2020: HK\$29,650 million), of which approximately HK\$2 million (31st December 2020: HK\$2 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 94.28% of the cash and bank deposits were denominated in Renminbi, 3.78% in Hong Kong dollars, 1.93% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$91,765 million as at 31st December 2021, representing an increase of 2% or HK\$1,656 million as compared to those as at 31st December 2020. Gearing ratio, measured by net bank and financial institution borrowings, senior notes, asset-backed securities and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes, asset-backed securities and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 70% as at 31st December 2021 (decreased by 10% as compared with 80% as at 31st December 2020).

All of the bank and financial institution borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates.

All of the asset-backed securities and commercial mortgage-backed securities were secured and denominated in Renminbi.

All of the senior notes were secured and denominated in United States dollars or Hong Kong dollars.

All of the other borrowings were unsecured and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2021 was as follows:

	As at 31st December 2021						As at 31st December 2020					
	Bank and financial institution borrowings	Asset-backed securities and commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage
<i>(HK\$ million)</i>												
Within one year	20,782	3,134	4,608	2,383	30,907	(26%)	13,426	82	4,349	1,635	19,492	(18%)
One to two years	31,224	857	1,832	—	33,913	(29%)	27,871	129	3,841	—	31,841	(29%)
Two to five years	22,318	10,700	2,314	—	35,332	(30%)	29,956	9,028	—	—	38,984	(36%)
After five years	17,441	—	—	—	17,441	(15%)	18,856	—	—	—	18,856	(17%)
Total	91,765	14,691	8,754	2,383	117,593		90,109	9,239	8,190	1,635	109,173	
Less: Total bank deposits and cash					(36,312)						(29,650)	
Net borrowings					81,281						79,523	

As at 31st December 2021, the Group had banking facilities of approximately HK\$203,902 million (31st December 2020: HK\$174,795 million) for short-term and long-term bank loans, of which HK\$88,692 million (31st December 2020: HK\$67,257 million) were unutilised.

Charge on Assets

As at 31st December 2021, certain assets of the Group with an aggregate carrying value of HK\$95,980 million (31st December 2020: HK\$89,374 million) and the Group's equity interests in subsidiaries of HK\$9,411 million (31st December 2020: HK\$9,270 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 31st December 2021, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$17,502 million (31st December 2020: HK\$16,869 million).

Commitments

The Group's commitments as at 31st December 2021 were as follows:

	As at 31st December 2021	As at 31st December 2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Property construction costs	3,211	3,964
— Capital contribution to associates	329	255
— Capital contribution to joint ventures	129	—
— Acquisition of equity investments	2,329	3,031
	<u>5,998</u>	<u>7,250</u>

Property development commitments

Contracted but not provided for		
— Property construction costs	30,780	29,362
	<u>30,780</u>	<u>29,362</u>

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31st December 2021	As at 31st December 2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
Amounts payable		
— Within one year	14	9
	<u>14</u>	<u>9</u>

EVENTS AFTER THE BALANCE SHEET DATE

(A) Issue of Convertible Bonds

On 10th January 2022, the Company issued US\$250 million in aggregate principal amount of 8.00% guaranteed convertible bonds due 2023 (the “Convertible Bonds”). The Convertible Bonds were guaranteed by certain wholly-owned subsidiaries of the Company. The Convertible Bonds have been listed on the Stock Exchange (stock code of the Convertible Bonds: 04312) since 11th January 2022. The Group intends to use the proceeds from the issue of the Convertible Bonds for refinancing its existing indebtedness and general working capital.

(B) Maturity and Repayment of US\$500 Million 5.80% Guaranteed Senior Notes Due 2022 by Hopson Capital International Group Co Ltd

Hopson Capital International Group Co Ltd (the “Issuer”), an indirect wholly-owned subsidiary of the Company issued \$400 million 5.80% guaranteed senior notes due 2022 on 13th January 2021 (the “Original Notes”) and further issued additional US\$100 million 5.80% guaranteed senior notes due 2022 on 4th February 2021 (the “Additional Notes”). The Original Notes and the Additional Notes were consolidated and formed a single series (the “Notes”).

The Issuer has repaid the Notes in full in aggregate principal amount with accrued interest on 12th January 2022, being the maturity date of the Notes.

(C) Change of auditor of the Company

PricewaterhouseCoopers (“PwC”) has resigned as the auditor of the Company with effect from 27th January 2022. Ernst & Young (“EY”) has been appointed as the auditor of the Company with effect from 22nd February 2022 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31st December 2021, the Group, excluding its associates and joint ventures, employed a total of 11,775 (2020: 11,368) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$2,263 million for the year ended 31st December 2021 (2020: HK\$1,773 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") that is applicable to the corporate governance report for the year ended 31st December 2021 (the "CG Code"), except for the then effective code provision A.4.1¹ and code provision E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Save for each of Mr. Ching Yu Lung and Mr. Ip Wai Lun, William, whose appointment is for a 3-year term subject to renewal, none of the independent non-executive Directors (namely Mr. Tan Leng Cheng, Aaron and Mr. Lee Tsung Hei, David, the former independent non-executive Director who resigned with effect from 28th February 2021) is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2021 due to other business commitment.

¹ The CG Code has been amended (the "New CG Code"), which will apply to corporate governance reports for financial year commencing on or after 1st January 2022. The then effective code provision A.4.1. has been deleted from the New CG Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

During the year ended 31st December 2021, the Company repurchased a total of 33,420,100 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
March 2021	1,566,000	28.30	26.15	42,686,400
April 2021	4,550,000	29.70	25.55	123,250,300
May 2021	6,557,200	32.65	29.70	203,137,950
August 2021	681,200	30.40	29.25	20,486,455
September 2021	12,565,100	31.80	24.80	355,188,690
October 2021	3,405,200	26.25	23.20	84,153,360
November 2021	392,200	18.22	17.76	7,117,600
December 2021	3,703,200	17.00	15.26	59,902,630

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$894,601,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the respective general mandate approved by the shareholders at the annual general meetings of the Company held on 12th June 2020 and 11th June 2021, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 6th August 2021, the Company redeemed all the outstanding 7.50% senior notes due 2022 in an aggregate principal amount of US\$500,000,000. The redemption price for the notes was 103.75% of the principal amount redeemed, plus accrued and unpaid interest to (but not including) the redemption date. All redeemed notes were cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2021.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee currently comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the risk management and internal controls and financial reporting matters including a review of the financial statements for the year ended 31st 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 other comprehensive income, and the related notes thereto for the year ended 31st 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 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.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 7th June 2022 to Friday, 10th June 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 10th June 2022, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6th June 2022.

The register of members of the Company will also be closed from Tuesday, 5th July 2022 to Friday, 8th July 2022 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend and Bonus Issue. In order to qualify for the proposed final dividend and Bonus Issue, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 4th July 2022.

ANNUAL REPORT

The 2021 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board comprises eight Directors. The Executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.

By order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

Hong Kong, 31st March 2022

* *For identification purpose only*

** *For ease of reference, the names of PRC established companies or entities (if any) and PRC laws, regulations and organisations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail*