廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

2021 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

For the reasons explained below under "Review of Unaudited Annual Consolidated Results", the auditing process for the annual consolidated results of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") and its subsidiaries (collectively, the "Group") has not been completed. The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2021. The unaudited annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

In reviewing the last 12-month that passed, financial year 2021 was unprecedented in terms of challenges brought on by persistent COVID-19 pandemic, macroeconomic policies and financial difficulties surfacing at companies, leading to financial distress and significant reduction of liquidity. The turbulent operating conditions have made it difficult for management to adopt a long-term and consistent strategy as operating conditions became increasingly more difficult as the year progressed. Credit defaults from arising in private and public corporates emerged late in 2020, have raised concerns and negative sentiment from commercial banks, investors, and consumers that typically would not be one-dimensional across the property sector. Commercial banks grew increasingly risk adverse as they began raising restricted deposits to secure any available liquidity from pre-sales against loans extended. Commercial banks were also more cautious when extending new project loans and credit limits, the net effect being a reduction of loans provided. From an investors' perspective who historically invested risk in return for a steady interest income stream, were now withdrawing capital as principal repayments became uncertain. On the consumers' side, buyers' demand for property purchases remained strong, but factors such as economic uncertainty, job security, mortgage risk, and developer defaults impacted overall pre-sale levels as consumers adopted a wait-and-see attitude. All the above factors impacted the overall operating environment for the Group and peers throughout 2021. The result of these impacts has led to a deterioration in financial results and difficulty in financial management. The Group's strategy in 2021 had to quickly adopt to market conditions by seeking alternative funding sources, accept comprises in pre-sales profitability, and accelerate asset sales, the latter of which has been particularly successful over the past 12-month. The ability to source alternative liquidity channels has been paramount to allow the Group to continue to mitigate financial risk, lower total indebtedness and improve overall financial leverage.

PRIMARY FOCUS ON LIQUIDITY AND REDUCING FINANCIAL LEVERAGE

With the introduction of guidance for China's property developers to adhere to financial credit metrics that govern borrowing limits, the Three Red Lines, the Group has been actively reducing its absolute levels of debt at an unprecedented pace that in turn has significantly reduced financial leverage ratios. The reduction of liabilities in 2021 has been consistent with the Group's strategy over the past years to improve overall financial risk by redeeming absolute total liabilities and reducing reliance on high cost short-term financing. At the end of 2019, the Group's total borrowing was RMB197.1 billion, and net debt to equity ratio was 199%. Over the last two financial years, the Group's borrowing has been reduced significantly to RMB132.7 billion, as at 31 December 2021, or a significant reduction of 33%. Total borrowing in 2021 fell by RMB27.0 billion, or 17%, and net debt to equity ratio of 123%. The significant reduction in absolute amount of borrowing has been a result the Group's constant effort to adopt a stringent liquidity management, reduced capital expenditures, and execute on asset sales which is expected to continue in 2022.

ACCELERATED ASSET SALES STRATEGY

A strategy successfully executed in 2021 was asset disposals. The scale and pace of asset sales was unprecedented and testament to management's commitment to adjusting its strategy according to market conditions. In 2021, asset sales provided a significant amount of liquidity despite uncertainty of completion and being able to agree commercial. Amidst negative market backdrop and seller liquidity risk, asset sales tended to favour buyer terms. However, the Group completed two major transactions in 2021 that delivered significant liquidity at terms in line with market, demonstrating the asset quality still within the Group.

One of the major asset disposals occurred in December where the Group disposed of its' remaining 30% interest in Guangzhou International Airport R&F Integrated Logistics Park to the initial purchasers, Blackstone Group. As the original purchase was within 12-month, the amalgamation of the initial purchase implied a 100% sale of the asset for RMB7.3 billion. The assets are in Huadong County, Huadu District, Guangzhou. The project covers a total area of 1,470 mu, with a planned total construction area of over 1.2 million sq.m.. Approximately 889,820 sq.m. of rentable area of high-standard warehouses, plants and cold storage are currently completed, and there are also completed supporting facilities, and a net undeveloped land area for warehouse is about 210 mu.

The scale of the logistics park sale was a landmark transaction in terms of asset type and valuation, demonstrating the quality investment assets within the Group that can be monetised. The successful completion under current market conditions is testament to the Group's commitment to monetising non-core assets to enhance liquidity. The Group will continue to explore other non-core assets to dispose of over the next 12-month to extract maximum value.

FINANCIAL SUPPORT AND COMMITMENT FROM MAJOR SHAREHOLDERS

As available liquidity was scarce and market access to new financing significantly reduced, the Group sought access to other sources of capital. Whilst asset sales was key in 2021, the Group's major shareholders made undisputable commitments to supporting the Group by injecting additional capital to repay debt maturities and working capital. On 20 September, the Group publicly announced that it was to receive financial support from major shareholders, Dr. Li Sze Lim and Mr. Zhang Li, each being an executive director and substantial shareholder of the Group, of approximately HKD8.0 billion collectively on an interest-free basis. Although historically the major shareholders have provided financial support to the Group, the size and timing was more significant when taking into the account the absence of financial liquidity and backdrop of corporate defaults and deteriorating operating conditions, without which, the Group would have not been able to meet significant liquidity requirements in 2021.

PRUDENT MANAGEMENT OF OPERATING LIQUIDITY AND CONSERVATIVE LAND BANKING TO OFFSET DETERIORATION IN PRE-SALES

Similar to recent years, 2021 capital expenditure has declined steadily, in line with availability of liquidity and market conditions. Any available liquidity has been directed to construction capital expenditure for completion, delivery and increasing the saleable resources to generate future operating cashflow. In 2021, total capital expenditure for new land was only RMB3.0 billion, a decrease of 80% versus 2020. Despite a scaling down of capital expenditure on new land bank, the Group still has significant land bank for development of 49.97 million sq.m. of total saleable area, sufficient for the next few years. The abundant land bank resources available is also expected to generate RMB713.1 billion of saleable resources in coming years.

BUSINESS HIGHLIGHTS OF 2021

Due to unfavourable operating environments, the Group recorded lower financial results in 2021, primarily as market sentiment and operating conditions saw a sharp decline across all aspects of the sector. As generating liquidity was the primary focus, the Group had to make profitability sacrifices and focus on selling properties where demand was still strong despite poor market conditions. In 2021, total gross contracted sales were RMB120.2 billion, equating to 9.41 million sq.m. of GFA. Total revenue declined to RMB76.4 billion, comprising of 8.31 million sq.m. of GFA recognised at an average selling price of RMB8,300 per sq.m.. Due to lower ASPs recognised and one-time write-off in inventory, gross profit margins decreased, and after taking into account higher operating expenses, the Group recorded a net loss during the year. Whilst 2021 results did not reflect a normal operating trend, the Group continues to strive for robust financials as it navigates liquidity over profitability in the short-term as the sector continues to weather volatile operating conditions due to evolving policies and ongoing pandemic.

In 2021, another consequence of deteriorating market conditions is asset valuations experienced negative adjustments in value as there was uncertainty over an ability to monetise property at current selling prices. This adjustment was reflecting in inventory and financial assets owned by the Group whereby there was a one-time write-down of asset value of RMB8.1 billion which affected earnings. As conditions begin to stabilise and slowly return to normal, we would not expect a further deterioration of asset value experienced over the past 12-month in 2022. Furthermore, as market conditions see selling prices recover, the Group will be able to release gains to offset valuation write-downs in inventory.

THE OUTLOOK FOR 2022

CONTINUE TO NAVIGATE OPERATING UNCERTAINTY

Pre-sales in the first quarter did not see a meaningful recovery despite policy makers restating their goal to maintain a steady and healthy property sector. China's Central Governments' approach for the property sector adopted a slightly different tone with an emphasis more on stability, a broad statement that included property development for living and not speculation, corporates addressing debt obligations in an orderly manner, and maintaining an orderly banking system and social responsibility that have historically supported or relied on China's property sector. Despite the stable policy reassurance, operating environments are expected to remain difficult in the near-term to allow time for the sector to adjust accordingly and manage abrupt changes in financial. However, we expect that the second half of 2022 will be more constructive with steady pick up in pre-sales and orderly financial management as the property sector will remain a key component of China's growth strategy.

To overcome potential volatilities in operating conditions, the Group will focus on pre-sales of properties as the primary driver to generating liquidity to maintain steady operating cash flows. During 2022, the Group has over 200 projects for pre-sale with expected RMB220 billion of saleable resources. With abundant land bank available for development, the Group will look to continue to replenish saleable resources to maintain a steady and healthy growth profile in the coming years.

CONTINUE TO EXECUTE NON-CORE ASSET SALE STRATEGY

Whilst market conditions in 2021 were difficult, the Group managed to complete several notable landmark transactions, providing market confidence the Group was committed to dispose of non-core assets in favour of immediate liquidity when most needed. The Group still retains a sizeable portfolio of investment properties and hotel portfolio with considerable asset value whereby strategic disposals can extract sizeable funds for deployment to reducing liabilities and support the Group's sustainable property development. In 2022, the Group has also disposed of non-core assets overseas through block sales and accelerated pre-sale plans for overseas development projects with the intention of applying capital for reducing liabilities and replenishing working capital. As market prices begin to normalise, and buyer and seller expectations' gaps narrow, the Group expects the ability to close more assets sales can be achieved in 2022 to provide an additional source of capital.

ACKNOWLEDGEMENTS

We are all facing unprecedented times brought on by the pandemic over the past few years, reducing travel and creating unexpected barriers that otherwise would have been broken down though face-to-face communication and direct dialogue. In terms of China's property sector, our peers and we have been forced to quickly adjust to sudden changes in market and financing conditions that have been relied on for decades. Amidst challenges facing our sector and external factors, our management and staff have endured long periods of stress, demanding endless commitment to stay focused on overall goals, whilst keeping near-term obligations in check, and for that, I would like to express my greatest appreciation to our employees and management.

To our shareholders and investors, your resounding patience to allow management to execute on our strategies and make decisions to achieve a common goal, I would like to express my gratitude. It's been a difficult 2021, but we remain optimistic and committed to overcome challenges and returning to stability.

UNAUDITED CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2021**	2020
Revenue	*3*	**76,400,881**	85,891,778
Cost of sales		**(71,437,710)**	(65,503,286)
Gross profit		**4,963,171**	20,388,492
Other income		**1,573,456**	1,200,712
Other gains – net		**2,048,659**	6,097,090
Selling and marketing costs		**(3,520,141)**	(3,258,776)
Administrative expenses		**(6,037,881)**	(6,226,248)
Net impairment losses on financial and contract assets		**(2,190,280)**	(172,383)
Gains on bargain purchase		**508,209**	66,909
Operating (loss)/profit		**(2,654,807)**	18,095,796
Finance costs – net	*4*	**(3,906,127)**	(2,408,771)
Share of results of joint ventures		**604,545**	292,178
Share of results of associates		**26,723**	(67,520)
(Loss)/profit before income tax		**(5,929,666)**	15,911,683
Income tax expenses	*5*	**(2,808,855)**	(6,765,368)
(Loss)/profit for the year		**(8,738,521)**	9,146,315
(Loss)/profit attributable to:			
– Owners of the Company		**(8,848,053)**	9,004,814
– Non-controlling interests		**109,532**	141,501
		(8,738,521)	9,146,315
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB Yuan per share)	*7*	**(2.3580)**	2.5313

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2021	2020
(Loss)/profit for the year	**(8,738,521)**	9,146,315
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	**(23,913)**	59,779
Items that may be reclassified to profit or loss		
– Share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method	**87,615**	(79,898)
– Currency translation differences	**(50,050)**	(9,429)
Other comprehensive income/(loss) for the year, net of tax	**13,652**	(29,548)
Total comprehensive (loss)/income for the year	**(8,724,869)**	9,116,767
Total comprehensive (loss)/income attributable to:		
– Owners of the Company	**(8,834,401)**	8,975,266
– Non-controlling interests	**109,532**	141,501
	(8,724,869)	9,116,767

UNAUDITED CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment		**46,813,494**	42,113,735
Right-of-use assets		**10,317,944**	10,846,583
Investment properties		**34,956,982**	33,957,965
Intangible assets		**1,132,393**	1,183,384
Interests in joint ventures		**10,981,854**	11,617,336
Interests in associates		**3,323,709**	1,440,026
Deferred income tax assets		**14,292,417**	12,610,456
Financial assets at fair value through other comprehensive income		**632,762**	639,850
Other financial assets		**1,026,645**	–
		123,478,200	114,409,335
Current assets			
Properties under development		**155,757,537**	164,788,269
Completed properties held for sale		**52,980,349**	64,029,794
Inventories		**1,270,578**	1,141,518
Trade and other receivables and prepayments	*8*	**45,474,097**	46,315,461
Contract assets		**1,247,987**	1,621,299
Tax prepayments		**4,564,815**	3,600,167
Restricted cash		**14,845,140**	14,275,892
Cash and cash equivalents		**6,257,485**	25,672,822
		282,397,988	321,445,222
Assets classified as held for sale		**–**	6,330,658
		282,397,988	327,775,880
Total assets		**405,876,188**	442,185,215

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2021	2020
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,752,367**	938,092
Other reserves		**12,392,715**	15,589,427
Retained earnings		**61,684,186**	72,970,684
		77,829,268	89,498,203
Non-controlling interests		**12,664,203**	2,507,140
Total equity		**90,493,471**	92,005,343
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**74,667,169**	95,848,642
Lease liabilities		**392,916**	452,557
Deferred income tax liabilities		**11,463,525**	10,307,753
Other payables	*9*	**–**	1,343,481
		86,523,610	107,952,433
Current liabilities			
Accruals and other payables	*9*	**100,482,415**	106,533,115
Contract liabilities		**49,741,512**	48,002,504
Current income tax liabilities		**20,135,233**	21,167,911
Short-term borrowings		**8,748,963**	10,919,529
Current portion of long-term borrowings		**49,283,644**	52,961,902
Lease liabilities		**83,359**	96,448
Dividend payable		**369,981**	–
Derivative financial instruments		**14,000**	–
		228,859,107	239,681,409
Liabilities directly associated with assets classified as held for sale		**–**	2,546,030
		228,859,107	242,227,439
Total liabilities		**315,382,717**	350,179,872
Total equity and liabilities		**405,876,188**	442,185,215

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income and investment properties which are carried at fair value and assets held for sale measured at the lower of carrying amount and fair value less cost to sell.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(All amounts in RMB Yuan thousands unless otherwise stated)

(c) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year commencing 1 January 2021.

Standards	**Subject**
Amendments to HKFRS 16	COVID-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(d) New standards, amendments to existing standards and interpretation not yet adopted

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standards	**Subject**	**Effective for annual periods beginning on or after**
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	Annual improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendment to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendment to HKFRS 4	Extension of the Temporary Exemption from applying HKFRS 9	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repay	1 January 2023
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendment to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2021 and the segment assets and liabilities at 31 December 2021 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	69,166,739	1,240,571	5,364,419	1,595,299	77,367,028
Recognised at a point in time	55,798,145	–	–	–	55,798,145
Recognised over time	13,368,594	–	5,364,419	1,595,299	20,328,312
Revenue from other sources – rental income	–	1,240,571	–	–	1,240,571
Inter-segment revenue	(62,094)	(174,089)	(294,656)	(435,308)	(966,147)
Revenue from external customers	69,104,645	1,066,482	5,069,763	1,159,991	76,400,881
(Loss)/profit for the year	(7,982,215)	2,311,982	(855,136)	(2,213,152)	(8,738,521)
Finance costs	(2,978,367)	(229,176)	(689,783)	(8,801)	(3,906,127)
Share of results of joint ventures	607,125	–	–	(2,580)	604,545
Share of results of associates	6,625	19,109	–	989	26,723
Income tax (expenses)/credits	(2,427,571)	(484,973)	84,212	19,477	(2,808,855)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(568,675)	–	(1,386,467)	(102,742)	(2,057,884)
Gains on bargain purchase	508,209	–	–	–	508,209
Amortisation of incremental costs for obtaining contracts with customers	(368,911)	–	–	–	(368,911)
(Allowance for)/reversal of allowance for impairment losses of financial and contract assets	(163,990)	–	9,814	(2,036,104)	(2,190,280)
Fair value gains on investment properties – net of tax	–	517,525	–	–	517,525
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	145,873	–	–	145,873
Segment assets	303,665,796	34,968,701	49,903,901	2,412,611	390,951,009
Segment assets include:					
Interests in joint ventures	10,979,227	–	–	2,627	10,981,854
Interests in associates	3,242,251	–	–	81,458	3,323,709
Addition to non-current assets (other than financial instruments and deferred income tax assets)	777,599	145,551	666,796	515,982	2,105,928
Segment liabilities	147,999,503	–	1,658,615	1,426,065	151,084,183

(All amounts in RMB Yuan thousands unless otherwise stated)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2020 and the segment assets and liabilities at 31 December 2020 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	78,603,957	1,381,823	4,562,778	3,238,121	87,786,679
Recognised at a point in time	52,015,927	–	–	–	52,015,927
Recognised over time	26,588,030	–	4,562,778	3,238,121	34,388,929
Revenue from other sources – rental income	–	1,381,823	–	–	1,381,823
Inter-segment revenue	(35,667)	(223,901)	(100,043)	(1,535,290)	(1,894,901)
Revenue from external customers	78,568,290	1,157,922	4,462,735	1,702,831	85,891,778
Profit/(loss) for the year	7,435,682	4,217,777	(1,426,860)	(1,080,284)	9,146,315
Finance costs	(1,034,808)	(247,857)	(832,967)	(293,139)	(2,408,771)
Share of results of joint ventures	293,531	–	–	(1,353)	292,178
Share of results of associates	(53,003)	–	–	(14,517)	(67,520)
Income tax (expenses)/credits	(5,991,593)	(1,411,342)	276,252	361,315	(6,765,368)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(456,113)	–	(1,470,210)	(103,133)	(2,029,456)
Amortisation of incremental costs for obtaining contracts with customers	(340,950)	–	–	–	(340,950)
(Allowance for)/reversal of allowance for impairment losses of financial and contract assets	(177,045)	–	2,375	2,287	(172,383)
Fair value gains on investment properties – net of tax	–	2,241,570	–	–	2,241,570
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	1,495,616	–	–	1,495,616
Segment assets	337,120,727	40,257,965	47,498,911	4,057,306	428,934,909
Segment assets include:					
Interests in joint ventures	11,612,128	–	–	5,208	11,617,336
Interests in associates	474,624	–	–	965,402	1,440,026
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,510,847	1,083,606	1,069,119	501,313	4,164,885
Segment liabilities	149,150,990	802,069	1,825,446	7,195,630	158,974,135

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

Revenue from external customers broken down by location of the customer is shown in the table below:

	2021	2020
PRC	**74,520,183**	84,359,678
Other countries	**1,880,698**	1,532,100
Total	**76,400,881**	85,891,778

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets and financial assets at FVOCI are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	2021	2020
Segment assets for reportable segments	**390,951,009**	428,934,909
Deferred income tax assets	**14,292,417**	12,610,456
Financial assets at FVOCI	**632,762**	639,850
Total assets per balance sheet	**405,876,188**	442,185,215

Non-current assets, other than financial assets at FVOCI and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2021	2020
PRC	**103,328,717**	98,858,050
Other countries	**5,224,304**	2,300,979
Total	**108,553,021**	101,159,029

Non-current assets in the individual countries included in "other countries" are not material.

(All amounts in RMB Yuan thousands unless otherwise stated)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2021	2020
Segment liabilities for reportable segments	**151,084,183**	158,974,135
Deferred income tax liabilities	**11,463,525**	10,307,753
Current income tax liabilities	**20,135,233**	21,167,911
Short-term borrowings and current portion of long-term borrowings	**58,032,607**	63,881,431
Long-term borrowings	**74,667,169**	95,848,642
Total liabilities per balance sheet	**315,382,717**	350,179,872

4. FINANCE COSTS

	2021	2020
Interest expenses:		
– bank borrowings	**5,637,932**	6,236,865
– domestic bonds	**1,441,931**	2,883,146
– medium-term notes	**–**	44,993
– senior notes	**3,034,902**	2,883,359
– Super & Short-term Commercial Papers	**–**	15,183
– lease liabilities	**25,829**	12,631
– others	**2,964,858**	2,357,998
	13,105,452	14,434,175
Early redemption premium for senior notes	**7,965**	56,794
Net foreign exchange gains	**(132,660)**	(2,855,120)
Less: finance costs capitalised	**(9,074,630)**	(9,227,078)
	3,906,127	2,408,771

(All amounts in RMB Yuan thousands unless otherwise stated)

5. INCOME TAX EXPENSES

	2021	2020
Current income tax		
– enterprise income tax (Note (b))	**2,125,827**	4,004,774
– PRC land appreciation tax (Note (c))	**1,108,732**	3,801,432
Deferred income tax	**(425,704)**	(1,040,838)
Total income tax expenses	**2,808,855**	6,765,368

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2020: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2021, the companies in the PRC, Combodia, Malaysia were primarily taxed at 25%, 20% and 24%(2020: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

6. DIVIDENDS

The dividends declared in 2021 were RMB2,701,705,000 (2020: RMB4,334,256,000). The Bond does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: RMB0.62 per share).

	2021	2020
Interim dividend declared of RMB0.10 (2020: RMB0.38) per ordinary share	**375,237**	1,328,240
No final dividend proposed (2020: RMB0.62) per ordinary share	**–**	2,326,468
	375,237	3,654,708

7. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
(Loss)/profit attributable to owners of the Company	**(8,848,053)**	9,004,814
Weighted average number of ordinary shares in issue (thousands)	**3,752,367**	3,557,329
(Loss)/earnings per share (RMB per share)	**(2.3580)**	2.5313

There were no potential dilutive ordinary shares as at 31 December 2021 and 2020, thus diluted (loss)/earnings per share were the same as basic (loss)/earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
Trade receivables – net (Note (a))	**5,480,064**	10,536,351
Other receivables – net	**23,526,960**	19,392,535
Prepayments	**7,289,273**	6,819,901
Capitalised costs to obtain contracts	**1,729,869**	1,360,957
Due from joint ventures	**4,649,437**	5,450,586
Due from associates	**2,798,494**	2,571,654
Due from entities jointly controlled by major shareholders of the Company	**–**	183,477
Total	**45,474,097**	46,315,461
Less: non-current portion	**–**	–
Current portion	**45,474,097**	46,315,461

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2021	2020
Trade receivables – current portion		
Due from third parties	**5,169,612**	10,535,699
Due from joint ventures	**528,900**	281,040
Due from an associate	**14,561**	9,858
Due from entities jointly controlled by major shareholders of the Company	**–**	751
	5,713,073	10,827,348
Less: loss allowance	**(233,009)**	(290,997)
	5,480,064	10,536,351

(All amounts in RMB Yuan thousands unless otherwise stated)

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2021	2020
Up to 1 year	**4,019,163**	9,479,175
1 year to 2 years	**788,758**	550,851
2 years to 3 years	**459,950**	270,469
Over 3 years	**445,202**	526,853
	5,713,073	10,827,348

9. ACCRUALS AND OTHER PAYABLES

	2021	2020
Amounts due to joint ventures	**7,941,582**	6,351,821
Amounts due to associates	**281,368**	325,524
Amounts due to entities jointly controlled by major shareholders of the Company	**2,177,038**	7,305,745
Amounts due to major shareholders	**42,111**	2,616,360
Construction payables (Note (a))	**49,774,047**	48,632,027
Other payables and accrued charges	**40,266,269**	42,645,119
Total	**100,482,415**	107,876,596
Less: non-current portion	**–**	(1,343,481)
Current portion	**100,482,415**	106,533,115

(a) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

BUSINESS REVIEW

Contracted Sales

The Group's total contracted sales in 2021 were approximately RMB120.2 billion with 9,414,600 sq.m. sold. The average selling price was approximately RMB12,800 per sq.m.. The contracted sales were generated from 198 projects in 112 cities of 27 provinces (including municipalities and autonomous regions) and 4 overseas countries. On a province and regions basis, contracted sales of Guangdong, Shanxi, Hainan, Zhejiang, Shaanxi, Tianjin, Jiangsu, Beijing, Chongqing and Shandong were the highest top 10, which contributed approximately RMB85.07 billion, accounting for approximately 71% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and tier-2 cities accounted for 67% of total contracted sales. Tier-3 and below cities contributed 31% of total contracted sales and overseas contributed 2%. On the type of property basis, 70% of contracted sales were generated from high-rise residential properties, 6% from villa and 24% from commercial properties and others, including office, apartment and retail, etc..

Details of the Group's 2021 total contracted sales by geographical distribution are set out below:

Region	Area	Approximate total value *(RMB million)*	+/- vs. 2020 *(%)*	Approximate total saleable area sold *(Thousand sq.m.)*	+/- vs. 2020 *(%)*
Northern China	Tianjin	6,839.7	18%	580.7	17%
	Beijing	6,403.1	-14%	247.8	-7%
	Shandong	4,695.5	1%	498.8	4%
	Hebei	3,836.5	-45%	388.9	-49%
	Liaoning	3,150.9	-35%	415.5	-28%
	Henan	1,975.2	1%	147.5	-19%
	Heilongjiang	1,316.6	-41%	124.7	-8%
Northwestern China	Shanxi	9,443.2	-25%	1,017.8	-17%
	Shaanxi	6,847.2	-30%	544.7	-25%
	Inner Mongolia	3,967.6	-48%	501.6	-50%
	Xinjiang	1,208.4	58%	116.8	64%
	Gansu	911.1	-12%	57.2	-13%
Southern China	Guangdong	20,287.7	4%	1,018.2	-22%
	Guangxi	399.7	-33%	63.1	-23%
Eastern China	Zhejiang	8,838.2	-50%	478.3	-53%
	Jiangsu	6,790.4	-31%	433.7	-30%
	Anhui	2,593.6	-5%	315.7	-5%
	Shanghai	2,071.4	6%	44.2	4%
Southwestern China	Chongqing	6,032.8	-22%	639.7	-27%
	Sichuan	2,184.9	70%	209.6	7%
	Guizhou	800.7	5%	113.9	29%
	Yunnan	539.3	-36%	45.0	-33%

Region	Area	Approximate total value	+/- vs. 2020	Approximate total saleable area sold	+/- vs. 2020
		(RMB million)	*(%)*	*(Thousand sq.m.)*	*(%)*
Hainan	Hainan	8,890.2	-14%	454.6	-30%
Central Southern China	Jiangxi	3,662.9	-2%	417.6	14%
	Fujian	1,650.7	-39%	152.9	-42%
	Hunan	1,222.4	-26%	150.3	-15%
	Hubei	725.2	32%	98.6	105%
Overseas	Australia	1,192.5	175%	69.4	84%
	United Kingdom	908.9	76%	6.5	75%
	Malaysia	420.3	-50%	24.7	-43%
	Cambodia	391.9	-26%	36.6	-5%
Total		**120,198.7**	**-20%**	**9,414.6**	**-23%**

Region	Approximate total value	+/- vs. 2020	Approximate total saleable area sold	+/- vs. 2020
	(RMB million)	*(%)*	*(Thousand sq.m.)*	*(%)*
Northern China	28,217.5	-17%	2,403.9	-17%
Northwestern China	22,377.5	-29%	2,238.1	-28%
Southern China	20,687.4	3%	1,081.3	-22%
Eastern China	20,293.6	-37%	1,271.9	-37%
Southwestern China	9,557.7	-10%	1,008.2	-18%
Hainan	8,890.2	-14%	454.6	-30%
Central Southern China	7,261.2	-16%	819.4	-4%
Overseas	2,913.6	25%	137.2	11%
Total	**120,198.7**	**-20%**	**9,414.6**	**-23%**

Properties Under Development

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 32,559,000 sq.m. of total GFA under development, and during the year started construction of approximately 2,174,000 sq.m. of total GFA. During the year, the Group completed 8,574,000 sq.m. of total GFA of development properties with 6,470,000 sq.m. of total saleable area, and completed 220,000 sq.m. of total GFA of investment properties. By the end of 2021, the Group's total GFA under development is approximately 25,939,000 sq.m..

The following is the position as at 31 December 2021:

Area	**Approximate total GFA** *(sq.m.)*	**Approximate total saleable area** *(sq.m.)*
Northern China	4,275,000	2,888,000
Eastern China	2,123,000	1,428,000
Northwestern China	5,718,000	4,170,000
Southern China	5,907,000	4,103,000
Southwestern China	2,081,000	1,352,000
Central Southern China	2,901,000	2,044,000
Hainan	844,000	494,000
Overseas	1,045,000	721,000
Sub-total	**24,894,000**	**17,200,000**
Investment Properties	1,045,000	848,000
Total	**25,939,000**	**18,048,000**

Land Bank

In 2021, the Group continued to apply the same conservative criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fulfillment of profit forecast and quickness of turnover. The Group acquired 5 plots of land in 4 cities and regions with additional total saleable area of approximately 837,000 sq.m.. The Group's total land bank at 2021 year-end was total GFA of approximately 64,719,000 sq.m. and total saleable area of approximately 49,967,000 sq.m., distributed across 94 cities and regions in China and overseas cities. Details are given below:

Location	**Approximate total GFA** *(sq.m.)*	**Approximate total saleable area** *(sq.m.)*
Development Properties		
Northern China	15,297,000	11,919,000
Eastern China	5,623,000	4,205,000
Northwestern China	12,717,000	9,629,000
Southern China	7,524,000	6,132,000
Southwestern China	5,450,000	4,297,000
Central Southern China	6,555,000	5,445,000
Hainan	2,881,000	2,452,000
Overseas	6,261,000	3,835,000
Sub-total	**62,308,000**	**47,914,000**
Investment Properties	**2,411,000**	**2,053,000**
Total	**64,719,000**	**49,967,000**

Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, theme park and etc.. The Group's investment properties portfolio as at 31 December 2021 is approximately 3,857,300 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,879,300 sq.m., and total GFA under development or planning is approximately 1,978,000 sq.m.. During this period, theme park Hainan R&F Ocean Paradise is opened. The park is divided into 5 major themed areas and 8 major animal exhibits, with more than 40 sets of international amusement rides, facilities and equipment. There is also the Blue Ocean Conservation and Rescue Center, also called 3A grade hospital in the animal kingdom, with functions such as rescue, medical treatment, scientific research and educational issues.

Hotel Operation

As of 31 December 2021, the Group has 93 hotels under operation, with total GFA of 4,103,700 sq.m. and 28,192 hotel rooms. The 93 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group has a total of 134 hotels, with 41 hotels under development and planning and 93 hotels under operation. During the period, the Group opened 3 hotels: The Ritz-Carlton, Harbin, Beijing Marriott Hotel Yanqing and Element Beijing Yanqing. Ritz-Carlton, Harbin is located in the central business district of Harbin, close to high-end office buildings, luxury residential areas and large shopping centers, with total GFA of 66,200 sq.m. and 368 hotel rooms. Beijing Marriott Hotel Yanqing and Element Beijing Yanqing are located in the central business district of Yanqing, with rich natural landscape resources around. At the same time, Yanqing is the main competition zone of Beijing Winter Olympics. The two hotels have 325 and 252 hotel rooms each, with total GFA of 44,100 and 25,500 sq.m. respectively.

Outlook

For 2022, the Group will have approximately RMB220 billion saleable resources from over 200 projects. For 2022, the Group plans to deliver approximately 6,481,000 sq.m. saleable area of development properties. The details are set out below:

	To be completed in 1st half of 2022		To be completed in 2nd half of 2022		To be completed in Full Year 2022	
Location	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*
Northern China	810,000	671,000	874,000	813,000	1,684,000	1,484,000
Eastern China	490,000	343,000	455,000	325,000	945,000	668,000
Northwestern China	178,000	161,000	934,000	874,000	1,112,000	1,035,000
Southern China	222,000	202,000	392,000	356,000	614,000	558,000
Southwestern China	771,000	697,000	235,000	222,000	1,006,000	919,000
Central Southern China	203,000	188,000	406,000	343,000	609,000	531,000
Hainan	124,000	118,000	404,000	339,000	528,000	457,000
Overseas	4,000	4,000	647,000	384,000	651,000	388,000
JV (Attributable)	240,000	188,000	307,000	253,000	547,000	441,000
Sub-total	**3,042,000**	**2,572,000**	**4,654,000**	**3,909,000**	**7,696,000**	**6,481,000**
Investment Properties	531,000	531,000	70,000	70,000	601,000	601,000
Total	**3,573,000**	**3,103,000**	**4,724,000**	**3,979,000**	**8,297,000**	**7,082,000**

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. During the year, the Group's revenue from property development decreased by 12% to RMB69.105 billion, from RMB78.568 billion in the previous year. This revenue was based on delivery of 8,307,000 sq.m. of sale properties in the year which was approximately 9% less than the 9,167,000 sq.m. delivered in the previous year. Overall average selling price was approximately RMB8,300 per sq.m. (2020: RMB8,600 per sq.m.). Based on revenue distribution by cities, Hainan had the highest revenue among all cities where the Group operated. It accounted for 9% of the total revenue. In the terms of amount, revenue in Hainan amounted to RMB6.550 billion. Taiyuan's revenue ranked second with revenue amounted to RMB6.427 billion for the year and Hangzhou ranked third with revenue amounted to RMB4.058 billion.

Rental income from property investment decreased by 8% to RMB1.066 billion, from RMB1.158 billion. Revenue from hotel operations increased to RMB5.070 billion from RMB4.463 billion in the previous year, with the stabilization of COVID-19 epidemic, the hotel operation of the Group had continued to improve in 2021.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The component of cost of sales includes land and construction costs, capitalised finance costs and levy and business tax. In 2021, cost of sales of the Group was RMB71.438 billion, representing an increase of 9% when compared with RMB65.503 billion in the previous year. The increase was mainly due to approximately RMB6.064 billion of impairment provision for inventory made in the year.

During the year, land and construction costs made up 90% of the Group's total costs (excluded the amount of impairment provision for inventory). In the terms of costs per sq.m., land and construction costs increased to RMB6,436 from RMB5,830. Capitalised interest included in the cost of sales amounted to RMB5.341 billion, 7.7% as a percentage of revenue from sale of properties. The cost of sales also included RMB570 million (2020: RMB594 million) in levy and business tax.

Gross Profit

Overall gross margin of property development for the year was 14.1%, as compared to 25.2% in the previous year. The decrease was due to the adjustments made on average selling price to accelerate the pace of the sales which subsequently affected the Group's gross profit margin. The top five cities ranked by revenue in the year, Hainan, Taiyuan, Hangzhou, Tianjin and Chongqing, accounted for 32.5% of the total revenue. The gross margins of the cities were 28%, 13%, 16%, 6%and 29% respectively.

Other Income and Other Gains – net

Other income and other gains – net mainly consists of the interest income, revaluation gain and fair value gains on investment properties, as well as gains on disposals of subsidiaries and certain equity interests in an associate. During the year, other income and gains decreased by 50% to RMB3.622 billion in 2021 from RMB7.298 billion in 2020. The decrease mainly due to lower revaluation gains on investment properties transferred from completed properties held for sale and properties under development.

Selling and Marketing Expenses and Administrative Expenses

Selling and marketing expenses of the Group for the year ended 31 December 2021 amounted to RMB3.520 billion (2020: RMB3.259 billion) and as a percentage of revenue increased to 4.6% from 3.8% in 2020. The increase mainly due to the Group increased its property marketing activities in response to the challenging market environment during the year. Administrative expenses of the Group slightly decreased to RMB6.038 billion from RMB6.226 billion in 2020. The main component of administrative expenses was personnel costs.

Finance Costs

Finance costs being interest expenses incurred in the year after deduction of amounts capitalised to development costs, increased by 62% to RMB3.906 billion (2020: RMB2.409 billion) as the foreign exchange gain significantly decreased by 95% to RMB133 million from RMB2.855 billion due to the appreciation of exchange rate of RMB to US dollars in 2020. Total interest expenses incurred in the year decreased from RMB14.434 billion in the prior year to RMB13.105 billion, which was in line with the decrease of average borrowings outstanding. Together with RMB5.341 billion charged to the cost of sales related to capitalized interest, the total finance costs incurred during the year amounted RMB9.246 billion (2020: RMB7.180 billion).

Share of Results of Associates and Joint Ventures

The share of results of associates were mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court projects. The share of results of joint ventures were mainly from 25% interests in Tianjin Jinnan New Town project, 50% interests in Huzhou R&F Greenland West Lake Mansion Project, 50% interests in Beijing CCCc R&F Yajun Project and 50% interests in Fuyang Dahe Chengzhang Project. These five projects mentioned had a combined turnover of RMB12.724 billion.

Income Tax Expenses

Land appreciation tax (LAT) of RMB1.109 billion (2020: RMB3.801 billion) and enterprise income tax of RMB2.126 billion (2020: RMB4.005 billion) brought the Group's total income tax expenses for the year to RMB2.809 billion. As a percentage of turnover, LAT decreased to 1.5% from 4.4% in 2020.

Profitability

The Group recorded a net loss of RMB8.739 billion for the year ended 31 December 2021 as compared to a net profit of approximately RMB9.146 billion for the year ended 31 December 2020. The net loss is mainly attributable to the decrease in revenue from property development and decline in gross profit margin recorded by the Group for the year ended 31 December 2021 as a result of the challenging conditions in the real estate industry, as well as impairment provision for inventory was made in the year due to lower selling prices of the projects which the Group operated.

Financial Resources, Liquidity and Liabilities

As at 31 December 2021, the Group's total cash including amounts restricted for specified usage was RMB21.10 billion (31 December 2020: RMB39.95 billion), of which 83% was denominated in Renminbi and 17% was denominated in other currencies (mainly in US dollar, HK dollar, Australian dollar, Malaysian Ringgit and British pound).

As at 31 December 2021, the Group's total borrowing was RMB132.70 billion (31 December 2020: RMB159.73 billion). The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and others, each accounted for 45%, 24%, 10% and 21% respectively (31 December 2020: 51%, 22%, 12% and 15% respectively). The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB112.36 billion (2020: RMB139.21 billion) was unutilised.

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 44%, 42% and 14% of total debts respectively. Bank loans repaid in the year amounted to RMB29.24 billion while new bank loans of RMB9.0 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2021 was 5.82% (2020: 5.78%).

The gearing ratio is measured by the net borrowings (total borrowing less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2021, the gearing ratio was 123.3% (31 December 2020: 130.2%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 34% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2021, the Group has not entered into any foreign exchange hedging transactions.

As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds and other borrowings further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Material Disposal

Pursuant to an agreement dated 9 November 2020 entered into, among others, R&F Properties (HK) Company Limited ("R&F HK", a wholly-owned subsidiary of the Company) and Sonic Holdings I Limited ("Sonic"), R&F HK and Sonic will respectively hold 30% and 70% interests in Sonic Holdings II Limited (the "Surviving Company", which indirectly holds interests in Guangzhou International Airport R&F Integrated Logistics Park).

Pursuant to an agreement dated 6 December 2021 entered into between R&F HK and Sonic, R&F HK has agreed to sell and Sonic has agreed to purchase 30% of the issued shares of the Surviving Company.

Save as disclosed above, there were no material disposals for the year ended 31 December 2021.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2021, the Group had approximately 35,207 employees (31 December 2020: 38,824). The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: RMB0.62 per share).

Purchase, Redemption or Sale of Listed Securities of the Company

(a) USD Senior Notes

The Company had repaid any and all remaining portion of the outstanding aggregate principal amount of US$375,000,000 of the 8.75% senior notes due 2021 issued by Easy Tactic Limited ("Easy Tactic", an indirect wholly-owned subsidiary of the Company) by its maturity date, which was 10 January 2021.

On 25 January 2021, the Company announced that a tender offer was being made to repurchase the US$800,000,000 7% senior notes due 2021 (the "2021 Notes") issued by Easy Tactic. The tender offer was completed on 3 February 2021. The total acceptance amount of the tender offer was US$332,561,135.24 including US$325,146,000 in the principal amount and the remainder as accumulated interest and redemption premium. The notes repurchased pursuant to the tender offer had been cancelled. Subsequently, the Company had repaid any and all remaining portion of the outstanding aggregate principal amount of US$474,854,000 of the 2021 Notes by its maturity date, which was 25 April 2021.

On 21 September 2021, the Company made on-market repurchase of (i) the US$600,000,000 5.875% senior notes due 2023 issued by Easy Tactic (the "2023 Notes") and (ii) the US$300,000,000 9.125% senior notes due 2022 issued by Easy Tactic (the "2022 Notes") in the aggregate principal amount of US$25,000,000. The notes repurchased were cancelled. After completion of the cancellation and as at 31 December 2021, the outstanding principal amount of the 2023 Notes and the 2022 Notes was US$587,000,000 and US$288,000,000, respectively.

The Company had repaid all of the outstanding aggregate principal amount of US$200,000,000 of the 8.875% senior notes due 2021 issued by Easy Tactic by its maturity date, which was 27 September 2021.

(b) Corporate Bonds

The following corporate bonds are redeemed by the Company for the year ended 31 December 2021:

Corporate Bonds (as at 1 January 2021)	Issue Date	Redemption Date	Redemption Value	Remaining Value (as at 31 December 2021)
RMB4,000,000,000 corporate bonds	4 December 2018	4 December 2020	RMB3,998,750,000 *(Note 1)*	RMB4,000,000,000 *(Note 1)*
RMB7,020,000,000 corporate bonds	3 January 2019	3 January 2021	RMB7,019,717,000 *(Note 2)*	RMB4,250,283,000 *(Note 2)*
RMB6,000,000,000 corporate bonds	11 January 2016	11 January 2021	RMB6,000,000,000	Nil
RMB3,600,000,000 corporate bonds	22 January 2016	22 January 2021	RMB3,600,000,000	Nil
RMB950,000,000 corporate bonds	7 April 2016	7 April 2021	RMB946,781,000 *(Note 3)*	RMB950,000,000 *(Note 3)*
RMB1,580,000,000 corporate bonds	9 May 2019	9 May 2021	RMB1,579,799,000	RMB201,000
RMB1,314,000,000 corporate bonds	16 May 2016	16 May 2021	RMB394,000,000 *(Note 4)*	RMB995,000,000 *(Note 4)*
RMB60,000,000 corporate bonds	27 June 2018	27 June 2021	RMB60,000,000	Nil
RMB38,000,000 corporate bonds	18 September 2018	18 September 2021	RMB38,000,000	Nil
RMB1,669,800,000 corporate bonds	19 October 2016	19 October 2021	RMB549,800,000	RMB1,120,000,000

Note 1: On 4 January 2021, RMB3,998,750,000 of the corporate bonds were resold.

Note 2: On 2 February 2021, RMB4,250,000,000 of the corporate bonds were resold, and the remaining unsold amount of RMB2,769,717,000 corporate bonds were cancelled.

Note 3: On 11 May 2021, RMB946,781,000 of the corporate bonds were resold.

Note 4: On 11 June 2021, RMB75,000,000 of the corporate bonds were resold, and the remaining unsold amount of RMB319,000,000 corporate bonds were cancelled.

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

Compliance with the Model Code for Securities Transactions by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2021.

Compliance with the Corporate Governance Code

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2021, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules.

Audit Committee

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee on the accounting policies adopted by the Company.

The audit committee currently comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited annual results of the Company for the year ended 31 December 2021.

Review of Unaudited Annual Consolidated Results

The auditing process for the annual consolidated results for the year ended 31 December 2021 has not been completed due to the outbreak of COVID-19 in Hong Kong. As part of the business and audit work of the Company were located in Hong Kong, the audit was affected as a result of the delay in sending and receiving necessary audit confirmations and other audit procedures. The unaudited annual consolidated results contained herein have not been agreed by the Company's auditor. An announcement relating to the annual results as agreed with the Company's auditor will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

Further Announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the annual consolidated results for the year ended 31 December 2021 as agreed with the Company's auditor and the material differences (if any) as compared with the unaudited annual consolidated results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

The financial information contained herein in respect of the annual consolidated results of the Group for the year ended 31 December 2021 has not been audited and has not been agreed with the Company's auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhang Hui and Mr. Xiang Lijun; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purpose only*