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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 31 DECEMBER 2022**

### **FINANCIAL HIGHLIGHTS**

*(for the year ended 31 December 2022)*

- Turnover was HK\$27,252 million (2021: HK\$30,734 million).
- Profit attributable to equity holders was HK\$8,762 million (2021: HK\$9,759 million), of which net of tax gain on investment property revaluation accounted for HK\$7,554 million (2021: HK\$7,838 million).
- Underlying profit was HK\$1,081 million (2021: HK\$4,756 million).
- Basic and diluted earnings per share was HK\$3.05 per share (2021: HK\$3.37 per share (restated)).
- Bonus issue of two new shares for every ten existing shares.

\* *For identification purposes only*

## **BUSINESS REVIEW**

### **Industry Overview**

In 2022, the conflict between Russia and Ukraine pushed up commodity prices, supply chains continued to be under pressure, global inflation remained high, and central banks in developed markets generally tightened their monetary policies, resulting in a slowdown in global economic growth. Under the multiple challenges of a more complex and severe international environment, the impact of the COVID-19 pandemic and increasing downward pressure on the economy, China's economy withstood the pressure and achieved positive growth.

During the year, China's real estate market faced enormous challenges due to factors such as repeated epidemics in cities and provinces as well as dampened consumer confidence in home purchases. In the fourth quarter, the government introduced a series of favorable policies. On the supply side, we continued to improve the credit environment and strive to resolve liquidity risks; while on the demand side, under the background of "properties are for accommodation, not for speculation", purchase restrictions were relaxed to support residents' reasonable demand for housing purchases. After undergoing profound adjustments in the shock, the industry showed a bottom-up trend despite the lingering short-term pressure with continuously improved macro-control policies, optimised pandemic prevention and control measures, and a gradual recovery of residents' willingness to buy houses.

The year of 2022 is the 30th anniversary of the Group since its establishment and development. The Group has always insisted on actively shaping its core competitiveness based on the foundation of "stable development" and the integration of innovative thinking and technology empowerment. Despite the challenging business environment, the Group maintained its strength, responded positively and moved forward steadily in the face of adversity, realizing the simultaneous development of the five major segments of real estate, commercial, hooplife, investments and infrastructure, and becoming a high-quality life operator in the complete industry chain. With technology empowerment and industrial drive to span the life cycles, the Group continuously inject growth momentum into its operations. At the same time, the Group upheld the principle of prudent and stable operation by giving priority to risk management and control, attaching importance to asset appreciation and financial stability, and striving for sustainable development.

## **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in 2022 totalling RMB32,579 million (2021: RMB42,299 million), including contracted sales of properties of RMB30,532 million (2021: RMB40,273 million) and contracted sales of decoration of RMB2,047 million (2021: RMB2,026 million) are as follows:

- In Guangzhou, a total GFA of 377,789 square metres (2021: 408,172 square metres) with a carrying value of RMB7,290 million (2021: RMB10,833 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold and sales as compared to last year as we focused on selling the existing units and phases during the year.
- In Huizhou, a total GFA of 104,084 square metres (2021: 53,034 square metres) with a carrying value of RMB1,022 million (2021: RMB555 million) was sold. The increase in sales was mainly attributable to the increase in the area sold as compared to last year as Hopson Ziyue Mansion (合生紫悦府) was launched for selling during the year.
- In Shanghai, a total GFA of 194,054 square metres (2021: 332,070 square metres) with a carrying value of RMB3,299 million (2021: RMB9,002 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold and sales as compared to last year as we focused on selling the existing units and phases during the year.
- In Beijing and Tianjin, a total GFA of 689,413 square metres (2021: 305,580 square metres) with a carrying value of RMB20,968 million (2021: RMB21,909 million) was sold. The sales was basically the same as last year.

## **Properties sold but yet to be delivered**

As at 31 December 2022, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 2,062,426 square metres (2021: 2,171,235 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$45,176 million will be recognised as revenue in the Group's financial statements in 2023 and thereafter.

## **Delivery of properties**

A total GFA of 1,014,411 square metres (2021: 1,235,695 square metres) was delivered in 2022.

## **Project development progress**

- A total GFA of 865,533 square metres (2021: 1,230,794 square metres) was completed during 2022.
- It is expected that a total GFA of 2,897,327 square metres will be completed in 2023.

## **Landbank**

As at 31 December 2022, the Group had a landbank of 28.72 million square metres (31 December 2021: 29.44 million square metres).

## **Prospects**

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. Although the foundation for domestic economic recovery is still not solid, China's economy is resilient with enormous potential and full of vitality, and the fundamentals of long-term improvement have not changed. As the impact of the pandemic weakens and policies to stabilise growth continue to be implemented, China's economy will steadily recover.

Looking forward to 2023, there is scope for further optimization of real estate policies on both supply and demand sides, and the strength of policies is expected to be further enhanced. Meanwhile, "guaranteeing property handover" has become the focus of the current policy, which is of utmost significance to properly resolve market risks, stabilise market expectations and restore residents' confidence in home ownership. In the long run, China is still in the stage of urbanization development, and there is still scope for improvement in the level of urbanization that the huge demand for housing improvement will provide strong support for the long-term healthy development of the real estate industry.

After three decades of trials and development, the Group has completed the construction of diversified business segments and transformed into a technology-enabled and industry-driven comprehensive investment holding platform. Facing the future, the Group will continue to reform, actively respond to industry changes, and explore the potential of enterprise upgrading. With its steady pace of development, diversified industrial layout, quality products and services, as well as its sound financial position, the Group will step into the stage of high-quality development together with the industry, set the next new milestone worth looking forward to, and create long-term value for shareholders.

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 31 December 2022 together with the comparative figures for the previous year.

The 2022 consolidated financial statements of the Group have been reviewed by the Company’s audit committee and the Board.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the year ended</b>	
		<b>31 December</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$’000</b>	<i>HK\$’000</i>
Revenues	4	<b>27,252,008</b>	30,734,196
Cost of sales	6	<b>(18,971,204)</b>	(17,589,322)
<b>Gross profit</b>		<b>8,280,804</b>	13,144,874
Fair value gain on investment properties		<b>10,072,467</b>	10,450,776
Other gains, net	5	<b>202,468</b>	291,522
Selling and marketing expenses	6	<b>(1,511,357)</b>	(1,442,246)
General and administrative expenses	6	<b>(2,986,151)</b>	(5,925,157)
Finance income	7	<b>563,138</b>	568,030
Finance costs	7	<b>(1,515,817)</b>	(1,832,821)
Share of loss of associates		<b>(211,117)</b>	(110,254)
Share of profit of joint ventures		<b>173,082</b>	1,152,134
Profit before taxation		<b>13,067,517</b>	16,296,858
Taxation	8	<b>(3,974,332)</b>	(5,952,174)
<b>Profit for the year</b>		<b>9,093,185</b>	10,344,684
Attributable to:			
Equity holders of the Company		<b>8,762,461</b>	9,759,179
Non-controlling interests		<b>330,724</b>	585,505
		<b>9,093,185</b>	10,344,684
<b>Earnings per share for profit attributable to equity holders of the Company during the year</b> (in HK\$ per share)			(restated)
— basic and diluted	9	<b>3.05</b>	3.37

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>9,093,185</b>	10,344,684
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Assets revaluation reserve realised upon disposal of completed properties held for sale	<b>(30,980)</b>	(1,039,682)
Deferred tax	<b>15,063</b>	505,513
Currency translation differences	<b>(9,618,177)</b>	2,173,476
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	<b>(529,336)</b>	609,524
Deferred tax	<b>92,556</b>	(153,409)
Currency translation differences	<b>(969,741)</b>	384,720
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(11,040,615)</b>	2,480,142
<b>Total comprehensive (loss)/income for the year</b>	<b>(1,947,430)</b>	12,824,826
Attributable to:		
Equity holders of the Company	<b>(1,308,413)</b>	11,854,601
Non-controlling interests	<b>(639,017)</b>	970,225
	<b>(1,947,430)</b>	12,824,826

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2022	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Prepayments for acquisition of land	119,091	130,113
Loan receivables	1,420,936	1,258,694
Properties and equipment	3,873,735	4,437,221
Investment properties	83,834,452	80,609,222
Intangible assets	417,742	437,455
Investments in associates	8,516,836	9,966,131
Investments in joint ventures	8,678,918	8,874,910
Financial assets at fair value through other comprehensive income	3,562,352	4,206,381
Financial assets at fair value through profit or loss	1,189,119	2,183,192
Finance lease receivables	113,294	151,033
Right-of-use assets	1,445,110	1,660,053
Prepayments, deposits and other non-current assets	467,805	467,884
Deferred tax assets	1,853,410	1,354,394
	115,492,800	115,736,683
<b>Current assets</b>		
Prepayments for acquisition of land	27,416,412	31,887,962
Properties under development for sale	77,711,099	82,391,685
Completed properties for sale	36,501,625	42,684,188
Financial assets at fair value through profit or loss	1,453,398	6,133,808
Accounts receivable	4,622,198	4,882,649
Loan receivables	2,611,858	4,350,954
Prepayments, deposits and other current assets	11,595,603	19,299,440
Due from joint ventures	927,212	224,342
Due from associates	347,043	384,055
Due from related companies	21,402	26,621
Contract acquisition costs	1,619,534	1,919,188
Pledged/charged bank deposits	4,285,354	6,267,556
Cash and cash equivalents	14,108,863	30,044,725
	183,221,601	230,497,173
<b>Total assets</b>	<b>298,714,401</b>	<b>346,233,856</b>

		<b>As at 31 December</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		<b>287,314</b>	237,449
Reserves		<b>92,862,446</b>	96,094,698
		<b>93,149,760</b>	96,332,147
Non-controlling interests		<b>5,228,406</b>	16,697,022
<b>Total equity</b>		<b>98,378,166</b>	113,029,169
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		<b>531,728</b>	581,084
Borrowings	<i>12</i>	<b>71,607,058</b>	86,686,648
Lease liabilities		<b>587,005</b>	688,740
Due to non-controlling interests		<b>1,905,747</b>	3,314,358
Deferred tax liabilities		<b>14,045,565</b>	12,908,996
		<b>88,677,103</b>	104,179,826
<b>Current liabilities</b>			
Accounts payable, accruals and other payables	<i>13</i>	<b>31,121,224</b>	47,269,314
Borrowings	<i>12</i>	<b>24,920,398</b>	28,523,749
Margin loans		<b>1,025,082</b>	3,391,653
Contract liabilities		<b>45,175,820</b>	39,488,948
Lease liabilities		<b>56,973</b>	64,012
Due to associates		<b>540,270</b>	598,475
Due to related companies		<b>473,233</b>	263,810
Due to joint ventures		<b>1,520,198</b>	1,520,666
Current tax liabilities		<b>6,825,934</b>	7,904,234
		<b>111,659,132</b>	129,024,861
<b>Total liabilities</b>		<b>200,336,235</b>	233,204,687
<b>Total equity and liabilities</b>		<b>298,714,401</b>	346,233,856
<b>Net assets</b>		<b>98,378,166</b>	113,029,169

*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 30 March 2023.

**(2) BASIS OF PREPARATION**

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

**(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 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

**(b) Issue but not yet effective Hong Kong Financial Reporting Standards**

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 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>2</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>1, 5</sup>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i> <sup>6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>2, 4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Definition of Accounting Policies</i> <sup>1</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>1</sup>
Amendments to HKAS 12	<i>Deferred Tax related Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2024
- <sup>3</sup> No mandatory effective date yet determined but available for adoption
- <sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2022 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
- <sup>5</sup> 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 1 January 2023
- <sup>6</sup> An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

#### (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 relating to high and new technology and medical science.

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 31 December 2022 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
<b>Year ended 31 December 2022</b>										
Total revenues	3,461,491	6,704,872	9,228,218	857,972	1,464,451	2,072,910	3,433,589	9,228,707	(2,207,987)	34,244,223
Intra/inter-segment revenues	(153,524)	(38,831)	(120,827)	(134,044)	(103,947)	(204,826)	(444,348)	(5,789,686)	(2,182)	(6,992,215)
Revenues	<u>3,307,967</u>	<u>6,666,041</u>	<u>9,107,391</u>	<u>723,928</u>	<u>1,360,504</u>	<u>1,868,084</u>	<u>2,989,241</u>	<u>3,439,021</u>	<u>(2,210,169)</u>	<u>27,252,008</u>
Segment results	84,269	1,352,595	1,812,834	1,010,587	8,706,232	2,604,163	55,083	715,951	(2,281,636)	14,060,078
Unallocated corporate expenses (including exchange loss), net										(39,882)
Finance income										563,138
Finance costs										(1,515,817)
Profit before taxation										13,067,517
Taxation										(3,974,332)
Profit for the year										<u>9,093,185</u>
Depreciation of properties and equipment	(81,181)	(1,560)	(17,209)	(5,866)	(42,433)	(73,182)	(3,796)	(1,759)	(16)	(227,002)
Depreciation of right-of-use assets	(36,787)	(5,543)	(4,696)	(4,038)	(17,409)	(9,625)	(2,749)	(9,803)	—	(90,650)
Provision for impairment of financial assets	—	—	—	—	—	—	(72,927)	—	—	(72,927)
Fair value gain on investment properties	—	—	—	325,305	7,967,010	1,780,152	—	—	—	10,072,467
Share of loss of associates	(3,096)	—	(55,443)	—	—	—	(49,491)	—	(103,087)	(211,117)
Share of (loss)/profit of joint ventures	(125,895)	(68)	(488)	299,533	—	—	—	—	—	173,082

The segment results by business lines and, where applicable, by geographical areas for the year ended 31 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 31 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										<u>(1,832,821)</u>
Profit before taxation										16,296,858
Taxation										<u>(5,952,174)</u>
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	<u>(37,637)</u>	<u>8</u>	<u>—</u>	<u>1,189,763</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,152,134</u>

The segment assets by business lines and, where applicable, by geographical areas as at 31 December 2022 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 31 December 2022	51,711,292	49,063,030	76,899,205	23,489,184	28,930,309	42,477,879	4,295,194	4,447,123	15,547,775	296,860,991
Deferred tax assets										1,853,410
Total assets										298,714,401
Segment assets include:										
Investments in associates	22,483	—	2,170,264	—	—	—	1,212,473	—	5,111,616	8,516,836
Investments in joint ventures	2,552,335	—	10,884	6,115,699	—	—	—	—	—	8,678,918
Additions to non-current assets (other than financial instruments and deferred tax assets)	453,262	163	17,859	62,851	234,580	185,947	7,086	4,140	—	965,888

The segment assets by business lines and, where applicable, by geographical areas as at 31 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 31 December 2021	53,383,249	56,672,825	97,222,207	24,756,766	23,048,695	40,929,265	9,153,655	9,759,143	29,953,657	344,879,462
Deferred tax assets										1,354,394
Total assets										346,233,856
Segment assets include:										
Investments in associates	27,804	—	2,932,558	—	—	—	1,376,470	—	5,629,299	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

(a) *Revenue from external customers*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from property development	19,081,399	22,224,483
Revenue from commercial properties investment	3,952,516	4,217,006
Property management income	2,989,241	3,641,262
Infrastructure income	3,439,021	3,616,156
Investments losses	(2,210,169)	(2,964,711)
	<u>27,252,008</u>	<u>30,734,196</u>

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

(b) *Non-current assets*

As at 31 December 2022 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**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net foreign exchange (losses)/gains	(17,375)	172,200
Changes in fair value of derivative financial instruments	144,670	—
Others	75,173	119,322
	<u>202,468</u>	<u>291,522</u>

(6) **EXPENSES BY NATURE**

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Advertising costs	444,802	532,662
Auditor's remuneration		
— Audit services	33,185	16,740
— Non-audit services	6,321	10,548
Cost of completed properties sold	12,462,835	12,130,367
Cost of property management business	2,678,097	2,827,378
Cost of commercial properties business	1,128,938	1,210,436
Cost of infrastructure business	2,652,321	1,314,929
Depreciation of properties and equipment	227,002	227,275
Depreciation of right-of-use assets	90,650	95,912
Direct operating expenses arising from investment properties	292,800	268,536
Employees' benefits costs (including directors' emoluments)	2,399,121	2,263,296
Loss/(gain) on disposals of properties and equipment	18,983	(230)
Short-term and low-value assets lease expenses*	3,577	5,048
Provision for impairment of investment in an associate	—	3,011,834
Provision/(reversal of provision) for impairment of financial assets	72,927	(492,663)
Donation	18,245	171,589

\* 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**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Finance income</b>		
Interest income on bank deposits, advance to a joint venture and loan receivables	<u>563,138</u>	<u>568,030</u>
<b>Finance costs</b>		
Interest expenses and other borrowing costs:		
— loans from banks and financial institutions	(6,547,046)	(6,118,330)
— senior notes, convertible bonds, asset-backed securities and commercial mortgage-backed securities	<u>(1,337,092)</u>	<u>(1,390,227)</u>
Total borrowing costs incurred	(7,884,138)	(7,508,557)
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and construction-in-progress	<u>6,372,149</u>	<u>5,876,738</u>
	(1,511,989)	(1,631,819)
Cost on early redemption of senior notes	—	(167,960)
Cost on early redemption of commercial mortgage-backed securities	<u>(3,828)</u>	<u>(33,042)</u>
	<u>(1,515,817)</u>	<u>(1,832,821)</u>
Net finance costs	<u>(952,679)</u>	<u>(1,264,791)</u>

**(8) TAXATION**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax	4,444	34,843
Mainland China corporate income tax	1,738,625	1,695,652
Mainland China land appreciation tax	<u>435,793</u>	<u>1,746,682</u>
	2,178,862	3,477,177
Deferred tax	<u>1,795,470</u>	<u>2,474,997</u>
Taxation	<u>3,974,332</u>	<u>5,952,174</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% (2021: 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 31 December 2022 (2021: 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 1 January 2008 is subject to withholding income tax at tax rate of 5% or 10%, where applicable.

## (9) EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares of 2,873,137,000 (2021: 2,893,013,000, as restated) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

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

	2022	2021 (restated)
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>8,762,461</u>	<u>9,759,179</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>2,873,137</u>	<u>2,893,013*</u>
Basic earnings per share ( <i>HK\$ per share</i> )	<u>3.05**</u>	<u>3.37</u>

\* The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the bonus shares issued on 29 July 2022 and 15 December 2022.

\*\* The calculation of basic and diluted earnings per share does not include contingently issuable ordinary shares from convertible bonds until the end of the contingency period because not all necessary conditions have been satisfied. Therefore, the diluted earnings per share amounts are based on the profit attributable to equity holders of the Company for the year of HK\$8,762,461,000 and the weighted average number of ordinary shares of 2,873,137,000 in issue during the year as adjusted to reflect the bonus issue on 29 July 2022 and 15 December 2022.

## (10) DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend paid of HK\$nil (2021: HK\$0.50) per ordinary share	—	1,082,724
Proposed final dividend of HK\$nil (2021: HK\$0.15) per ordinary share	<u>—</u>	<u>356,174</u>

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK\$356,174,000).

## (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 (including amounts due from related companies of trading in nature) is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 3 months	687,725	2,961,534
3 to 6 months	256,087	400,582
6 to 9 months	522,040	273,525
9 to 12 months	109,614	220,038
Over 12 months	3,046,732	1,026,970
	<u>4,622,198</u>	<u>4,882,649</u>

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

## (12) BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	59,520,917	70,983,272
Commercial mortgage-backed securities ( <i>Note (a)</i> )	9,760,873	11,557,128
Senior notes ( <i>Note (b)</i> )	2,325,268	4,146,248
	<u>71,607,058</u>	<u>86,686,648</u>
Current		
Bank and financial institution borrowings	20,340,493	20,782,138
Commercial mortgage-backed securities ( <i>Note (a)</i> )	784,757	2,362,845
Senior notes ( <i>Note (b)</i> )	1,845,961	4,608,218
Asset-backed securities ( <i>Note (c)</i> )	—	770,548
Convertible bonds ( <i>Note (d)</i> )	1,949,187	—
	<u>24,920,398</u>	<u>28,523,749</u>
	<u>96,527,456</u>	<u>115,210,397</u>

*Notes:*

- (a) 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 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 31 December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$2,339,300,000 and the securities are secured by an investment property of approximately HK\$3,438,112,000 and the rental income/receivables deriving from the investment property. The securities were early redeemed by the Group in July 2022 in full amount.

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 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 31 December 2022, the carrying value of the securities (including arrangement fees) amounted to HK\$745,016,000 (31 December 2021: HK\$817,637,000), and the securities are secured by an investment property of approximately HK\$1,091,495,000 (31 December 2021: HK\$1,103,229,000) and the rental income/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 31 December 2022, the carrying value of the securities (including arrangement fees) amounted to HK\$1,484,993,000 (31 December 2021: HK\$1,624,878,000), and the securities are secured by an investment property of approximately HK\$1,921,809,000 (31 December 2021: HK\$2,091,459,000) and the rental income/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 31 December 2022, the carrying value of the securities (including arrangement fees) amounted to HK\$8,315,621,000 (31 December 2021: HK\$9,138,158,000), and the securities are secured by an investment property of approximately HK\$13,740,526,000 (31 December 2021: HK\$13,389,188,000) and the rental income and receivables deriving from the investment property.

- (b) In January 2021, the Group issued 5.80% senior notes. The notes were unsecured, matured in January 2022 and were 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 31 December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$3,894,198,000. The notes were redeemed by the Group upon maturity in January 2022 in full amount.

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 31 December 2022, the carrying value of the securities (including arrangement fees) amounted to HK\$2,325,268,000 (31 December 2021: 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 notes 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 31 December 2022, the carrying value of the securities (including arrangement fees) amounted to HK\$1,845,961,000 (31 December 2021: HK\$1,832,156,000).

In July 2021, the Group issued 5.25% senior notes. The notes were unsecured, matured in July 2022 and were 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 31 December 2021, the carrying value of the securities (including arrangement fees) amounted to HK\$714,020,000. The notes were redeemed by the Group upon maturity in July 2022 in full amount.

- (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 31 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. The securities were early redeemed by the Group in June 2022 in full amount.
- (d) In January 2022, the Group issued US\$250,000,000 in aggregate principal amount of 8.00% guaranteed convertible bonds due in January 2023. The bond holder has an option to convert the bonds into the shares of the Company between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business of 21 December 2022. Interest on the bonds is paid quarterly at the rate of 8.00% per annum payable in arrear of 6 April 2022, 6 July 2022, 6 October 2022 and 6 January 2023. As at 31 December 2022, the carrying value of the bonds amounted to HK\$1,949,187,000 (31 December 2021: Nil). The convertible bonds were redeemed by the Group upon maturity in full amount subsequent to the end of the reporting period.

### (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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 3 months	3,734,864	7,774,277
3 to 6 months	1,792,028	3,240,074
6 to 9 months	1,430,044	5,048,400
9 to 12 months	935,259	3,255,661
Over 12 months	9,210,757	4,682,146
	<u>17,102,952</u>	<u>24,000,558</u>

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

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022. No interim dividend was declared for the half year ended 30 June 2022.

## **BONUS ISSUE OF SHARES**

The Board has proposed to, subject to shareholders' approval, make a bonus issue of two new shares 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, 7 July 2023 ("Bonus Issue"). Further details of the Bonus Issue will be announced by the Company in due course.

## **FINANCIAL REVIEW**

### **Turnover**

#### *(i) Recognised Sales*

In 2022, the Group recorded a turnover of RMB23,312 million (HK\$27,252 million), down 9% (denominated in RMB) and down 11% (denominated in HK\$) comparing to RMB25,498 million (HK\$30,734 million) in 2021. The decrease was mainly due to the sluggish environment and weak property sales as affected by the epidemic.

In respect of property development business, a total GFA of 1,014,411 square metres (2021: 1,235,695 square metres) was delivered in 2022. The major projects delivered include MAHÁ Beijing (縵合北京) and Hopson Dreams World (合生世界村) in Beijing, Metropolis Light (合樾蘭亭) in Kunshan and Hopson Xijing Garden (合生熹景花園) in Guangzhou.

## *(ii) Contracted Sales*

The Group recorded total contracted sales of approximately RMB32,579 million in 2022, down approximately 23% comparing to approximately RMB42,299 million in 2021.

In 2022, Guangzhou and Huizhou had in total twenty-seven projects on sale and the contracted sales amounted to RMB8,312 million, representing 26% of the total contracted sales of the Group. The major projects were Hopson YUNĒ in Guangzhou (廣州合生縵雲), Hopson Ziyue Mansion (合生紫悅府), Hopson Hushan Guoji Villa (合生湖山國際) and Hopson Yunshan Regal (合生雲山帝景).

There were seventeen property projects on sale in Shanghai, mainly comprising Hesong Lanting (合頌蘭亭), Hopson Sheshan Dongziyuan (合生佘山東紫園) and Hopson Dongjiao Villa (合生東郊別墅). Contracted sales of Shanghai amounted to RMB3,299 million, representing 10% of the total contracted sales of the Group.

Twenty projects in total were on sale in Beijing and Tianjin, and the combined contracted sales of Beijing and Tianjin were RMB20,968 million, representing 64% of the total contracted sales of the Group in 2022. The major projects were MAHÁ Beijing (縵合北京), Hopson YUNĒ (合生縵雲), Dongsan Jinmao Palace (東叁金茂府) and Hopson MIYĀ (合生me悅).

## **Gross Profit**

Gross profit in 2022 amounted to HK\$8,281 million (2021: HK\$13,145 million) with a gross profit margin of 30% (2021: 43%). The decrease in gross profit margin was mainly due to higher cost of projects delivered in the property development segment in 2022.

## **Fair Value Gain on Investment Properties**

Fair value gain on investment properties as at 31 December 2022 amounted to HK\$10,072 million (2021: HK\$10,451 million). As at 31 December 2022, the Group owns 19 (2021: 18) investment properties.

## **Other Gains, Net**

Other gains as at 31 December 2022 amounted to HK\$202 million (2021: HK\$292 million), comprising (1) changes in fair value of derivative financial instruments of HK\$144 million; (2) net exchange losses of HK\$17 million; and (3) other net gains of HK\$75 million.

## **Operating Costs**

The operating costs relating to expenses for selling, marketing, general and administration decreased by 39% to HK\$4,498 million in 2022 (2021: HK\$7,367 million). The change was primarily attributable to the decrease in provision for impairment of assets during the year.

## **Finance Costs**

Gross interest expenses before capitalisation in 2022 increased to HK\$7,884 million (2021: HK\$7,509 million), up HK\$375 million or 5%. The increase was primarily attributable to the increase in interest rate of borrowings from banks and financial institutions in 2022 as compared to the previous year. The effective interest rate of the Group's borrowings was approximately 6.5% per annum (2021: 6.3%).

## **Taxation**

The effective tax rate was 30.4% in 2022, decreased by 6.1 percentage points as compared with last year, which was mainly due to the fact that the land appreciation tax rate applicable to the major projects delivered in 2022 was lower than that for major projects in the previous year.

## **Profit Attributable to Equity Holders of the Company**

Profit attributable to equity holders was HK\$8,762 million in 2022 (2021: HK\$9,759 million). Basic and diluted earnings per share was HK\$3.05. During the period under review, excluding the effect of the net of tax gain from investment property revaluation of HK\$7,703 million, adding back the net of tax loss from disposal of subsidiaries and joint ventures of HK\$1 million, the net of tax expenses for early redemption of commercial mortgage-backed securities of HK\$3 million and the net of tax from donations of HK\$18 million, the underlying profit amounted to HK\$1,081 million, representing a decrease of HK\$3,675 million, or 77.3%, as compared to last year. The overall decrease of the underlying profit for the year was mainly due to the decline in the gross profit of recognised sales from delivered projects.

## **Segment Information**

Property development continued to be the Group's core business activity (70%). In 2022, 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 25% of the total revenues of the Group, 30% from Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) and 45% from Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao).

## Liquidity and Financial Position

As at 31 December 2022, total assets of the Group amounted to HK\$298,714 million and total liabilities came to HK\$200,336 million, representing a decrease of 14% each as compared to 31 December 2021. The decrease in total assets was mainly attributable to the decrease in properties under development for sale. The decrease in total liabilities was mainly attributable to the decrease in borrowings.

The Group's current ratio as at 31 December 2022 was 1.64 (31 December 2021: 1.79). Equity as at 31 December 2022 decreased by 13% to HK\$98,378 million from 31 December 2021, mainly due to the decrease of non-controlling interests during the year. The net asset value ("NAV") per share as at 31 December 2022 was HK\$34.24.

As at 31 December 2022, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 67% (31 December 2021: 67%).

As at 31 December 2022, the Group had cash and bank deposits amounting to HK\$18,394 million (31 December 2021: HK\$36,312 million), of which approximately HK\$2 million (31 December 2021: 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. 96.71% of the cash and bank deposits were denominated in Renminbi, 0.80% in Hong Kong dollars, 2.48% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$79,861 million as at 31 December 2022, representing a decrease of 13% or HK\$11,904 million as compared to those as at 31 December 2021. Gearing ratio, measured by net bank and financial institution borrowings, senior notes, convertible bonds and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes, convertible bonds and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 79% as at 31 December 2022 (increased by 9 percentage points as compared with 70% as at 31 December 2021).

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 unsecured and denominated in United States dollars and Hong Kong dollars.

All of the convertible bonds were unsecured and denominated in United States dollars.

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

The Group's borrowings repayment profile as at 31 December 2022 was as follows:

(HK\$ million)	As at 31 December 2022							As at 31 December 2021						
	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Convertible bonds	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Asset-backed securities and commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage	
Within one year	20,340	785	1,846	1,949	2,534	27,454	(28%)	20,782	3,134	4,608	2,383	30,907	(26%)	
One to two years	14,746	9,761	2,325	—	—	26,832	(27%)	31,224	857	1,832	—	33,913	(29%)	
Two to five years	21,587	—	—	—	—	21,587	(22%)	22,318	10,700	2,314	—	35,332	(30%)	
After five years	23,188	—	—	—	—	23,188	(23%)	17,441	—	—	—	17,441	(15%)	
Total	79,861	10,546	4,171	1,949	2,534	99,061		91,765	14,691	8,754	2,383	117,593		
Less: Total bank deposits and cash						(18,394)						(36,312)		
Net borrowings						80,667						81,281		

As at 31 December 2022, the Group had banking facilities of approximately HK\$217,745 million (31 December 2021: HK\$203,902 million) for short-term and long-term bank loans, of which HK\$121,218 million (31 December 2021: HK\$88,692 million) were unutilised.

### Charge on Assets

As at 31 December 2022, certain assets of the Group with an aggregate carrying value of HK\$80,138 million (31 December 2021: HK\$95,980 million) and the Group's equity interests in subsidiaries of HK\$11,903 million (31 December 2021: HK\$9,411 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

### Financial Guarantees

As at 31 December 2022, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$20,170 million (31 December 2021: HK\$17,502 million).

## Commitments

The Group's commitments as at 31 December 2022 were as follows:

	<b>As at 31 December 2022 <i>HK\$ million</i></b>	As at 31 December 2021 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Property construction costs	2,040	3,211
— Capital contribution to associates	316	329
— Capital contribution to joint ventures	450	129
— Acquisition of equity investments	2,339	2,329
	<u>5,145</u>	<u>5,998</u>

### Property development commitments

Contracted but not provided for		
— Property construction costs	28,363	30,780
	<u>28,363</u>	<u>30,780</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:

	<b>As at 31 December 2022 <i>HK\$ million</i></b>	As at 31 December 2021 <i>HK\$ million</i>
Amounts payable		
— Within one year	2	14
	<u>2</u>	<u>14</u>

## **EVENT AFTER THE BALANCE SHEET DATE**

### **Full Redemption at Maturity of Convertible Bonds**

On 10 January 2022, the Company issued US\$250 million in aggregate principal amount of 8.00% guaranteed convertible bonds due 2023 (the “Bonds”) under specific mandate (the “Bond Issue”). The Bonds were guaranteed by certain wholly-owned subsidiaries of the Company. The Bonds would be convertible into ordinary shares of the Company upon conversion. The Bonds had been listed on the Stock Exchange since 11 January 2022 (stock code of the Bonds: 04312), and matured on 6 January 2023 (the “Bonds Maturity Date”). On the Bonds Maturity Date, the Company has redeemed the Bonds in full at aggregate principal amount of US\$250 million together with accrued interest in accordance with the terms and conditions of the Bonds (the “Redemption”). Following the Redemption, the Bonds were forthwith cancelled in full and there are no outstanding Bonds in issue. The Company is discharged from all obligations under and in respect of the Bonds.

## **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 31 December 2022, the Group, excluding its associates and joint ventures, employed a total of 10,482 (2021: 11,775) staff, the majority of which were employed in Mainland China. Employees’ costs (including Directors’ emoluments) amounted to HK\$2,399 million for the year ended 31 December 2022 (2021: HK\$2,263 million).

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Corporate Governance Code 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 31 December 2022 (the “CG Code”), except for the code provision F.2.2.

Code provision F.2.2 of the CG Code 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 2022 (the “2022 AGM”) due to her other business commitment. Mr. Xie Bao Xin, an executive Director who chaired the 2022 AGM, together with other Directors who attended the 2022 AGM were available to

answer questions at the meeting to ensure effective communication with the shareholders. Despite her absence at the 2022 AGM, the Chairman of the Board had reviewed all relevant documents of the 2022 AGM before the meeting, and all records and minutes of the 2022 AGM were circulated to her after the meeting for her information.

## **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**

Hopson Capital International Group Co Ltd (an indirect wholly-owned subsidiary of the Company) has repaid the US\$500 million 5.80%, senior notes (the "Notes") (which were listed on the Singapore Exchange Securities Trading Limited ("SGX-ST")) in full in aggregate principal amount with accrued interest on 12 January 2022, being the maturity date of the Notes. The Notes have been cancelled and delisted from the SGX-ST accordingly.

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 31 December 2022.

## **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 annual results for the year ended 31 December 2022.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 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 Monday, 12 June 2023 to Thursday, 15 June 2023 (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 Thursday, 15 June 2023, 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 Friday, 9 June 2023.

The register of members of the Company will also be closed from Tuesday, 4 July 2023 to Friday, 7 July 2023 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the Bonus Issue. In order to qualify for the 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, 3 July 2023.

## **ANNUAL REPORT**

The 2022 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, 30 March 2023

\* *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*