

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HUIJING HOLDINGS COMPANY LIMITED

滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9968)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

2022 RESULTS HIGHLIGHTS

- Contracted sales (including contracted sales from joint ventures) decreased by 94.5% to approximately RMB441.0 million for the year ended 31 December 2022.
- Revenue decreased by 98.4% to approximately RMB85.9 million for the year ended 31 December 2022.
- Gross profit amounted to approximately RMB6.9 million for the year ended 31 December 2022, of which gross profit on property development was approximately RMB3.6 million. Gross profit margin of this segment was approximately 5.2%.
- Net loss amounted to approximately RMB2,833.9 million for the year ended 31 December 2022 of which approximately RMB2,452.7 million was attributable to owners of the parent company.
- Cash and bank balances were RMB78.3 million as at 31 December 2022. Net gearing ratio was 347.9%, which is calculated by net debt divided by total equity. Net debt includes interest-bearing bank and other borrowings, senior notes and lease liabilities less cash and bank balances.
- The Board did not recommend the payment of final dividend for the year ended 31 December 2022 (2021: final dividend of HK2.48 cents per ordinary share).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Huijing Holdings Company Limited (the “**Company**”) announces that 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 year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	4	85,893	5,309,290
Cost of sales		<u>(78,957)</u>	<u>(3,642,404)</u>
Gross profit		6,936	1,666,886
Other income and gains	4	106,188	124,112
Selling and distribution expenses		(44,347)	(122,965)
Administrative expenses		(305,120)	(472,932)
Fair value (losses)/gains on investment properties		(245,854)	170,757
Impairment of trade and other receivables		(44,351)	–
Write-down of inventories to net realisable value		(1,857,898)	–
Other expenses		(217,564)	(129,927)
Remeasurement of financial guarantee contracts		(8,755)	–
Finance costs	5	(199,097)	(150,801)
Share of profits and losses of joint ventures		4,392	20,299
Share of profit and loss of an associate		(587)	(3,265)
(LOSS)/PROFIT BEFORE TAX	6	(2,806,057)	1,102,164
Income tax expense	7	<u>(27,839)</u>	<u>(551,768)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(2,833,896)</u>	<u>550,396</u>
Attributable to:			
Owners of the parent		(2,452,694)	256,140
Non-controlling interests		(381,202)	294,256
		<u>(2,833,896)</u>	<u>550,396</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted (RMB per share)	9	<u>(0.47)</u>	<u>0.05</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(2,833,896)</u>	<u>550,396</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	39,804	(19,326)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the subsidiaries	<u>(72,416)</u>	<u>42,932</u>
Other comprehensive (loss)/income for the year	<u>(32,612)</u>	<u>23,606</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(2,866,508)</u>	<u>574,002</u>
Attributable to:		
Owners of the parent	(2,485,306)	279,746
Non-controlling interests	<u>(381,202)</u>	<u>294,256</u>
	<u>(2,866,508)</u>	<u>574,002</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		67,236	69,071
Right-of-use assets		28,440	2,010
Investments properties		1,596,000	1,786,900
Intangible assets		5,097	6,321
Investments in joint ventures		276,352	290,660
Investment in an associate		1,648	2,235
Land held for development for sale		1,442,722	597,814
Deferred tax assets		168,839	168,962
		3,586,334	2,923,973
TOTAL NON-CURRENT ASSETS			
CURRENT ASSETS			
Land held for development for sale		381,000	1,113,137
Properties under development		3,622,833	3,388,502
Completed properties held for sale		1,262,412	872,569
Trade receivables	10	20,930	37,497
Prepayments, other receivables and other assets		2,780,418	3,751,039
Receivables from joint ventures		378,604	160,256
Financial assets at fair value through profit or loss		99,403	232,819
Prepaid land appreciation tax		3,239	–
Cash and bank balances		78,268	2,702,420
		8,627,107	12,258,239
TOTAL CURRENT ASSETS			
CURRENT LIABILITIES			
Trade payables	11	1,342,089	1,678,076
Other payables, deposits received and accruals		814,837	530,527
Lease liabilities		5,162	1,933
Contract liabilities		2,513,734	2,676,239
Interest-bearing bank and other borrowings		1,639,070	1,452,479
Senior notes		772,673	915,930
Provision for corporate income tax		774,357	726,907
Provision for land appreciation tax		675,357	637,404
		8,537,279	8,619,495
TOTAL CURRENT LIABILITIES			
NET CURRENT ASSETS		89,828	3,638,744
TOTAL ASSETS LESS CURRENT LIABILITIES		3,676,162	6,562,717

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	2,223,192	2,143,762
Lease liabilities	25,215	79
Deferred tax liabilities	109,084	167,501
	<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES	2,357,491	2,311,342
	<hr/>	<hr/>
NET ASSETS	1,318,671	4,251,375
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	47,972	47,972
Reserves	684,720	3,273,692
	<hr/>	<hr/>
	732,692	3,321,664
Non-controlling interests	585,979	929,711
	<hr/>	<hr/>
Total equity	1,318,671	4,251,375
	<hr/> <hr/>	<hr/> <hr/>

NOTES

1. CORPORATE INFORMATION

Huijing Holdings Company Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands on 9 January 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Office No. 1907, 19th Floor, Great Eagle Centre, No. 23 Harbour Road, Hong Kong.

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

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

2.1 BASIS OF PRESENTATION

Going concern basis

The Group incurred a net loss of RMB2,833,896,000 for the year ended 31 December 2022 and as of that date, the Group had interest-bearing bank and other borrowings and senior notes payables in total of RMB4,634,935,000, out of RMB2,411,743,000 will be due for repayment within the next twelve months, while its available cash and cash equivalent amounted to RMB27,269,000. Subsequent to 31 December 2022 and up to the date of approval of these consolidated financial statements, the Group did not repay principal and interest payables with an aggregate amount of RMB1,879,075,000 for certain interest-bearing bank and other borrowings and senior notes, as a result, such non-repayment has constituted an event of default and lenders may exercise their rights to demand immediate repayment. The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

In light of the above, the Directors have carefully considered the Group's expected cash flow projections not less than 18 months from the date of reporting period and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) the Group has been focusing on the completion and delivery of its property projects as well as the implementation of measures to accelerate the sale of properties under development and completed properties;
- (b) the Group has been consolidating resources to optimise its operations and reducing expenses and capital expenditures, including to look for partners to jointly develop certain property development projects to generate additional cash inflows and/or reduce cash outflows. In addition, the Group has implemented cost control measures and eliminated unnecessary capital expenditures to preserve liquidity for on-going development of its existing property development projects; and
- (c) the Group is actively in discussion with its existing lenders to renew and/or refinance the Group's certain borrowings. The Group has engaged in constructive dialogue with prospective financiers to explore possible refinancing options.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 18 months from the end of the reporting period, they are of the opinion that, taking into account the above plans and measures, the Group will be able to adequately fund its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors consider that the preparation of these consolidated financial statements on a going concern basis is appropriate.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (a) the successful and timely completion and delivery of its property projects as well as the implementation of measures to accelerate the sale of properties under development and completed properties; and
- (b) the successful renewal and/or refinancing of its certain borrowings.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</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 application of the above revised HKFRSs had no material impact of the Group’s financial position and financial performance for the current year and prior periods and/or on the disclosures set out in these consolidated financial statements.

The Directors anticipate that the application of the new and amendments to HKFRSs that are not yet effective will have no material impact on the Group’s financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

During year ended 31 December 2022, revenue of RMB9,200,000 (2021: Nil) was derived from sale of a property in the PRC with a single external customer.

4. REVENUE, OTHER INCOME AND GAINS

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

	2022 RMB'000	2021 RMB'000
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties in the PRC	69,070	5,305,367
<i>Revenue from other sources</i>		
Gross rental income	16,823	3,923
	<u>85,893</u>	<u>5,309,290</u>

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

	2022 RMB'000	2021 RMB'000
Other income and gains		
Gain on disposal of subsidiaries, net	–	82,419
Dividend income from financial assets at fair value through profit or loss	3,034	6,207
Interest income of a loan to a joint venture	15,951	13,034
Bank interest income	24,902	14,449
Forfeiture of deposits	415	679
Gain on disposal of items of property, plant and equipment	288	84
Gain on redemption of senior notes	54,523	–
Others	7,075	7,240
	<u>106,188</u>	<u>124,112</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	1,883	306
Interest on bank and other borrowings	333,383	178,953
Interest on senior notes	123,986	136,427
Interest expense arising from revenue contracts	4,717	5,599
	<u>463,969</u>	<u>321,285</u>
Less: Interest capitalised	(264,872)	(170,484)
	<u>199,097</u>	<u>150,801</u>

6. (LOSS)/PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of properties sold	65,462	3,629,596
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	13,495	12,808
Depreciation of property, plant and equipment	7,199	6,020
Depreciation of right-of-use assets	7,555	4,752
Amortisation of intangible assets	1,506	1,855
Write-down of inventories to net realisable value:		
Land held for development for sale	676,395	–
Properties under development	845,573	–
Completed properties held for sale	335,930	–
	<u>1,857,898</u>	<u>–</u>
Changes in fair value of financial assets at fair value through profit or loss	129,260	85,530
Lease payments not included in the measurement of lease liabilities	396	1,464
Auditor's remuneration	5,000	4,700
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	122,564	191,461
Equity-settled share option expense	7,266	15,751
Pension scheme contributions	9,053	14,023
Less: Forfeited contributions	(4,581)	–
	<u>134,302</u>	<u>221,235</u>
Foreign exchange differences, net	<u>10,078</u>	<u>2,861</u>

7. INCOME TAX EXPENSE

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

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil). Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax (“CIT”) at a rate of 25% (2021: 25%).

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current:		
PRC CIT	35,993	250,574
PRC LAT	<u>50,140</u>	<u>234,553</u>
	86,133	485,127
Deferred	<u>(58,294)</u>	<u>66,641</u>
Total tax charge for the year	<u><u>27,839</u></u>	<u><u>551,768</u></u>

8. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final — Nil (2021: HK2.48 cents per ordinary share)	<u><u>–</u></u>	<u><u>106,351</u></u>

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the loss for the year attributable to owners of the parent of RMB2,452,694,000 (2021: profit for the year attributable to owners of the parent of RMB256,140,000), and the weighted average number of ordinary shares of 5,254,000,000 (2021: 5,254,000,000) in issue during the year.

The calculations of the basic and diluted (loss)/earnings per share are based on:

	2022	2021
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to owners of the parent, used in the basic and diluted (loss)/earnings per share calculation	<u>(2,452,694)</u>	<u>256,140</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	5,254,000,000	5,254,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>136,451</u>
Weighted average number of ordinary shares in issue during the year used in the diluted (loss)/earnings per share calculation	<u>5,254,000,000</u>	<u>5,254,136,451</u>

Because the exercise price of the Company's share options was higher than the average market price for shares, the diluted loss per share is same as basic loss per share during the year.

10. TRADE RECEIVABLES

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

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

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<u>20,930</u>	<u>37,497</u>

11. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables to third parties	1,292,612	1,597,579
Trade payables to related companies controlled by Mr. Lun Ruixiang	<u>49,477</u>	<u>80,497</u>
	<u>1,342,089</u>	<u>1,678,076</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	569,631	941,593
1 to 2 years	648,690	418,462
More than 2 years	<u>123,768</u>	<u>318,021</u>
	<u>1,342,089</u>	<u>1,678,076</u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022, issued by Prism Hong Kong and Shanghai Limited, the Company's external auditor:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of this report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group incurred a net loss of RMB2,833,896,000 for the year ended 31 December 2022 and as of that date, the Group had interest-bearing bank and other borrowings and senior notes payables in total of RMB4,634,935,000, out of RMB2,411,743,000 will be due for repayment within the next twelve months, while its available cash and cash equivalent amounted to RMB27,269,000. Subsequent to 31 December 2022 and up to the date of approval of these consolidated financial statements, the Group did not repay principal and interest payables with an aggregate amount of RMB1,879,075,000 for certain interest-bearing bank and other borrowings and senior notes, as a result, such non-repayment has constituted an event of default and lenders may exercise their rights to demand immediate repayment. These conditions, along with other matters as set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have taken measures to improve the Group's liquidity and financial position as set out in note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to material uncertainties. We are unable to determine whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to write down the values of assets to their recoverable amounts and to provide for any further liabilities which may arise. The consolidated financial statements do not include any such adjustments. However, material uncertainties exist in relation to the Group's ability to continue as a going concern in view of the Group's future cash flow. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation but we have not obtained sufficient appropriate audit evidence regarding the Group's ability to meet its financial obligations as and when they fall due and we consider the potential cumulative effect on the consolidated financial statements of this material uncertainty relating to going concern to be so significant that we have disclaimed our opinion.

EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 November 2023, the Company entered into an agreement to acquire the remaining equity interest of Sincere Partner Holdings Company Limited, a non-wholly owned subsidiary of the Company from Mr Chen Jinxuan, a director and substantial shareholder of Sincere Partner Holdings Company Limited. Upon completion, Sincere Partner Holdings Company Limited will become an indirect wholly-owned subsidiary of the Company. Details are set out in the Company's announcement dated 29 November 2023 and 11 December 2023.
- (b) On 23 November 2023, the Company entered into a letter of intent of strategic cooperation with Dongguan Communications Investment Property Co., Ltd. (東莞交投置業有限公司) ("**Dongguan Communications Investment**"). Pursuant to the letter of intent, the Company and Dongguan Communications Investment will explore and study on the feasibility of cooperation, including, but not limited to, (i) cooperation related to equity interest and capital contribution in relation to individual projects; and (ii) cooperation related to equity interest of the Company, subject to the entering into of definitive agreement(s) by the parties. Details are set out in the Company's announcement dated 8 December 2023.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2022 (2021: final dividend of HK2.48 cents per ordinary share).

ANNUAL GENERAL MEETING

The annual general meeting the Company (the “AGM”) to receive, consider and adopt the audited consolidated financial statements of the Group and the reports of the Directors and auditor of the Company for the year ended 31 December 2022 will be held on a date to be announced by the Company. The notice and circular convening the AGM will be published and despatched to the shareholders of the Company in accordance with the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

As a major part of the macro economy in China, the real estate industry has experienced a deeply transformative adjustment in the year of 2022. The Chinese government will continue to adhere to the keynote of its policy that “houses are for living in, not for speculative investment”, and to adopt city-specific measures (房住不炒，因城施策) to achieve stability on the three fronts (三穩) of land prices (穩地價), housing prices (穩房價) and expectations (穩預期), with a view to fostering a positive cycle and healthy development of the real estate market.

Under the new economic and policy environment, the Group has maintained a steady momentum of development that revolves around establishing, cultivating and expanding its foothold and presence in the Greater Bay area, Dongguan and the high value-added cities in the Southern, Central and Eastern China areas respectively (立足大灣區，深耕東莞，佈局華南，華中及華東等高增值城市). As part of its “one focus, one core, and two wings (一主一核兩翼)” blueprint, the Group has maintained the business model of focusing primarily on residential development projects with urban renewal projects at its core on the one hand, and the cultural and medical tourism living towns and scientific and innovative technologies industrial towns as its two wings on the other (以住宅開發為主營業務，以城市更新為核心、文旅康養和科創產業為雙翼), continuing its relentless effort to bolster the Group’s core competitiveness and capacity for sustainable development.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, lease of investment properties. Under the continuing impact of the overall unfavourable business environment of the PRC's real estate industry, the Group recorded a total revenue of approximately RMB85.9 million for the year ended 31 December 2022, representing a year-on-year decrease of approximately 98.4%.

Contracted sales

For the year ended 31 December 2022, including those of joint ventures, the Group recorded (i) contracted sales of approximately RMB441.0 million, representing a decrease of approximately 94.5% compared to the year ended 31 December 2021, and (ii) contracted gross floor area (“GFA”) sold of approximately 53,033 sq.m., representing a decrease of approximately 94.6% as compared to that for the year ended 31 December 2021.

Sales of properties

For the year ended 31 December 2022, the revenue from sales of properties recorded a year-on-year decrease of approximately 98.7% to approximately RMB69.1 million, which accounted for approximately 80.4% of the total revenue of the Group. For the year ended 31 December 2022, the Group recognised total GFA sold of approximately 15,997 sq.m., which represented a decrease of approximately 97.9% as compared to the same period in 2021. The average selling price (“ASP”) of the properties recognised as property sales was approximately RMB4,318 per sq.m., representing a year-on-year decrease of approximately 38.2%.

The following table sets out the recognised sales and GFA sold of each district as at 31 December 2022:

Location	Recognised GFA <i>sq.m.</i>	Percentage of recognised GFA %	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i>	Percentage of total recognised revenue (%)
Dongguan	4,018	25.1%	9,570	38,450	55.7%
Heyuan	7,793	48.7%	1,052	8,195	11.9%
Hefei	3,658	22.9%	7,272	26,602	38.5%
Hengyang	(827)	-5.2%	8,143	(6,736)	-9.8%
Chengdu	1,355	8.5%	1,899	2,559	3.7%
Total	<u>15,997</u>	<u>100%</u>	4,318	<u>69,070</u>	<u>100%</u>

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

Name of Project	City	The Group's equity interest	Saleable GFA		Investment property (sq.m.)	Total estimate			Attributable consideration (RMB'000)	Land cost (RMB/sq.m.)
			GFA Sold (sq.m.)	(sq.m.) (Note 1)		Unsaleable GFA (sq.m.)	GFA for future development (sq.m.)	Total consideration* (RMB'000)		
Huijing Riverside Villa (御海藍岸)	Dongguan	100%	432,298	7,775	-	49,257	-	559,891	559,891	1,144.2
Huijing Riverside Villa•Perfection (御海藍岸•臻品)	Dongguan	100%	32,871	-	-	5,276	-	80,059	80,059	2,098.7
Royal Spring Hill (御泉香山)	Dongguan	100%	220,965	3,428	-	42,024	-	184,600	184,600	692.9
City Valley (城市山谷)	Dongguan	100%	123,653	557	-	24,566	-	91,794	91,794	617.0
Huijing City Centre (滙景城市中心)	Dongguan	100%	121,675	4,325	15,329	28,659	-	231,031	231,031	1,359.1
Century Gemini (世紀雙子)	Dongguan	100%	50,200	8,308	-	27,168	-	102,639	102,639	920.9
Huijing City (滙景城)	Dongguan	100%	-	-	25,780	-	-	-	-	-
Central Palace (中央華府)	Dongguan	100%	62,590	4,770	-	11,670	-	80,097	80,097	1,013.5
Fenghua Mansion (豐華公館)	Dongguan	100%	15,447	703	-	2,745	-	105,260	105,260	5,570.8
Huijing Group — Huijing Global Centre (滙景集團—滙景發展環球中心)	Dongguan	100%	561	9,880	-	-	-	179,899	179,899	-
Houjie Town Baotun Village Area (厚街鎮寶屯地塊) (Note 2)	Dongguan	100%	-	-	-	-	-	23,701	23,701	-
Hongmei Hongwuwo (洪梅洪屋渦) (Note 3)	Dongguan	100%	-	-	-	-	-	259,154	259,154	-
Qingxi Sanzhong Area (清溪三片區) (Note 3)	Dongguan	100%	-	-	-	-	-	186,300	186,300	-
Shatian Renzhou Area (沙田稔洲片區) (Note 3)	Dongguan	100%	-	-	-	-	-	115,075	115,075	-
Bund No.8 (外灘8號)	Heyuan	100%	180,785	-	-	35,244	-	186,131	186,131	861.6
Nine Miles Bay (九里灣花園)	Heyuan	100%	377,806	318,291	-	125,413	-	747,084	747,084	909.4
Dongjiang River Galleries (a portion of) (東江畫廊 (部分))	Heyuan	100%	-	-	-	-	532,707	490,517	490,517	920.8
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	100%	141,163	66,297	84,121	69,960	-	182,723	182,723	505.4
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	Hengyang	100%	89,792	85,049	-	27,441	1,105,596	330,283	330,283	252.5
Xingfu District (幸福里)	Pinghu	80%	-	61,525	-	22,996	-	268,977	215,182	3,182.4
Yonghe District (雍和居)	Chenzhou	90%	-	266,456	-	61,781	-	418,600	376,740	1,275.3
Jieyou District (解憂湖)	Xuzhou	100%	-	333,383	-	9,813	-	658,200	658,200	1,917.9
Feili Palace (翡麗華府)	Xichang	40%	-	87,401	-	2,679	-	381,842	152,737	4,238.9
Yongjinlan Bay (雍錦瀾灣)	Chengdu	51%	144,131	8,348	-	8,053	-	236,421	120,575	1,472.7
Royal View Peak (御景峰閣)	Chengdu	51%	-	40,231	-	3,321	-	70,277	35,841	1,613.6
Royal View Palace (御景華府)	Chengdu	51%	57,736	20,553	-	18,995	-	114,898	58,598	1,181.1
Royal View Riverside (御景濱江)	Chengdu	51%	54,375	5,098	-	3,878	-	107,545	54,848	1,697.6
The 1st Mansion (壹號府邸)	Fuyang	51%	210,448	41,387	63,505	31,947	-	578,816	295,196	1,666.9
Huijing Global Centre (滙景發展環球中心)	Changsha	49%	131,354	100,588	-	64,672	-	826,040	404,760	2,784.9
Total			2,447,850	1,474,353	188,735	677,558	1,638,303	7,797,854	6,508,915	37,898

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

Notes:

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

2. The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to the subsection under the Company's prospectus dated 31 December 2019 (the "**Prospectus**") headed "Compliance with Laws and Regulations – Historical Non-compliance Incidents – (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts".
3. As at 31 December 2022, the land in Qingxi Sanzhong Area, Hongmei Hongwuwo and Shatian Renzhou Area was zoned for industrial use, and the current information (including plot ratio) is not relevant for our Group's purpose. For further details, please refer to the subsection under the Prospectus headed "Business – Land reserves".
4. Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

Investment properties

As at 31 December 2022, the Group had a total GFA of approximately 188,735 sq.m. (leasable area of approximately 43,007 sq.m.) with rental income of approximately RMB8.4 million for the year ended 31 December 2022.

Land reserves

As at 31 December 2022, the Group has land reserves amounting to approximately 3,112,656 sq.m., with 24 projects and 4 parcels of land located in 11 cities in the Greater Bay Area, the Yangtze River Delta Urban Cluster, the Mid-Stream Urban Cluster and the Chengdu-Chongqing Urban Cluster.

The following table sets out the GFA of the Group’s land reserves by geographical locations as at 31 December 2022:

Location	Total land reserve GFA (sq.m.)	Percentage of total land reserve GFA (%)
Dongguan	39,746	1.3%
Heyuan	850,998	27.3%
Hefei	66,297	2.1%
Hengyang	1,190,645	38.3%
Pinghu	61,525	2.0%
Chenzhou	266,456	8.6%
Xuzhou	333,383	10.7%
Xichang	87,401	2.8%
Chengdu	74,230	2.4%
Fuyang	41,387	1.3%
Changsha	100,588	3.2%
Total	<u><u>3,112,656</u></u>	<u><u>100%</u></u>

The progress of the Three-old Transformation Schemes (the “**Three-old Transformation Schemes**”) was as follows:

1. Project Zhangmutou Baoshan Area: The Three-old Transformation Schemes for this project is carried out on a Collaborative Basis between Villages and Enterprises. Currently, the project has secured the approval regarding the “Overall Implementation Plan for the Commercial and Residential Transformation Unit 1+N in Baoshan Area, Zhangmutou Town, Dongguan City, and will subsequently apply to deregister the current land title and be issued a new land use right. It is expected that the Company will obtain the new land use right certificate before the first quarter of 2024 following the relocation of residents and the payment of land premium. The expected plot ratio accountable GFA was 367,222 sq.m..
2. Humen Xinwan Area: The Three-old Transformation Schemes for this project is carried out on the Right Owners Self-Redevelopment basis. As the project is located in Humen area, which is within the territorial spatial planning of Guangdong Province (2020–2035), the urban renewal procedure is suspended until the completion of the planning by relevant government authorities. The Company anticipates that the urban renewal procedure of Humen Xinwan Area will resume in the first quarter of 2024 following completion of the aforesaid government work. The total site area of this project is 14,910 sq.m. with an expected plot ratio accountable GFA of 34,288 sq.m..

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

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

FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2022, total revenue of the Group was approximately RMB85.9 million, which represented a year-on-year decrease of approximately 98.4%. Gross profit was approximately RMB6.9 million, which represented a year-on-year decrease of approximately 99.6%. Gross profit margin was approximately 8.1%, which represented a year-on-year decrease of approximately 23.3 percentage points. For the year ended 31 December 2022, loss for the year was approximately RMB2,833.9 million, as compared to a profit for the year of RMB550.4 million for the year ended 31 December 2021. For the year ended 31 December 2022, loss attributable to owners of the parent was approximately RMB2,452.7 million, while a profit attributable to owners of the parent was recorded at RMB256.1 million for the year ended 31 December 2021.

Revenue

Revenue decreased from approximately RMB5,309.3 million for the year ended 31 December 2021 to approximately RMB85.9 million for the year ended 31 December 2022, which represented a year-on-year decrease of approximately 98.4%. The GFA delivered decreased from 758,749 sq.m. for the year ended 31 December 2021 to 15,997 sq.m. for year ended 31 December 2022, which represented a year-on-year decrease of approximately 97.9%, while the ASP decreased from RMB6,992 per sq.m. to RMB4,318 per sq.m. mainly as a result of a fall in the number of projects delivered in 2022 and a drop in the unit price under the influence of the market environment.

Cost of sales

Corresponding to the steep decline in revenue, the cost of sales decreased accordingly from approximately RMB3,642.4 million for the year ended 31 December 2021 to approximately RMB79.0 million for the year ended 31 December 2022, which resulted from a significant decrease in the GFA delivered in 2022 as compared to the same period in 2021.

Gross Profit and Gross Profit Margin

Gross profit decreased from approximately RMB1,666.9 million for the year ended 31 December 2021 to approximately RMB6.9 million for the year ended 31 December 2022, with gross profit margin being approximately 31.4% and 8.1%, respectively. The decrease in gross profit margin was mainly due to the regional portfolio of property delivery and the relatively lower average selling price of the properties in 2022.

Other Income and Gains

Other income and gains decreased from approximately RMB124.1 million for the year ended 31 December 2021 to approximately RMB106.2 million for the year ended 31 December 2022. Such decrease was mainly due to (i) the decrease of gain on disposal of subsidiaries by approximately RMB82.4 million, partially offset by (ii) the increase in gain on early redemption of senior notes of approximately RMB54.5 million; and (iii) the increase in bank interest income of approximately RMB10.5 million.

Fair Value (Losses)/Gains on Investment Properties

The fair value gains on investment properties of approximately RMB170.8 million for the year ended 31 December 2021 turned into a loss of approximately RMB245.9 million for the year ended 31 December 2022. The change was primarily attributable to the drop in the valuation of investment properties under the influence of the overall real estate market environment.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately RMB123.0 million for the year ended 31 December 2021 to approximately RMB44.3 million for the year ended 31 December 2022. Such decrease mainly arises from the decrease of approximately RMB39.6 million of sales agents expenses and approximately RMB 27.1 million of marketing expenses as at 2022 respectively as compared to the same period in 2021, as a result of the decline of contracted sales and the optimization of the Group's cost and expense structure, which led to the Group's reduction of its marketing expenses.

Administrative Expenses

Administrative expenses decreased from RMB472.9 million for the year ended 31 December 2021 to RMB305.1 million for the year ended 31 December 2022. Such decrease was primarily due to (i) the decrease of approximately RMB66.9 million in legal and professional fees for the year ended 31 December 2022 compared to the same period in 2021; (ii) the decrease of approximately RMB25.8 million in labour cost compared to the same period in 2021; (iii) the decrease of approximately RMB23.5 million in business entertainment expenses compared to the same period in 2021; and (iv) the decrease of approximately RMB13.1 million in share option expenses compared to the same period in 2021.

Impairment of trade and other receivables

For the year ended 31 December 2022, the Group has provisioned the loss allowance of approximately RMB44.4 million for trade and other receivables based on the expected credit loss model (for the year ended 31 December 2021: Nil).

Write-down of inventories to net realisable value

For the year ended 31 December 2022, the Group has provisioned the impairment of approximately RMB1,857.9 million for inventory impairment based on the net realisable value of inventory (for the year ended 31 December 2021: Nil).

Remeasurement of financial guarantee contracts

For the year ended 31 December 2022, the Group has provisioned loss allowance of approximately RMB8.8 million for financial guarantee contracts based on the expected credit loss model (for the year ended 31 December 2021: Nil).

Other Expenses

Other expenses increased from RMB129.9 million for the year ended 31 December 2021 to RMB217.6 million for the year ended 31 December 2022. Such increase was primarily due to (i) the provision for litigation-related contingent liabilities of approximately RMB11.3 million; (ii) the increase in fair value losses on financial assets at fair value through profit or loss of approximately RMB43.7 million; and (iii) the decrease of exchange loss of approximate RMB7.2 million.

Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures decreased from a share of profits of approximately RMB20.3 million for the year ended 31 December 2021 to a share of profits of approximately RMB4.4 million for the year ended 31 December 2022, which was primarily due to the decrease in the revenue generated from the property delivery of the joint venture located in Hunan in 2022.

Finance Costs

Finance cost increased from approximately RMB150.8 million for the year ended 31 December 2021 to approximately RMB199.1 million for the year ended 31 December 2022, which was primarily due to the increase in the average balance of bank and other borrowing.

Income Tax Expenses

Income tax expenses decreased from approximately RMB551.8 million for the year ended 31 December 2021 to approximately RMB27.8 million for the year ended 31 December 2022, with effective income tax rate of approximately 50.1% and -1.0% for the respective year. The decrease in effective income tax rate was primarily due to a turn from a profit before tax for the year ended 31 December 2021 to a loss before tax for the year ended 31 December 2022.

Net (Loss)/Profit and Net (Loss)/Profit Margin

There was a net loss of approximately RMB2,833.9 million for the year ended 31 December 2022 as compared to the net profit of approximately RMB550.4 million for the year ended 31 December 2021. The net profit margin turned from approximately 10.4% for the year ended 31 December 2021 into a net loss margin of approximately 3,299.3% for the year ended 31 December 2022.

The turn from net profit to net loss was primarily attributable to the decrease in gross profit by 99.6%, the increase of other expenses by 67.5% and the decrease in the fair value of investment properties by 244.0% for the year ended 31 December 2022.

FUTURE OUTLOOK

Looking back to 2022, the real estate industry underwent significant changes. It was a difficult year, with the housing market facing softened demand. Despite the policies issued to support the real estate market, the overall market environment and financing conditions remained challenging for most real estate enterprises.

Looking ahead to the coming year or even next year, the real estate industry may still face a demand and financing pressure. In view of such, it is anticipated that stimulating policies to improve the general macro economy and the real estate market will likely continue to be issued. It is also expected that the consumer confidence and market sentiment can be restored at some point, taking into account the time needed for the relevant policies to take effect. Meanwhile, the Group will continue to implement measures to improve its operational efficiency and achieve its business objectives.

The Group is principally engaged in the business of property development in China, and going forward, the Group will continue to focus on property development projects in the Southern China region, especially the Three-old Transformation projects in Dongguan, Guangdong Province. Taking into account the policy about ensuring timely deliveries of pre-sold housing and the current market conditions, the Group will continue to focus on:

- (i) the completion and delivery of its property projects, including working with different partners;
- (ii) implementing measures to accelerate the sale of properties under development and completed properties; and
- (iii) consolidating resources to optimize its operations and reducing expenses and capital expenditures.

On the other hand, the Group has been facing financing pressure from lenders and creditors and is in the process of negotiating with lenders and creditors. The Group will continue to engage in proactive and constructive dialogue and maintain a positive momentum with the lenders and creditors with a view to working out solutions as soon as practical.

Finally, the Group remains optimistic and hopeful about the future, and believe that through the efforts of all employees, the Group will overcome the current difficult conditions. Accordingly, the Group would like to express its sincere gratitude to the Company's shareholders, investors, partners, customers and employees.

LIQUIDITY AND CAPITAL RESOURCES

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

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

As at 31 December 2022, the Group had a total cash and bank balances of approximately RMB78.3 million as compared to approximately RMB2,702.4 million as at 31 December 2021. The decrease was primarily due to substantial decrease in proceeds from sales of properties. Substantially all of the Group's cash and bank balance are denominated in RMB.

The Group's net current assets were approximately RMB3,638.7 million and RMB89.8 million as at 31 December 2021 and 2022, respectively. The decrease in net current assets was mainly attributable to (i) the decrease of cash and bank balances of approximately RMB2,624.2 million as at 31 December 2022, (ii) the decrease in prepaid land lease payments of approximately RMB732.1 million; and (iii) the decrease of prepayment, other receivables and deposits of approximately RMB970.6 million as at 31 December 2023; being partially offset by (i) the increase in other receivables and deposits of approximately RMB284.3 million; (ii) the net increase in current portion of interest-bearing bank and other borrowings of approximately RMB186.6 million as at 31 December 2022.

As at 31 December 2022, the Group's borrowings of RMB1,661.5 million (2021: RMB1,068.1 million) were borrowings with floating interest rates.

As at 31 December 2022, the Group had banking facilities in the total amount of RMB10,080.0 million, of which approximately RMB1,335.2 million, representing 13.2% has been utilized.

Key financial ratios

As at 31 December 2022, the Group's net gearing ratio (calculated as the total borrowings and lease liabilities net of cash and bank balances divided by total equity) was approximately 347.9%, which represented an increase of 716.3% as compared to approximately 42.6% as at 31 December 2021. The increase was primarily attributable to the significant decrease of approximately 69.0% in the balance of total equity as at 31 December 2022.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates and remained relatively stable at 1.4 times and 1.1 times as at 31 December 2021 and 2022.

Foreign exchange risk

Substantially all of the Group's revenue and expenditure are denominated in RMB. As at 31 December 2022, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

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

Pledge of assets

The Group's bank and other borrowings as at 31 December 2022 with carrying amounts of RMB3,614.1 million (31 December 2021: RMB3,292.5 million), RMB248.1 million (31 December 2021: RMB229.2 million) and RMB0 million (31 December 2021: RMB74.8 million) denominated in RMB, United States dollars and Hong Kong dollars, respectively, out of which RMB3,268.5 million (31 December 2021: RMB3,292.5 million) were secured by certain land held for development for sale, equity interests in certain subsidiaries, properties under development, investment properties, right of rental income and completed properties held for sale of the Group.

Capital commitments

As at 31 December 2022, the Group had commitments that are contracted but not provided for in respect of property development expenditure as follows:

	As at 31 December	
	2022	2021
	(RMB'000)	(RMB'000)
Contracted, but not provided for:		
Properties under development	2,379,630	1,691,648
Investment properties under construction	313,829	578,040
Purchase of land through acquisition of assets and liabilities	480,560	168,640
Total	3,174,019	2,438,328

Financial guarantees and contingent liabilities

As at 31 December 2022, the Group's total financial guarantees are as follows:

	As at 31 December	
	2022	2021
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with mortgage facilities provided to customers of the Group's properties	2,956,845	3,588,717

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

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group's guarantee period starts from the start of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at 31 December 2022, the Group did not carry out any material acquisitions or disposals of its subsidiaries, associates and joint ventures.

Significant investment held

As at 31 December 2022, there was no significant investment held by the Group.

Employee and remuneration policy

As at 31 December 2022, the Group had a total of 388 employees (for the year ended 31 December 2021: 545). Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2022 amounted to approximately RMB134.3 million (2021: approximately RMB221.2 million). The Group has adopted a system of determining the remuneration of employees based on employees qualification, experience, position and seniority. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, allowances, discretionary bonus, performance-based rewards and year-end bonus. The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, particulars of which will be set out in the section headed "Share Option Schemes" of the Company's annual report for the year ended 31 December 2022. The Group also pays social security insurance for the Group's employees, including social insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

The following table sets out the GFA breakdown of the Group's land reserves by property project as at 31 December 2022:

Property Type	Completed as at 31 December 2022				Under development as at 31 December 2022				Total GFA (sq.m.)
	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale/lease (sq.m.)	Investment property (sq.m.)	Saleable/ leaseable GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment property (sq.m.)	Total estimate GFA for future development (sq.m.)	
Residential property project									
Dongguan	162,706	938,585	35,421	-	-	-	-	-	1,136,712
Heyuan	100,715	558,591	33,231	-	285,060	59,942	-	532,707	1,570,246
Pinghu	-	-	-	-	61,525	22,996	-	-	84,521
Chenzhou	-	-	-	-	266,456	61,781	-	-	328,237
Xuzhou	-	-	-	-	333,383	9,813	-	-	343,196
Xichang	-	-	-	-	87,401	2,679	-	-	90,080
Chengdu	30,926	256,242	33,999	-	40,231	3,321	-	-	364,719
Subtotal	294,347	1,753,418	102,651	-	1,074,056	160,532	-	532,707	3,917,711
Integrated property project									
Dongguan	28,659	121,675	4,325	-	-	-	-	-	154,659
Hefei	7,415	141,163	4,777	-	61,520	62,545	-	-	277,420
Changsha	64,672	131,354	100,588	-	-	-	-	-	296,614
Fuyang	31,921	210,448	10,532	-	30,855	27	-	-	283,783
Subtotal	132,667	604,640	120,222	-	92,375	62,572	-	-	1,012,476
Investment property									
Dongguan	-	-	-	41,109	-	-	-	-	41,109
Hefei	-	-	-	-	-	-	84,121	-	84,121
Fuyang	-	-	-	-	-	-	63,505	-	63,505
Subtotal	-	-	-	41,109	-	-	147,626	-	188,735
Property project promoting specific industry									
Hengyang	12,867	89,792	3,680	-	81,369	14,574	-	1,105,596	1,307,878
Subtotal	12,867	89,792	3,680	-	81,369	14,574	-	1,105,596	1,307,878
Total	439,881	2,447,850	226,553	41,109	1,247,800	237,678	147,626	1,638,303	6,426,800

	Completed as at 31 December 2022										Under development as at 31 December 2022				Actual/estimated construction commencement time	Actual/estimated pre-sale commencement time	Actual/estimated construction completion time	
	Location	Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA sold (sq.m.)	GFA available for sale (sq.m.)	Investment property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-side GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment property (sq.m.)	Total GFA under development (sq.m.)	Total estimate GFA for future development (sq.m.)				
																		Total GFA
Huijing Riverside Villa (御海壹岸)	Dongguan	315,867	49,257	432,298	7,775	-	489,330	-	-	-	-	-	-	-	489,330	2010.9.30	2011.4.1	2020.6
Huijing Riverside Villa • Perfection (御海壹岸 • 臻品)	Dongguan	10,220	5,276	32,871	-	-	38,147	-	-	-	-	-	-	-	38,147	2017.9.1	2018.4.28	2019.6.26
Royal Spring Hill (御泉香山)	Dongguan	119,999	42,024	220,965	3,428	-	266,417	-	-	-	-	-	-	-	266,417	2010.12.28	2011.5.20	2017.3.9
City Valley (城市山谷)	Dongguan	59,665	24,566	123,653	557	-	148,776	-	-	-	-	-	-	-	148,776	2014.4.15	2014.11.25	2018.7.6
Huijing City Centre (滙景城市中心)	Dongguan	37,025	28,659	121,675	4,325	15,329	169,988	-	-	-	-	-	-	-	169,988	2015.10.16	2016.4.8	2019.7.8
Century Gemini (世紀雙子)	Dongguan	-	27,168	50,200	8,308	-	85,676	-	-	-	-	-	-	-	85,676	2011.1.21	2012.5.21	2015.1.5
Huijing City (滙景城)	Dongguan	17,314	-	-	-	25,780	25,780	-	-	-	-	-	-	-	25,780	2011.1.21	na	2015.4.30
Central Palace (中央華府)	Dongguan	18,914	11,670	62,590	4,770	-	79,030	-	-	-	-	-	-	-	79,030	2010.4.14	2010.4.28	2011.11.21
Huijing Global Centre (滙景發展環球中心)	Dongguan	-	-	561	9,880	-	10,441	-	-	-	-	-	-	-	10,441	na	na	na
Fenghua Mansion (豐華公館)	Dongguan	6,042	2,745	15,447	703	-	18,895	-	-	-	-	-	-	-	18,895	2018.10.24	2019.11.29	2020.6.30
Subtotal		585,046	191,365	1,060,260	39,746	41,109	1,332,480	-	-	-	-	-	-	-	1,332,480			
Bund No.8 (外灘8號)	Heyuan	60,007	35,244	180,785	-	-	216,029	-	-	-	-	-	-	-	216,029	2016.7.27	2019.5.8	2018.12.25
Nine Miles Bay (九里灣花園)	Heyuan	273,500	65,471	377,806	33,231	-	476,508	285,060	282,151	116,506	59,942	-	345,002	-	821,510	2018.11.30	2018.12.20	2022.12.31
Dongjiang River Galleries (a portion of) (東江畫廊(部分))	Heyuan	266,353	-	-	-	-	-	-	-	-	-	-	-	532,707	532,707	na	na	na
Subtotal		599,860	100,715	558,591	33,231	-	692,537	285,060	282,151	116,506	59,942	-	345,002	532,707	1,570,246			
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	37,779	7,415	141,163	4,777	-	153,355	61,520	43,356	29,941	62,545	84,121	208,186	-	361,541	2017.1.19	2017.8.31	2022.9.30
Huijing Yuhui International Resort (衡陽滙景 • 雁湖生態文藝小鎮)	Hengyang	938,427	12,867	89,792	3,680	-	106,339	81,369	59,739	40,920	14,574	-	95,943	1,105,596	1,307,878	2016.4.28	2017.10.30	2022.12.31
Xingfu District (幸福里)	Pinghu	25,114	-	-	-	-	-	61,525	61,525	34,852	22,996	-	84,521	-	84,521	2020.6.30	2020.12.15	2022.12.31
Yonghe District (雍和居)	Chenzhou	107,319	-	-	-	-	-	266,456	58,956	22,369	61,781	-	328,237	-	328,237	2021.9.23	2021.6.23	2024.9.22
Jieyou Lake (解憂湖)	Xuzhou	96,398	-	-	-	-	-	333,383	54,652	25,549	9,813	-	343,196	-	343,196	2022.1.11	2021.8.27	2024.1.10
Feli Palace (飛龍華府)	Xichang	20,297	-	-	-	-	-	87,401	74,622	9,704	2,679	-	90,080	-	90,080	2019.10.18	2020.10.29	2024.6.20
Subtotal		1,225,334	20,282	230,955	8,457	-	259,694	891,654	352,850	163,335	174,388	84,121	1,150,163	1,105,596	2,515,453			
Yongjinan Bay (雍錦灘灣)	Chengdu	47,646	8,053	144,131	8,348	-	160,532	-	-	-	-	-	-	-	160,532	2017.12.29	2018.7.12	2021.3.19
Royal View Peak (御景峰閣)	Chengdu	14,641	-	-	-	-	-	40,231	40,031	33,011	3,321	-	43,552	-	43,552	2020.4.26	2020.8.31	2023.4.26
Royal View Palace (御景華府)	Chengdu	30,640	18,995	57,736	20,553	-	97,284	-	-	-	-	-	-	-	97,284	2019.10.30	2019.12.18	2021.7.29
Royal View Riverside (御景濱江)	Chengdu	23,430	3,878	54,375	5,098	-	63,351	-	-	-	-	-	-	-	63,351	2018.11.14	2019.1.18	2021.6.11
Subtotal		116,357	30,926	256,242	33,999	-	321,167	40,231	40,031	33,011	3,321	-	43,552	-	364,719			
The 1st Mansion (壹號府邸)	Fuyang	114,879	31,921	210,448	10,532	-	252,901	30,855	14,440	20,514	27	63,505	94,387	-	347,287	2017.11.22	2018.2.02	2022.10.31
Huijing Global Centre (滙景發展環球中心)	Changsha	27,081	64,672	131,354	100,588	-	296,614	-	-	-	-	-	-	-	296,614	2016.6.30	2017.12.25	2020.6.30
Total		2,668,557	439,881	2,447,850	226,553	41,109	3,155,393	1,247,800	689,472	333,366	237,678	147,626	1,633,104	1,638,303	6,426,800			

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) consists of three members, namely Mr Chan Kin Man (as the chairman), Ms Ou Ningxin and Mr Chen Guilin, all being independent non-executive Directors.

The Audit Committee has reviewed the audited consolidated financial statements and the annual results of the Group 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 results announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by the Company’s auditor on this preliminary results announcement.

DIRECTORS’ COMPETING INTEREST

None of the Controlling Shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board had reviewed its corporate governance practices throughout the year ended 31 December 2022, and confirmed that the Company has complied with all principles and code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rule save as disclosed below.

On 9 December 2022, Ms Lin Yanna (“**Ms Lin**”) resigned as an independent non-executive Director as she needed to devote more time on her personal commitments. Upon the resignation of Ms Lin, she also ceased to be the chairman of the remuneration committee (“**Remuneration Committee**”) and a member of each of the Audit Committee and nomination committee (“**Nomination Committee**”) of the Company. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules and shall appoint an independent non-executive Director within three months after failing to meet the requirement according to Rule 3.11. On 15 March 2023, the Stock Exchange has agreed to grant the waiver to the Company to extend the time to 30 April 2023 for filling the vacancies. On 25 April 2023, Mr Chen Guilin was appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee. Following the appointment of Mr Chen Guilin, the Company was in compliance with the requirements under Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules.

On 6 July 2023, (i) Ms Chiu Lai Kuen Susanna (“**Ms Chiu**”) resigned as an independent non-executive Director, the chairman of the Audit Committee as she desired to devote more time to other business and personal commitments; and (ii) Mr Hung Wan Shun Stephen (“**Mr Hung**”) resigned as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee due to his other business commitments. Following the resignations of Ms Chiu and Mr Hung, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25, 3.27A and 13.92 of the Listing Rules.

On 26 July 2023, (i) Mr Chan Kin Man was appointed as an independent non-executive Director and the chairman of the Audit Committee; and (ii) Ms Ou Ningxin (“**Ms Ou**”) was appointed as an independent non-executive Director, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee. Following the appointments of Mr Chan Kin Man and Ms Ou, the Company re-complied with the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25, 3.27A and 13.92 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 December 2022.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This preliminary announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://huijingholdings.com>). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 February 2024

As at the date of this announcement, the Board comprises Mr Lun Zhao Ming, Mr Lu Peijun and Mr Luo Chengyu as executive Directors, Mr Lun Ruixiang as a non-executive Director, and Mr Chan Kin Man, Ms Ou Ningxin and Mr Chen Guilin as independent non-executive Directors.