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中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of China Aoyuan Group Limited (“China Aoyuan” or “Aoyuan” or the “Company”) announces the audited annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000 (Restated)
Revenue	(4)		
Contracts with customers		49,767,069	67,554,967
Leases		254,547	238,825
Total revenue		50,021,616	67,793,792
Cost of sales		(61,956,498)	(51,712,570)
Gross (loss)/profit		(11,934,882)	16,081,222
Other income, gains and losses, net	(6)	(13,138,832)	3,105,741
Change in fair value of investment properties		95,844	117,454
Recognition of change in fair value of properties for sale upon transfer to investment properties		–	162,046
Selling and distribution expenses		(2,536,220)	(2,530,938)
Administrative expenses		(3,920,746)	(3,330,082)
(Loss)/Gain on disposal of subsidiaries		(2,506,669)	1,227,798
Share of results of joint ventures		(443,107)	(229,075)
Share of results of associates		(75,550)	10,531
Finance costs	(7)	(1,777,276)	(1,006,170)
(Loss)/Profit before tax	(8)	(36,237,438)	13,608,527

	<i>NOTES</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Income tax credit/(expense)	(9)	<u>749,892</u>	<u>(6,557,481)</u>
(LOSS) /PROFIT FOR THE YEAR		<u>(35,487,546)</u>	<u>7,051,046</u>
Attributable to:			
Owners of the Company		(33,074,609)	5,907,550
Non-controlling interests		<u>(2,412,937)</u>	<u>1,143,496</u>
		<u>(35,487,546)</u>	<u>7,051,046</u>
OTHER COMPREHENSIVE (EXPENSES)/INCOME			
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value (loss)/gain on equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		(72,081)	19,470
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		<u>(16,559)</u>	<u>32,133</u>
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR		<u>(88,640)</u>	<u>51,603</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR		<u>(35,576,186)</u>	<u>7,102,649</u>
Attributable to:			
– Owners of the Company		(33,163,249)	5,957,410
– Non-controlling interests		<u>(2,412,937)</u>	<u>1,145,239</u>
		<u>(35,576,186)</u>	<u>7,102,649</u>
(Loss)/Earnings per share (<i>RMB cents</i>)			
Basic	(11)	(1,214.45)	218.84
Diluted	(11)	<u>(1,214.45)</u>	<u>218.71</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTE	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,121,069	4,188,978
Right-of-use assets		1,122,439	1,622,716
Investment properties		14,147,700	12,408,539
Goodwill		875,737	688,144
Intangible assets		91,932	282,038
Interests in joint ventures		2,696,282	6,735,883
Interests in associates		1,667,386	4,008,334
Financial assets at fair value through profit or loss ("FVTPL")		214,727	249,784
Equity instruments designated at FVTOCI		479,317	628,517
Deferred tax assets		4,011,528	1,636,606
Deposit paid for acquisition of a subsidiary		-	81,600
Deposits paid for acquisition of property, plant and equipment		31,289	41,382
Deposits paid for acquisitions of joint ventures		-	877,611
Amounts due from non-controlling shareholders of subsidiaries		-	27,000
Amounts due from joint ventures		-	1,292,472
Trade and other receivables	(12)	-	259,433
Total non-current assets		29,459,406	35,029,037
CURRENT ASSETS			
Properties for sale		152,482,119	158,280,712
Inventories		208,066	265,954
Trade and other receivables	(12)	34,664,054	29,167,308
Amounts due from non-controlling shareholders of subsidiaries		4,783,687	5,548,176
Amounts due from joint ventures		13,555,280	21,916,040
Amounts due from associates		447,528	1,040,784
Financial assets at FVTPL		52,342	791,042
Tax recoverable		5,104,409	3,613,743
Restricted bank deposits		9,152,960	17,521,833
Bank balances and cash		9,262,210	52,503,827
Assets classified as held for sale		229,712,655	290,649,419
		2,250,746	-
Total current assets		231,963,401	290,649,419

	<i>NOTE</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	(13)	50,431,777	40,557,088
Financial liability at FVTPL		–	29,050
Contract liabilities		70,954,970	69,039,857
Amounts due to non-controlling shareholders of subsidiaries		3,863,048	5,481,613
Amounts due to joint ventures		12,300,210	23,938,123
Amounts due to associates		1,185,393	683,862
Tax liabilities		10,280,800	11,732,743
Bank and other borrowings		83,295,322	38,514,135
Lease liabilities		196,733	148,036
Senior notes and bonds		29,481,330	13,753,322
Provisions		–	2,274,284
		<u>261,989,583</u>	<u>206,152,113</u>
Liabilities directly associated with assets classified as held for sale		<u>1,725,227</u>	<u>–</u>
Total current liabilities		<u>263,714,810</u>	<u>206,152,113</u>
Net current (liabilities)/assets		<u>(31,751,409)</u>	<u>84,497,306</u>
Total assets less current liabilities		<u>(2,292,003)</u>	<u>119,526,343</u>
Non-current liabilities			
Bank and other borrowings		1,632,119	42,439,159
Deferred tax liabilities		1,570,996	1,959,942
Lease liabilities		1,447,449	521,361
Senior notes and bonds		–	20,166,368
Deferred income		587,222	186,867
Total non-current liabilities		<u>5,237,786</u>	<u>65,273,697</u>
Net (liabilities)/assets		<u>(7,529,789)</u>	<u>54,252,646</u>
EQUITY			
Capital and reserves			
Share capital		27,726	25,567
Reserves		(15,532,523)	18,527,320
Equity attributable to owners of the Company		<u>(15,504,797)</u>	<u>18,552,887</u>
Non-controlling interests		<u>7,975,008</u>	<u>35,699,759</u>
TOTAL EQUITY		<u>(7,529,789)</u>	<u>54,252,646</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company (the “Directors”) have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and its subsidiaries (collectively referred to as the “Group”) has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

During the year ended 31 December 2021, the Group recorded a net loss of approximately RMB35,488 million and a net operating cash outflow. As at 31 December 2021, the Group’s current liabilities (after reclassifying certain bank and other borrowings and senior notes and bonds with scheduled repayment dates beyond one year after 31 December 2021 as current liabilities due to defaults and cross defaults in repayment) exceeded its current assets by approximately RMB31,751 million. At the same date, the Group’s total bank and other borrowings and senior notes and bonds amounted to RMB114,408 million, out of which RMB112,777 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has commitments including its share of commitments made jointly with investors relating to its joint ventures in aggregate of approximately RMB28,889 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB18,415 million.

As at 31 December 2021, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB8,002 million and senior notes and bonds of approximately RMB1,251 million. Such events triggered default and cross-default clauses in several other bank and other borrowings and senior notes and bonds of the Group. As a result of such, the relevant banks and financial institutions have the rights to request the Group to immediately repay bank and other borrowings of approximately RMB58,437 million and senior notes and bonds of approximately RMB28,230 million. Subsequent to 31 December 2021 and up to the date of these consolidated financial statements, apart from the aforesaid bank and other borrowings and senior notes and bonds, the Group had not repaid bank and other borrowings of approximately RMB18,086 million that are due for repayment. Furthermore, as at 31 December 2021 and up to the date of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

- (a) The Group, together with its financial and legal advisors, have maintained active communication with the offshore creditors to formulate and agree a practical and feasible offshore holistic debt restructuring plan (the “Holistic Restructuring”) aimed at addressing the current liquidity issue, enhancing credit profile of the Group and protecting the interests of all stakeholders.

The Group and an ad-hoc group comprising holders of certain offshore senior bond and notes issued by the Company (the “AHG”), together with respective advisors, have been engaged in constructive discussion towards a consensual Holistic Restructuring that would provide the Group with a sustainable capital structure to deliver long-term value for all of its stakeholders. As at the date of approval of these consolidated financial statements, the Group has agreed the key commercial terms of the Holistic Restructuring with the AHG. Directors are confident that the Holistic Restructuring will ultimately reach a conclusion based on recently successful outcomes that have been completed.

- (b) The Group has been actively negotiating with onshore open market bond investors on the extension of debts. As at the date of approval of these consolidated financial statements, a modified repayment arrangement was made in respect of the principal and related interests amounting to approximately RMB6,834 million in aggregate, where the repayment period has been extended to 2026 with the interest rates remaining unchanged.

The Group has been also actively negotiating with other onshore lenders on the extension of borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contract all arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements involving borrowings of approximately RMB19,751 million in principal amount.

The Directors believe that the Group will be able to extend the repayment period for its other onshore open market bonds and onshore financing arrangements.

- (c) The Group has been actively exploring and will continue to explore potential opportunities of asset disposal to create liquidity for, and alleviate or resolve debt issues.
- (d) To ensure the stability and sustainable operation of the Group’s business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and make every effort to improve the Group’s liquidity position.
 - (I) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.
 - (II) The Group has prioritised delivery of property development projects. As at the date of approval of these consolidated financial statements, majority of the Group’s property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects.
 - (III) The Group has adjusted organisational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses. The Group will continue to actively assess additional measures to further reduce discretionary spending.
 - (IV) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

Taking into account the above plans and measures, and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 31 December 2021, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2021.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In current year, the Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements.

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

Except as described below, the application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank loans denominated in RMB based on the China Loan Prime Rate as at 31 December 2021. The Group expects that the China Loan Prime Rate will continue to exist and the interest rate benchmark reform has not had an impact on the Group's China Loan Prime Rate-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the abovementioned practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

4. REVENUE

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2021			
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sales of properties				
Residential apartments	34,832,198	–	–	34,832,198
Commercial apartments	5,146,343	–	–	5,146,343
Retail shops and others	3,840,666	–	–	3,840,666
Low-density residential	1,741,888	–	–	1,741,888
	<u>45,561,095</u>	<u>–</u>	<u>–</u>	<u>45,561,095</u>
Others				
Property management services	–	–	1,628,858	1,628,858
Others	–	–	2,577,116	2,577,116
	<u>–</u>	<u>–</u>	<u>4,205,974</u>	<u>4,205,974</u>
Revenue from contracts with customers	45,561,095	–	4,205,974	49,767,069
Property investment				
Commercial and retail shops	–	254,547	–	254,547
Total	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</u>
Timing of revenue recognition				
At a point of time	45,561,095	–	2,595,737	48,156,832
Recognised over time	–	–	1,610,237	1,610,237
	<u>45,561,095</u>	<u>–</u>	<u>4,205,974</u>	<u>49,767,069</u>
Rental income	–	254,547	–	254,547
Total	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</u>

For the year ended 31 December 2020

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sales of properties				
Residential apartments	52,639,605	–	–	52,639,605
Commercial apartments	4,404,197	–	–	4,404,197
Retail shops and others	3,445,901	–	–	3,445,901
Low-density residential	3,926,921	–	–	3,926,921
	<u>64,416,624</u>	<u>–</u>	<u>–</u>	<u>64,416,624</u>
Others				
Property management services	–	–	951,137	951,137
Others	–	–	2,187,206	2,187,206
	<u>–</u>	<u>–</u>	<u>3,138,343</u>	<u>3,138,343</u>
Revenue from contracts with customers	64,416,624	–	3,138,343	67,554,967
Property investment				
Commercial and retail shops	–	238,825	–	238,825
Total	<u>64,416,624</u>	<u>238,825</u>	<u>3,138,343</u>	<u>67,793,792</u>
Timing of revenue recognition				
At a point of time	64,416,624	–	2,014,255	66,430,879
Recognised over time	–	–	1,124,088	1,124,088
	<u>64,416,624</u>	<u>–</u>	<u>3,138,343</u>	<u>67,554,967</u>
Rental income	–	238,825	–	238,825
Total	<u>64,416,624</u>	<u>238,825</u>	<u>3,138,343</u>	<u>67,793,792</u>

5. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties

Others – hotel operation, provision of property management services, sales of goods and provision of services

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2021			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</u>
Segment result	<u>(28,399,301)</u>	<u>140,898</u>	<u>(3,679,786)</u>	<u>(31,938,189)</u>
Other income, gains and losses, net				1,377,070
Loss on disposal of subsidiaries				(2,506,669)
Unallocated corporate expenses				(873,717)
Share of results of joint ventures				(443,107)
Share of results of associates				(75,550)
Finance costs				<u>(1,777,276)</u>
Loss before tax				<u>(36,237,438)</u>
	For the year ended 31 December 2020			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	<u>64,416,624</u>	<u>238,825</u>	<u>3,138,343</u>	<u>67,793,792</u>
Segment result	<u>11,318,952</u>	<u>282,472</u>	<u>153,656</u>	11,755,080
Other income, gains and losses, net				2,242,650
Gain on disposal of subsidiaries				1,227,798
Unallocated corporate expenses				(392,287)
Share of results of joint ventures				(229,075)
Share of results of associates				10,531
Finance costs				<u>(1,006,170)</u>
Profit before tax				<u>13,608,527</u>

The accounting policies of the reportable and operating segments are the same as the Group’s accounting policies. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors’ salaries, head office operating expenses, certain amount of other income, gains and losses, (loss)/gain on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group’s chief executive officer for the purposes of resource allocation and performance assessment.

Geographical information

The Group’s operations and location of non-current assets are substantially in the People’s Republic of China (the “PRC”). Information about the Group’s revenue from external customers is presented based on location of the operations. Information about the Group’s non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments other than equity instruments designated at FVTOCI, financial assets at FVTPL, deferred tax assets, trade and other receivables, amounts due from non-controlling shareholders of subsidiaries and joint ventures.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Mainland China	48,812,656	65,415,071	24,373,537	30,555,174
Hong Kong	–	–	328,854	322,535
Australia	1,200,157	2,371,676	5,170	7,947
Canada	8,803	7,045	46,273	49,569
	<u>50,021,616</u>	<u>67,793,792</u>	<u>24,753,834</u>	<u>30,935,225</u>

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2021 and 2020.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Exchange gains, net	(805,277)	(1,839,745)
Gain on change in fair value of financial assets at FVTPL	(19,720)	(80,285)
Loss on change in fair value of financial liability at FVTPL	–	9,889
Investment return from financial assets at FVTPL	(23,945)	–
Investment return from structured deposits	–	(12,315)
Bank interest income	(820,010)	(781,226)
Other interest income	(103,106)	(168,689)
Government subsidy*	(23,882)	(150,593)
Loss on disposal of property, plant and equipment	173,815	79,518
Loss/(Gain) on disposal of joint ventures	98,469	(252,197)
Gain on disposal of associates	(765)	–
Impairment losses on trade and other receivables	6,344,987	121,509
Impairment losses on amounts due from non-controlling shareholders of the subsidiaries (“NCI”)	2,034,996	–
Impairment losses on amounts due from joint ventures	433,773	57,543
Impairment losses on amounts due from associates	33,225	–
Impairment losses on interests in joint ventures	1,843,914	–
Impairment losses on interests in associates	306,268	–
Impairment losses on right-of-use assets	1,056,178	18,997
Impairment losses on intangible assets	159,424	–
Impairment losses on property, plant and equipment	883,777	–
Impairment losses on goodwill	593,785	–
Impairment losses on contract assets	11,766	–
Impairment loss on assets classified as held-for-sale	1,193,941	–
Others	(232,781)	(108,147)
	<u>13,138,832</u>	<u>(3,105,741)</u>

* Government subsidy represented unconditional cash payments granted by government authorities and conditional grants related to development of property projects.

7. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
Bank and other borrowings	8,901,816	5,883,666
Senior notes and bonds	2,250,401	2,296,623
Amount due to a joint venture	18,000	27,374
Other payables	53,874	13,417
Lease liabilities	64,174	69,324
	<u>11,288,265</u>	<u>8,290,404</u>
Total borrowing costs	11,288,265	8,290,404
Less: amounts capitalised to properties under development for sale	(9,465,519)	(7,215,077)
amounts capitalised to investment properties under construction	(45,470)	(69,157)
	<u>(9,510,989)</u>	<u>(7,284,234)</u>
	<u><u>1,777,276</u></u>	<u><u>1,006,170</u></u>

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.22% (2020:7.34%) per annum to expenditure on the qualifying assets.

8. (LOSS)/PROFIT BEFORE TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
(Loss)/Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	30,112	23,232
Other staffs' salaries	2,745,540	2,530,320
Other staffs' retirement benefit scheme contributions	104,918	132,209
Other staffs' share-based payments	–	7,036
	<u>2,880,570</u>	<u>2,692,797</u>
Total staff costs	2,880,570	2,692,797
Less: amounts capitalised to properties under development for sale	(507,626)	(711,702)
	<u>2,372,944</u>	<u>1,981,095</u>
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	40,992,348	48,701,754
Impairment loss on properties for sale (included in cost of sales)	18,391,036	927,635
Depreciation of property, plant and equipment	366,498	289,332
Depreciation of right-of-use assets	414,795	252,894
Amortisation of intangible assets (included in administrative expenses)	60,594	25,001
Gross rental income in respect of investment properties	(254,547)	(238,825)
Less: direct operating expenses from investment properties that generated rental income during the year	179,091	182,227
	<u>(75,456)</u>	<u>(56,598)</u>
	<u><u>(75,456)</u></u>	<u><u>(56,598)</u></u>

9. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Income tax (credit)/expense recognised comprises of:		
Current tax:		
PRC		
Enterprise Income Tax (“EIT”)		
– Current year	2,571,109	5,172,492
– Underprovision in prior year	31,038	3,488
Land Appreciation Tax (“LAT”)	(372,119)	1,856,366
Other jurisdiction	3,368	69,465
	<u>2,233,396</u>	<u>7,101,811</u>
Deferred tax		
PRC	(2,922,528)	(489,046)
Other jurisdictions	(60,760)	(55,284)
	<u>(2,983,288)</u>	<u>(544,330)</u>
Income tax (credit)/expense for the year	<u><u>(749,892)</u></u>	<u><u>6,557,481</u></u>

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People’s Republic of China on LAT (the “LAT Provisional Regulations”) and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries 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 cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group’s income neither arises in, nor is derived from, Hong Kong.

Under Australian tax law, the tax rate used for the year is 30% (2020: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2020: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2021 as there were assessable profits while no tax provision for Canadian profits tax has been made in the consolidated financial statements for 31 December 2021 as there was no assessable profit arises in Canada.

10. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends, recognised as distribution during the year:		
2020 final dividend of RMB66 cents and a special dividend of RMB11 cents (2020: 2019 final dividend RMB55 cents) per share	<u>2,075,830</u>	<u>1,479,711</u>

A final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,000 (equivalent to approximately HK\$2,466,733,000), taking into account of 2,695,883,354 ordinary shares in issue at 31 December 2020, have been proposed by the Board of Directors and approved by the shareholders of the Company in the annual general meeting.

At a meeting of the board of directors held on 30 June 2023, the directors resolved not to declare any dividend to shareholders for the year ended 31 December 2021.

11. (LOSS)/EARNINGS PER SHARE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss)/Earnings:		
(Loss)/profit for the year attributable to owners of the Company used in the basic (loss)/earnings per share calculation:	<u>(33,074,609)</u>	<u>5,907,550</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	2,723,419	2,699,502
Effect of dilutive potential ordinary shares:		
– Share options (<i>note b</i>)	–	1,640
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>2,723,419</u>	<u>2,701,142</u>

Note:

- (a) For the purpose of computation of diluted (loss) earnings per share of the Company for the years ended 31 December 2021 and 2020, the Company had taken into consideration the effects of the share options issued by the non-wholly-owned listed subsidiaries (2020: a non-wholly-owned listed subsidiary).
- (b) No share options of the Company have been outstanding during the year ended 31 December 2021.

12. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills receivables	1,104,271	2,376,794
Less: Allowance for credit losses	<u>(443,450)</u>	<u>(39,980)</u>
	<u>660,821</u>	<u>2,336,814</u>
Rental receivables	98,795	43,960
Other receivables	22,382,500	12,474,548
Security deposits	1,959,937	1,353,648
Less: Allowance for credit losses	<u>(6,140,071)</u>	<u>(198,554)</u>
	<u>18,202,366</u>	<u>13,629,642</u>
Contract assets	357,084	77,540
Contract costs	814,730	564,413
Advances to constructors and suppliers	4,531,471	4,436,573
Deposits paid for potential purchases of land use rights and property projects	5,242,599	3,862,580
Other tax prepayments	<u>4,756,188</u>	<u>4,475,219</u>
	<u>34,664,054</u>	<u>29,426,741</u>
Analysis for reporting purpose:		
Non-current assets	–	259,433
Current assets	<u>34,664,054</u>	<u>29,167,308</u>
	<u>34,664,054</u>	<u>29,426,741</u>

The following is an aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 to 60 days	164,958	1,735,473
61 to 180 days	133,861	102,268
181 to 365 days	501,321	109,460
1 to 2 years	174,802	352,412
2 to 3 years	82,868	34,828
Over 3 years	<u>46,461</u>	<u>42,353</u>
	<u>1,104,271</u>	<u>2,376,794</u>

13. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills payables	20,034,796	21,561,115
Other payables	22,001,063	7,541,233
Consideration payables for property projects	–	2,216,739
Consideration payables for acquisition of subsidiaries	1,529,802	1,926,608
Other taxes payables	6,866,116	7,311,393
	<u>50,431,777</u>	<u>40,557,088</u>

The following is an aging analysis of trade and bills payables determined based on the invoice date:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0 to 60 days	5,647,757	5,815,802
61 to 180 days	10,180,844	11,872,061
181 to 365 days	1,907,225	1,229,812
1 to 2 years	1,146,930	1,644,273
2 to 3 years	739,930	602,180
Over 3 years	412,110	396,987
	<u>20,034,796</u>	<u>21,561,115</u>

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

14. COMPARATIVE FIGURES

Comparative figures have been restated by reclassifying impairment loss on properties for sale amounting to RMB927,635,000 from other income, gains and losses, net to cost of sales in order to conform with current year's presentation in the consolidated statement of profit or loss and other comprehensive income.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the independent auditor’s report by SHINEWING (HK) CPA Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2021:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the “Basis for Disclaimer of Opinion” section of our report, it is not possible for us to form an 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

Multiple uncertainties relating to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the “Directors”), which states that during the year ended 31 December 2021, the Group recorded a net loss of approximately RMB35,488 million and a net operating cash outflow. As at 31 December 2021, the Group’s current liabilities exceeded its current assets by approximately RMB31,751 million, the Group’s total bank and other borrowings and senior notes and bonds amounted to RMB114,408 million, and the Group has total commitments (including its share of commitments made jointly with other investors relating to its joint ventures) of approximately RMB28,889 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB18,415 million. In addition, as at 31 December 2021 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank and other borrowings and senior notes and bonds and has been and is being sued by various parties for various reasons, details of which are set out by the Directors in note 2 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends upon the successful outcome of the Group’s various plans and measures, as set out in note 2 to these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements,

it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of all these potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2021, facing a complex domestic and global situation with challenging risks, China adopted effective coordinated pandemic prevention and control measures, and maintained the momentum of economic recovery. China's property market was buoyant in the early part but tapered off in the second half of the year. Since the second half of the year, the credit environment of the industry has continued to tighten and liquidity has significantly weakened as a result of the intensification of regulatory policies and the changing market environment, resulting in a rapid decline in new start and real estate investment.

At the policy level, the general tone of "housing is for living in, not for speculation" remains unchanged with the objectives of stabilising land prices, housing prices and expectations, the central government proposed to accelerate the development of the residential rental market as well as to meet the reasonable demand of the housing purchase market, promoting the healthy development of the real estate industry.

During the year, the Group achieved property contracted sales of approximately RMB121.03 billion with contracted GFA sold of approximately 10.961 million sq.m.. Details of property contracted sales breakdown by region are as follow:

Region	Property Contracted sales amount (RMB billion)	Contracted GFA Sold ('000 sq.m.)
South China	39.60	3,803.9
Core Region of Central & Western China	31.37	3,202.0
East China	34.18	2,932.3
Bohai Rim	13.55	935.3
Offshore	2.33	87.6
	<hr/>	<hr/>
Total	<u>121.03</u>	<u>10,961.1</u>

Under the new circumstance, the real estate industry has entered into an era of assets stabilization and retention which emphasizes on quality, substance and value. Customer-oriented and providing better products and services to customers are the most effective strategies in the industry. In 2021, the Group undergone a full upgrade in its 5A+ products systems to satisfy consumers' pursuit of a healthy, happy and quality life. The Group also launched the A+ Factory, i.e. the demonstration area and construction sample section, which effectively facilitated the marketing of the project. During the year, the projects of the Group won 24 awards in the Kinpan Awards, which is regarded as the 16th "Oscars of the Real Estate Industry".

The Group continued to focus on urban redevelopment. As at 31 December 2021, the Group has a total planned GFA of approximately 33.78 million sq.m. of urban renewal projects with a planned saleable area of approximately 14.46 million sq.m. These projects are located in the Greater Bay Area of Guangdong, Hong Kong and Macau.

As at 31 December 2021, the Group's 283 projects with a total landbank of approximately 35.98 million sq.m. and attributable GFA of approximately 28.21 million sq.m..

II. OUTLOOK

Year 2022 will be a pivotal year for the Group's transformation. The Group will proactively seek changes and continue to improve management. The Group will transform to a stable operation, so as to break out to achieve sustainable corporate development. The Group will also continue to fulfill our corporate social responsibility, and to leverage our comprehensive competitiveness, creating more value for our shareholders, investors and the society.

III. FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2021, the Group's total revenue was approximately RMB50,022 million, representing a decrease of approximately RMB17,772 million or 26.2% over approximately RMB67,794 million in 2020. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 91.1%, 8.4% and 0.5% respectively.

In 2021, the Group's revenue generated from property development amounted to approximately RMB45,561 million, representing a decrease of approximately RMB18,856 million or 29.3% over approximately RMB64,417 million in 2020. The GFA of delivered properties decreased by 19.0% to 5.58 million sq.m. from 6.89 million sq.m. in 2020, while the average selling price decreased by 12.6% to RMB8,169 per sq.m. from RMB9,349 per sq.m. in 2020. This was mainly attributable to a decrease in the average selling price of residential apartments which accounted for the highest portion of properties delivered compared to the corresponding period in 2020.

Gross (loss)/profit and Margin

In 2021, the gross loss of the Group was RMB11,935 million, representing a decrease of 174.2% over gross profit of RMB16,081 million in 2020, and the gross profit margin was -23.9%.

Other Income, Gains and Losses

In 2021, other income, gains and losses of the Group recorded approximately RMB13,139 million net loss, which mainly included exchange gain of approximately RMB805 million, interest income of approximately RMB923 million, estimated credit losses of approximately RMB8,847 million, impairment losses on investment interests in joint ventures of approximately RMB1,844 million, impairment losses on investment interests in associates of approximately RMB306 million, impairment losses on right-of-use assets of approximately RMB1,056 million, impairment losses on property, plant and equipment of approximately RMB884 million, impairment losses on goodwill of approximately RMB594 million, impairment losses on intangible assets of approximately RMB159 million, impairment loss on assets classified as held for sale of approximately RMB1,194 million and other gains of approximately RMB17 million.

Selling and Distribution and Administrative Expenses

In 2021, total selling and distribution expenses of the Group were approximately RMB2,536 million, basically the same as that of approximately RMB2,531 million in 2020. Total administrative expenses increased by 17.7% from approximately RMB3,330 million in 2020 to approximately RMB3,921 million.

Loss Attributable to Owners of the Company

In 2021, loss attributable to owners of the Company was approximately RMB33,075 million, representing a decrease of 659.9% over the profit of approximately RMB5,908 million in 2020.

Financial Position

As at 31 December 2021, the Group's total assets amounted to approximately RMB261,423 million (as at 31 December 2020: approximately RMB325,678 million) and total liabilities were approximately RMB268,953 million (as at 31 December 2020: approximately RMB271,426 million).

Current ratio was 0.9 as at 31 December 2021 (as at 31 December 2020: 1.4).

Cash Position

As at 31 December 2021, the Group had cash and bank deposits of approximately RMB9,262 million (as at 31 December 2020: approximately RMB52,504 million). As at 31 December 2021, the Group had restricted bank deposits of approximately RMB9,153 million (as at 31 December 2020: approximately RMB17,522 million).

As at 31 December 2021, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB18,415 million, of which 95.3% was denominated in Renminbi and 4.7% was denominated in other currencies (mainly in HK dollar, Australian dollar and Canadian dollar).

Borrowing, Senior Notes, Corporate Bonds

As at 31 December 2021, the Group had bank and other borrowings of approximately RMB84,927 million (as at 31 December 2020: approximately RMB80,953 million) and senior notes and corporate bonds of approximately RMB29,481 million (as at 31 December 2020: approximately RMB33,920 million) as follows:

	31 December 2021 (RMB million)	31 December 2020 (RMB million)
Repayment period		
Repayable on demand and within one year	112,777	52,267
More than one year, but not exceeding two years	1,563	26,442
More than two years, but not exceeding five years	68	31,636
More than five years	—	4,528
	<u>114,408</u>	<u>114,873</u>

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2021, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associated companies of the Group amounting to approximately RMB100,523 million (as at 31 December 2020: approximately RMB110,427 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

Commitments

As at 31 December 2021, the Group had construction cost, land payments, acquisition of subsidiaries and a joint venture and registered capital injection in a joint venture contracted but not provided for of approximately RMB23,951 million (as at 31 December 2020: approximately RMB30,665 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB4,938 million (2020: RMB6,976 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and bank loans denominated in US dollars, HK dollars and Canadian dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2021, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB48,562 million (as at 31 December 2020: approximately RMB66,653 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

For the events after the reporting period, please refer to the section headed “EVENTS AFTER THE REPORTING PERIOD” in the announcement of annual results for the year ended 31 December 2022 of the Company published on the same day for details.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2021, the Group had 13,032 employees (31 December 2020: 23,773 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2021 (2020: final dividend of RMB66 cents and special dividend of RMB11 cents per share).

ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company was held on 24 August 2022. Due to the delay in the publication of the audited consolidated financial statements of the Group and the reports of the Directors and of the independent auditor for the year ended 31 December 2021, the resolution to consider and approve the aforesaid documents will be transacted in the adjourned annual general meeting of 2022 of the Company to be held on Thursday, 24 August 2023 (the “2022 Adjourned Annual General Meeting”). The notice of the 2022 Adjourned Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement of shareholders of the Company (the “Shareholders”) to attend and vote at the 2022 Adjourned Annual General Meeting, the register of members of the Company will be closed from Thursday, 17 August 2023 to Thursday, 24 August 2023, both days inclusive. In order to be eligible to attend and vote at the 2022 Adjourned Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 16 August 2023.

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

During the period of the year ended 31 December 2021, the Company repurchased a total of 7,000,000 shares of the Company on the Stock Exchange for enhancing net asset value and earnings per share of the Company. All the repurchased shares were cancelled. Details of the repurchases of shares are as follows:

Month	Number of shares repurchased	Purchase consideration per share		Aggregate consideration paid (before expenses)
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	<i>HK\$</i>
February	<u>7,000,000</u>	<u>7.12</u>	<u>6.94</u>	<u>49,155,690</u>

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

CORPORATE GOVERNANCE CODE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2021, the Company has complied with all of the code provisions of the CG Code.

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 regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2021.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick as members, has reviewed, together with the participation of the Board, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("the External Auditor"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the External 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 assurance has been expressed by the External Auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will remain suspended until further notice.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Ma Jun, Mr. Chen Zhi Bin and Mr. Tan Yi; and the independent non-executive directors of the Company are Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick.

By order of the Board
China Aoyuan Group Limited
Guo Zi Wen
Chairman

Hong Kong, 30 June 2023