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Hailan Holdings Limited

海藍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2278)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement (the “**Unaudited Annual Results Announcement**”) of Hailan Holdings Limited (the “**Company**”) dated 31 March 2022 in relation to, among other things, the unaudited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the Reporting Period (the “**Unaudited Annual Results**”). Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as defined in the Unaudited Annual Results Announcement.

As stated in the Unaudited Annual Results Announcement, publication of the audited consolidated annual results of the Group for the Reporting Period was delayed as the auditing process of the Group had not been completed.

AUDITED ANNUAL RESULTS

The Board is pleased to announce that the auditing process of the consolidated annual results of the Group for the Year (the “**Audited Annual Results**”) has been completed. The Audited Annual Results (including the financial figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the notes thereto) have been agreed and reviewed by the Audit Committee.

There were no material changes contained in the consolidated statement of profit or loss and other comprehensive income. The material adjustments made to the consolidated statement of financial position are listed under the section headed “Material adjustments to consolidated statement of financial position” below. The Audited Annual Results together with the comparative figures extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2021 are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
Revenue	3	557,571	720,670
Cost of sales		<u>(257,877)</u>	<u>(394,585)</u>
Gross profit		299,694	326,085
Other income	4	6,732	12,050
Changes in fair value of investment properties		(29,978)	(1,824)
Realised gain arising from financial assets at FVPL, net		8,538	7,292
Share of results of associates		(2,784)	(3,505)
Gain on disposal of subsidiaries		17,142	–
Gain on disposal of associates		4,720	–
Selling and distribution expenses		(67,587)	(43,342)
Provision for credit loss on other receivables		–	(1,547)
Administrative expenses		<u>(119,806)</u>	<u>(96,778)</u>
Operating profit		<u>116,671</u>	<u>198,431</u>
Finance income		5,827	5,461
Finance costs		<u>(32,197)</u>	<u>(18,458)</u>
Finance costs, net	5	<u>(26,370)</u>	<u>(12,997)</u>
Profit before taxation		90,301	185,434
Income tax expenses	6	<u>(132,021)</u>	<u>(153,478)</u>
(Loss) Profit for the year	7	<u>(41,720)</u>	<u>31,956</u>
(Loss) Profit for the year attributable to:			
Owners of the Company		15,448	64,034
Non-controlling interests		<u>(57,168)</u>	<u>(32,078)</u>
		<u>(41,720)</u>	<u>31,956</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	9	<u>0.05</u>	<u>0.21</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *(Continued)*

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other comprehensive loss:		
<i>Items that are/may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements to presentation currency	(4,299)	(11,446)
Reclassification adjustment related to the disposal of foreign operations	<u>(256)</u>	<u>–</u>
Other comprehensive loss for the year, net of tax	<u>(4,555)</u>	<u>(11,446)</u>
Total comprehensive (loss) income for the year	<u>(46,275)</u>	<u>20,510</u>
Total comprehensive (loss) income attributable to:		
Owners of the Company	12,552	53,649
Non-controlling interests	<u>(58,827)</u>	<u>(33,139)</u>
Total comprehensive (loss) income for the year	<u><u>(46,275)</u></u>	<u><u>20,510</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		34,908	37,127
Right-of-use assets		–	957
Investment properties		75,177	105,155
Intangible assets		1,003	239
Interests in associates		9,038	109,020
Trade and other receivables	<i>10</i>	5,565	206,513
Deferred tax assets		40,543	34,969
		<hr/> 166,234	<hr/> 493,980
Current assets			
Properties under development		6,888,536	4,625,077
Completed properties held for sale		494,415	374,873
Contract costs		91,381	55,161
Trade and other receivables	<i>10</i>	324,231	266,321
Deposits paid for acquisition of land and properties		–	680,000
Current tax assets		50,490	10,679
Financial assets at fair value through profit or loss		2,607	5,654
Restricted cash		453,731	304,042
Cash and cash equivalents		454,088	727,489
		<hr/> 8,759,479	<hr/> 7,049,296
Current liabilities			
Trade and other payables	<i>11</i>	2,048,088	1,556,320
Contract liabilities		2,874,733	1,684,632
Bank and other borrowings		472,400	703,154
Lease liabilities		–	1,049
Current tax liabilities		213,661	124,105
		<hr/> 5,608,882	<hr/> 4,069,260
Net current assets		<hr/> 3,150,597	<hr/> 2,980,036
Total assets less current liabilities		<hr/> 3,316,831	<hr/> 3,474,016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 31 December 2021*

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current liabilities			
Bank and other borrowings		1,168,502	1,050,532
Deferred tax liabilities		491,804	509,526
		<u>1,660,306</u>	<u>1,560,058</u>
NET ASSETS		<u>1,656,525</u>	<u>1,913,958</u>
Capital and reserves			
Share capital		2,585	2,585
Reserves		1,467,029	1,481,968
		<u>1,469,614</u>	<u>1,484,553</u>
Non-controlling interests		186,911	429,405
		<u>1,656,525</u>	<u>1,913,958</u>
TOTAL EQUITY		<u>1,656,525</u>	<u>1,913,958</u>

NOTES

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The measurement basis used in the preparation of these consolidated financial statements is historical cost convention, except for investment properties and financial assets at fair value through profit or loss (“**FVPL**”) which have been measured at fair value.

These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2020 except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in Note 2.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows — a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting — a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures — a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue mainly represented income from sales and rental of properties and net of sales related taxes.

The amount of each significant category of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of properties:		
— Development projects (excluding Danzhou Phase I)	552,928	715,126
Rental income from investment properties:		
— Development projects (excluding Danzhou Phase I)	3,039	4,329
— Danzhou Phase I	1,604	1,215
	<u>557,571</u>	<u>720,670</u>

(i) Disaggregation of revenue

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other sources of revenue:		
Rental income from investment properties	4,643	5,544
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Timing of revenue recognition		
— At a point in time	<u>552,928</u>	<u>715,126</u>
	<u>557,571</u>	<u>720,670</u>

(b) **Segment reporting**

Business segments

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these consolidated financial statements of the Group.

No geographical segment information is separately presented as the Group's business segments are mainly managed and operated in the People's Republic of China (the "PRC"). The major market of the Group's business segments is the PRC.

For management purposes, the Group is organised into business units based on the line of reporting, and has two reportable operating segments as follows:

I. Development projects (excluding Danzhou Phase I but including Danzhou Phase II)

The executive Directors consider that the Group's development projects refer to the development and sales of residential property units mainly in the PRC.

II. Danzhou Phase I

Danzhou Phase I project ("**Danzhou Phase I**") refers to the development and sales of residential property units under phase I developed by Danzhou Shuanglian Property Development Company Limited ("**Danzhou Shuanglian**") in Hainan Province, the PRC.

The executive Directors, being the chief operating decision makers, monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities

Segment assets and liabilities include all assets and liabilities of the Group, which are managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit (loss) is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT the Group's earnings (losses) are further adjusted for items not specifically attributed to individual segments.

Information regarding the Group's reportable segments for the years ended 31 December 2021 and 2020 is set out below.

For the year ended 31 December	Development Projects		Danzhou Phase I		Total	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	555,967	719,455	1,604	1,215	557,571	720,670
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>555,967</u>	<u>719,455</u>	<u>1,604</u>	<u>1,215</u>	<u>557,571</u>	<u>720,670</u>
Reportable segment gross profit	298,190	325,099	1,504	986	299,694	326,085
Reportable segment profit (loss) (adjusted EBIT)	<u>101,389</u>	<u>179,388</u>	<u>12</u>	<u>(299)</u>	<u>101,401</u>	<u>179,089</u>
As at 31 December						
Reportable segment assets	8,830,192	7,445,324	95,521	97,952	8,925,713	7,543,276
<i>Including:</i>						
Cash and cash equivalents	453,892	724,987	196	2,502	454,088	727,489
Properties under development	6,888,536	4,625,077	–	–	6,888,536	4,625,077
Completed properties held for sale	403,515	283,889	90,900	90,984	494,415	374,873
Investment properties	73,977	103,485	1,200	1,670	75,177	105,155
Reportable segment liabilities	7,264,388	5,617,750	3,975	11,568	7,268,363	5,629,318
<i>Including:</i>						
Trade and other payables	2,044,496	1,545,131	3,592	11,189	2,048,088	1,556,320
Contract liabilities	2,874,733	1,684,632	–	–	2,874,733	1,684,632
Other segment information						
Depreciation and amortisation	3,294	2,990	3	5	3,297	2,995
Depreciation of right-of-use assets	945	1,735	–	–	945	1,735
Gain on disposal of subsidiaries	17,142	–	–	–	17,142	–
Gain of disposal of associates	4,720	–	–	–	4,720	–
Provision for credit loss on other receivables	–	1,547	–	–	–	1,547
Losses on changes in fair value of investment properties	29,508	1,375	470	449	29,978	1,824
Additions to property, plant and equipment	1,024	758	–	–	1,024	758
Additions to intangible assets	924	–	–	–	924	–

Information about major customers

There was no sale to a single customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

Reconciliation of reportable segment profit or loss

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Reportable segment profit (adjusted EBIT)	101,401	179,089
Elimination of inter-segment profits	—	—
Reportable segment profit derived from the Group's external customers	101,401	179,089
Other income	6,732	12,050
Realised gain arising from financial assets at FVPL, net	8,538	7,292
Finance costs, net	(26,370)	(12,997)
Consolidated profit before taxation	<u>90,301</u>	<u>185,434</u>
4. OTHER INCOME		
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Gain on step acquisition of a subsidiary	—	8,953
Corporate management fee income	846	1,394
Others	5,886	1,703
	<u>6,732</u>	<u>12,050</u>
5. FINANCE COSTS, NET		
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Finance income		
Bank interest income	<u>5,827</u>	<u>5,461</u>
Finance costs		
Interest on bank and other borrowings	97,025	51,224
Interest on financing component of contract liabilities	106,712	29,564
Interest on lease liabilities	24	166
Others	24	427
Less: Capitalised interest expenses	<u>(171,588)</u>	<u>(62,923)</u>
	<u>32,197</u>	<u>18,458</u>
Finance costs, net	<u>(26,370)</u>	<u>(12,997)</u>

6. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PRC Corporate Income Tax (“CIT”)	47,250	44,536
PRC Land Appreciation Tax (“LAT”)	112,232	106,761
Deferred income tax	<u>(27,461)</u>	<u>2,181</u>
	<u><u>132,021</u></u>	<u><u>153,478</u></u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The Group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2021 and 2020 as the Group’s entities had no assessable profits arising in or derived from Hong Kong for the years.

CIT

CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%).

LAT

LAT 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 all property development expenditures.

7. (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year is arrived at after charging:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of properties sold	257,877	394,585
Depreciation of property, plant and equipment	3,137	2,843
Depreciation of right-of-use assets	945	1,735
Amortisation of intangible assets (included in administrative expenses)	<u>160</u>	<u>152</u>

8. DIVIDENDS

The board of directors does not recommend the distribution of a final dividend for the year ended 31 December 2021 (2020: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings (losses) per share is based on the profit attributable to owners of the Company of RMB15,448,000 (2020: profit of RMB64,034,000) and the weighted average number of 300,000,000 (2020: 300,000,000) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020 and, therefore, the diluted earnings per share were the same as the basic earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables — third parties (<i>note i</i>)		
— Non-current	5,565	8,072
— Current	6,747	9,726
	<u>12,312</u>	<u>17,798</u>
Less: Loss allowance	(19)	(19)
	<u>12,293</u>	<u>17,779</u>
Other receivables	329,269	466,821
Less: Loss allowance	(11,766)	(11,766)
	<u>317,503</u>	<u>455,055</u>
Total	<u><u>329,796</u></u>	<u><u>472,834</u></u>
Classified as:		
Non-current assets	5,565	206,513
Current assets	324,231	266,321
	<u><u>329,796</u></u>	<u><u>472,834</u></u>

- (i) Trade receivables comprise receivables due from customers in relation to sales of properties and rental income. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. Receivables to be recovered more than one year are classified to non-current trade receivables. The remaining balance of trade receivables are expected to be recovered within one year. The Group does not hold any collaterals over these balances. In respect of the sale of properties, no credit terms are granted to customers.

(a) Ageing analysis of trade receivables

As of the end of the Reporting Period, the ageing analysis of gross trade receivables, based on the invoice date that trade receivables were recognised, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	10,156	10,200
Over 1 year but less than 2 years	1,700	7,142
Over 3 years	456	456
	<u>12,312</u>	<u>17,798</u>

11. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables (<i>note i</i>)		
— Third parties	873,635	589,839
— Related parties	71,495	168,871
	<u>945,130</u>	<u>758,710</u>
Other payables	1,102,958	797,610
	<u>2,048,088</u>	<u>1,556,320</u>

(i) Trade payables

Trade payables mainly represent amounts due to contractors. Payment to contractors is by instalments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

As of the end of the Reporting Period, the ageing analysis of trade payables, based on the date on which the trade payables were recognised, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	763,756	281,920
Over 3 months but less than 6 months	7,878	2,238
Over 6 months but less than 12 months	16,471	2,821
Over 12 months	157,025	471,731
	<u>945,130</u>	<u>758,710</u>

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the financial results of the Group for the Reporting Period.

In 2021, being the opening year of the 14th Five-Year Plan, the economy continued to recover steadily while driven by positive and robust policies on macro-monetary control which further strengthened economic fundamentals. Under the combined effect of various factors including favorable policies, structural recovery and export expansion, the positive momentum of China’s economy was seen solidifying with stability. In respect of policy direction, the overall real estate market regulation policy remained its continuity and stability. The Chinese Central Government will continue to uphold the principle of “housing properties for accommodation, not speculation” and implement city-specific measures thoroughly, with a view to “stabilize land price, property price and expectation”. In the second half of the year, the adjustment of the property market went deeper, bringing certain effects on the domestic real estate development. Local government actively implemented city-specific measures to ensure a stable and healthy operation of the real estate market. In respect of regional development, the comprehensive establishment of Hainan Free Trade Port continued to benefit the development of Hainan Province with notable increase in the number of enterprises and talents establishing foothold there, reflecting the stronger confidence in Hainan’s fixed investments.

During the Reporting Period, the contracted sales of the Group amounted to RMB1,500.6 million, representing a decrease of 35.0% as compared to 2020. The contracted saleable gross floor area (“**GFA**”) was approximately 100,016.2 square metres (“**sq.m.**”), representing a decrease of approximately 41.8% from 2020. The contracted average selling price (“**ASP**”) was about RMB15,003.5 per sq.m., representing an increase of approximately 11.7% over 2020. The decrease in contracted sales and contracted saleable GFA was mainly due to a slow down in the demand for properties in the PRC property market during 2021.

Given the gradual restoration of the endogenous momentum of economic growth as well as more flexible and precise macro policies adopted in 2022, the positive momentum of China's economy was seen solidifying with stability. In respect of domestic strategy, the Group will remain focused on the development projects in Hainan Province, the unprecedented opportunities brought by the free trade port development initiative and the favorable policies which continued to support the Group's future business development in Hainan Province.

To further foster the continuous development of the Group, we will operate steadily by leveraging our existing advantages to enhance our product and service capabilities and improve our brand competitiveness. While continuing to cultivate the expanded regions, we are actively seeking to enter into new regions nationwide, optimizing our city presence and focusing on mainstream cities.

The management has formulated our future development plan. By establishing its foothold in Hong Kong, delving into China's market, expanding the market in North America and spreading global footprints, the Group will further promote its business development and create the best return for the shareholders of the Company.

Finally, I would like to express my sincere gratitude on behalf of the Board to all of our staff for their hard work, and my heartfelt thanks to investors, customers and business partners for their strong and continuous support to the Group.

Zhou Li
Chairperson

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Performance

For the Reporting Period, the revenue and gross profit of the Group were approximately RMB557.6 million and RMB299.7 million, representing a decrease of approximately 22.6% and 8.1% as compared with 2020, respectively. Profit attributable to the equity shareholders of the Company was approximately RMB15.4 million (2020: RMB64.0 million). Basic earnings were RMB5 cents per share (2020: RMB21 cents).

Performance Highlights

	As at 31 December		
	2021	2020	Changes
Contracted sales (RMB million) ¹	1,500.6	2,309.4	-35.0%
Contracted saleable GFA (sq.m.) ^{1,2}	100,016.2	171,961.5	-41.8%
Contracted average selling price (“ASP”) (RMB/sq.m.) ^{1,2}	15,003.5	13,429.8	11.7%
Revenue ¹ (RMB million)	557.6	720.7	-22.6%
Among which: sales of properties			
— Revenue from properties delivered (RMB million) ¹	552.9	715.1	-22.7%
— GFA of properties delivered (sq.m.)	13,973.9	27,114.6	-48.5%
— ASP of properties delivered (RMB/sq.m.)	39,566.6	26,373.2	50.0%
Rental income (RMB million) ³	4.6	5.6	-17.9%
Losses on changes in fair value of investment properties (RMB million)	(30.0)	(1.8)	15.6 times
Gross profit (RMB million)	299.7	326.0	-8.1%
Profit (Loss) for the year			
— Attributable to owners (RMB million)	15.4	64.0	-75.9%
— Attributable to non-controlling interests (RMB million)	(57.2)	(32.1)	78.2%
Total assets (RMB million)	8,925.7	7,543.3	18.3%
Cash and bank balances (including cash and cash equivalents and restricted cash) (RMB million)	907.8	1,031.5	-12.0%
Total equity (RMB million)	1,656.5	1,914.0	-13.5%
Key financial ratios			
Gross profit margin ⁴	53.7%	45.2%	8.6 p.p.
Gearing ratio ⁵	99.1%	91.6%	8.1 p.p.

Notes:

1. Pursuant to the agreement between the shareholders of Danzhou Shuanglian, one of the former shareholders of Danzhou Shuanglian shall continue to manage, develop and undertake fully the risk and reward of Danzhou Phase I. The acquisition of Danzhou Shuanglian has been accounted for as a business combination with Danzhou Shuanglian fully consolidated into our Group's consolidated financial statements from the date of acquisition. As the Group does not share any risks and rewards relating to Danzhou Phase I pursuant to the abovementioned agreement, the net profit or loss and net assets or liabilities arising from Danzhou Phase I are wholly attributable to the non-controlling interests in the Group's consolidated statements of profit or loss and other comprehensive income and the consolidated statements of changes in equity. Contracted sales of Danzhou Phase I is excluded in this analysis for discussion purpose.
2. The calculation excludes the GFA of car parking spaces.
3. Rental income represents the amount of income after deduction of sales related taxes.
4. Gross profit margin: $\text{Gross profit} \div \text{Revenue} \times 100\%$
5. Gearing ratio: $\text{Total bank and other borrowings} \div \text{Total equity} \times 100\%$

PROPERTY DEVELOPMENT

Contracted sales

For the Reporting Period, the Group recorded contracted sales of approximately RMB1,500.6 million, representing a decrease of approximately 35.0% as compared with 2020. The contracted saleable GFA was 100,016.2 sq.m. in 2020, representing a decrease of approximately 41.8% year-on-year. The ASP of contracted sales was RMB15,003.5 per sq.m., representing an increase of approximately 11.7% year-on-year.

The decrease in contracted sales and contracted saleable GFA were mainly due to the Group undertaking new development projects in Sanya City and Haikou City of Hainan Province, Zhanjiang City and Foshan City of Guangdong Province and Nanning City of Guangxi Province in 2021.

Project	City	For the year ended 31 December			
		2021		2020	
		Contracted GFA <i>sq.m.</i>	Contracted sales <i>RMB'million</i>	Contracted GFA <i>sq.m.</i>	Contracted sales <i>RMB'million</i>
Sanya Phoenix Aqua City Left Shore	Sanya	–	–	230.6	8.4
Sanya Phoenix Aqua City South Shore Phase I & II	Sanya	17,240.8	700.0	28,366.5	1,139.0
Haikou Phoenix Aqua City Phase I	Haikou	3,376.0	58.3	14,210.7	249.4
Zhanjiang City Binjianghua Fu	Zhanjiang	44,499.9	316.6	60,470.0	413.2
Jingzhuya Court	Foshan	16,765.6	221.7	8,825.2	121.0
Hailan Jin Zhong Fu	Nanning	–	–	59,858.5	378.4
Danzhou Phoenix Shores Yue Hai Bay	Danzhou	3,409.5	38.4	–	–
Hailan Zhongtang	Nanjing	14,724.4	165.6	–	–
		<u>100,016.2</u>	<u>1,500.6</u>	<u>171,961.5</u>	<u>2,309.4</u>

REVENUE FROM SALES OF PROPERTIES

For the Reporting Period, the GFA of delivered properties decreased to 13,973.9 sq.m., representing a decrease of approximately 48.5% as compared with 2020, which was mainly due to less properties being delivered by the projects in the cities of Sanya and Haikou. The revenue from sales of properties was approximately RMB552.9 million, representing a decrease of approximately 22.7% as compared with 2020 and accounting for 99.2% of total revenue, which continued to be the main source of revenue and growth momentum for the Group.

Completed projects held for sale

Completed projects held for sale represents completed GFA remaining undelivered at the end of each reporting period. At the year end, all completed properties held for sale were located in the PRC.

As at 31 December 2021, the Group had 3 completed property projects which amounted to RMB494.4 million, representing an increase of 31.9% as compared with 2020.

Projects held for future development and projects under development

Projects held for future development and projects under development are intended to be held for sale after completion. As at 31 December 2021, the Group had 11 property projects under development which amounted to RMB6,888.5 million, representing an increase of 48.9% as compared with 2020.

PROPERTY INVESTMENTS

Rental income

The rental income of the Group for the Reporting Period amounted to approximately RMB4.6 million, representing the income from the leasing of the serviced apartments and car parking spaces located at Sanya Phoenix Aqua City Left Shore and the shops located at Danzhou Phase I.

Investment properties

The investment properties of the Group represent the car parking spaces held by the Group for rental purpose. As at 31 December 2021, the carrying amount of investment properties was approximately RMB75.2 million, representing a decrease of approximately 28.5% as compared with 2020, mainly due to the decrease in fair value by approximately RMB30.0 million.

Financial Review

(I) Revenue

Revenue of the Group is mainly derived from property development and property investment. During the Reporting Period, revenue of the Group amounted to approximately RMB557.6 million, representing a decrease of approximately 22.6% as compared with 2020, primarily due to the decrease in the total GFA of properties delivered in 2021.

(II) Cost of sales and gross profit margin

The cost of sales and gross profit of the Group was approximately RMB257.9 million and RMB299.7 million respectively, representing a decrease of approximately 34.6% and 8.1% as compared with 2020 respectively, mainly due to the decrease in total GFA delivered and the higher profitability of the property projects delivered during 2021.

(III) Selling and distribution expenses and administrative expenses

The Group's selling and distribution expenses for the Reporting Period amounted to approximately RMB67.6 million (2020: approximately RMB43.3 million), mainly due to the increase in the expenses on sales agent commission and sale staff cost.

Administrative expenses increased by 23.8% to RMB119.8 million, mainly due to an increase in administration staff cost and PRC tax surcharge incurred.

(IV) Finance costs, net

The net finance costs of the Group for the Reporting Period amounted to approximately RMB26.4 million (2020: RMB13.0 million). The increase in net finance costs was mainly due to the increase in the interest expenses on bank and other borrowings and the interest on financial component of contract liabilities during the Reporting Period, as compared with 2020.

(V) *Income tax expenses*

The income tax expenses of the Group decreased by 14.0% to approximately RMB132.0 million. Among which, the CIT and the LAT amounted to approximately RMB47.3 million and RMB112.2 million, respectively. The decrease was mainly attributable to less operating profit being recorded during 2021.

(VI) *Profit attributable to owners of the Company*

The profit attributable to owners of the Company for the Reporting Period amounted to approximately RMB15.4 million (2020: RMB64.0 million), which were mainly attributable to the decrease in profit as a result of decrease in properties delivered, a loss on change in fair value of investment properties and an increase in operating expenses for new property development projects during 2021.

(VII) *Liquidity and financial resources*

As at 31 December 2021, total assets of the Group amounted to approximately RMB8,925.7 million (2020: approximately RMB7,543.3 million), of which current assets amounted to approximately RMB8,759.5 million (2020: approximately RMB7,049.3 million). Total liabilities amounted to approximately RMB7,269.2 million (2020: approximately RMB5,629.3 million), of which non-current liabilities amounted to approximately RMB1,660.3 million (2020: approximately RMB1,560.1 million). Total equity amounted to approximately RMB1,656.5 million (2020: approximately RMB1,914.0 million). Total equity attributable to owners of the Company amounted to RMB1,469.6 million (2020: approximately RMB1,484.6 million).

As at 31 December 2021, the Group had cash and bank balances (including restricted cash) of approximately RMB907.8 million (2020: approximately RMB1,031.5 million). The bank and other borrowings was in the amount of approximately RMB1,640.9 million (2020: RMB1,753.7 million).

(VIII) *Commitments*

As at 31 December 2021, the Group had capital commitments outstanding but not provided for in consolidated financial statements which amounted to approximately RMB1,966.9 million (2020: approximately RMB1,259.4 million).

MATERIAL ADJUSTMENTS TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	2021 <i>RMB'000</i> (audited)	2021 <i>RMB'000</i> (unaudited)	Variance <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	34,908	34,908	–
Rights-of-use assets	–	–	–
Investment properties	75,177	75,176	1
Intangible assets	1,003	1,003	–
Interests in associates	9,038	9,038	–
Trade and other receivables	5,565	5,566	(1)
Deferred tax assets	40,543	44,453	(3,910)
	166,234	170,144	(3,910)
Current assets			
Properties under development	6,888,536	6,575,356	313,180 <i>Note 1</i>
Completed properties held for sale	494,415	799,786	(305,371) <i>Note 1</i>
Contract cost	91,381	28,228	63,153 <i>Note 2</i>
Trade and other receivables	324,231	387,384	(63,153) <i>Note 2</i>
Deposits paid for acquisition of land and properties	–	–	–
Current tax assets	50,490	50,490	–
Financial assets at fair value through profit or loss	2,607	2,607	–
Restricted cash	453,731	453,731	–
Cash and cash equivalents	454,088	454,088	–
	8,759,479	8,751,670	7,809
Total assets	8,925,713	8,921,814	3,899
Current liabilities			
Trade and other payables	2,048,088	2,048,088	–
Contract liabilities	2,874,733	2,874,733	–
Bank and other borrowings	472,400	492,400	(20,000) <i>Note 3</i>
Lease liabilities	–	–	–
Current tax liabilities	213,661	213,661	–
	5,608,882	5,628,882	(20,000)

	2021 <i>RMB'000</i> (audited)	2021 <i>RMB'000</i> (unaudited)	Variance <i>RMB'000</i>
Net current assets	<u>3,150,597</u>	<u>3,122,788</u>	27,809
Total assets less current liabilities	<u>3,316,831</u>	<u>3,292,932</u>	23,899
Non-current liabilities			
Bank and other borrowings	<u>1,168,502</u>	1,148,502	20,000 <i>Note 3</i>
Deferred tax liabilities	<u>491,804</u>	<u>492,125</u>	321
	<u>1,660,306</u>	<u>1,640,627</u>	19,679
Total liabilities	<u>7,269,188</u>	<u>7,269,509</u>	321
NET ASSETS	<u><u>1,656,525</u></u>	<u><u>1,652,305</u></u>	4,220
Capital and reserves			
Share capital	<u>2,585</u>	2,585	–
Reserves	<u>1,467,029</u>	<u>1,467,029</u>	–
Equity attributable to owners of the Company	<u>1,469,614</u>	1,469,614	–
Non-controlling interests	<u>186,911</u>	<u>182,691</u>	(4,220)
TOTAL EQUITY	<u><u>1,656,525</u></u>	<u><u>1,652,305</u></u>	(4,220)

Note 1: The reclassification of balances of approximately RMB305,371,000 from completed properties held for sale to properties under development was based on the development status at the end of 2021.

Note 2: The reclassification of balances of approximately RMB63,153,000 from trade and other receivables to contract cost was due to the balances of prepayment were being recategorised to contract cost from trade and other receivables.

Note 3: The reclassification of balances of approximately RMB20,000,000 was based on the maturity of the bank and other borrowings.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

(i) Acquisitions of land use rights

On 6 January 2021, Danzhou Shuanglian, an indirect subsidiary of the Company, Danzhou Shuanglian and Hailan Shiye (Guangzhou) Co., Ltd.* (海藍實業(廣州)有限公司) (“**Hailan Shiye Guangzhou**”), and Hunan Jinzhong Property Investment Group Co., Ltd.* (湖南金鐘置業投資集團有限公司) (“**Hunan Jinzhong Property**”) won the bid in respect of the land parcel situated at Danzhou, Hainan Province, the PRC at the auction at a consideration of RMB1,080 million and received the confirmation notification from the auction company in relation to the land acquisition. Danzhou Hailan Jinhong Property Development Co., Ltd.* (儋州海藍金鴻房地產開發有限公司) (“**Danzhou Hailan Jinhong**”) was established on 7 January 2021 and was owned as to 50% by Danzhou Shuanglian, 35% by Hailan Shiye Guangzhou and 15% by Hunan Jinzhong Property. The asset transfer agreement in respect of the land acquisition was entered into on 7 January 2021 between Management Committee of Binhai New District of Danzhou* (儋州濱海新區管理委員會) as transferor and Danzhou Shuanglian, Hailan Shiye Guangzhou and Hunan Jinzhong Property as purchasers.

For details, please refer to the announcement of the Company dated 6 January 2021.

(ii) Disposal of a subsidiary

On 1 April 2021, the Company, the Nanhai Xianglong Real Estate Development Co., Ltd.* (海南南海翔龍房地產開發有限公司) (an indirect subsidiary of the Company, “**Nanhai Xianglong**”) as seller and Center Drive Investment, LLC (“**Center Drive**”) as the purchaser entered into the disposal agreement, under which Center Drive agreed to acquire, and Nanhai Xianglong agreed to sell, 290,000 shares, representing 58% of the share capital, of Crossland Development, Inc. for a consideration of US\$2.9 million. On the same date, the Company and Center Drive entered into the side letter, under which the Company agreed to transfer the sale loans in the aggregate amount of US\$1.05 million to the Center Drive, for a consideration at the face value of the sale loans.

For details, please refer to the announcement of the Company dated 1 April 2021.

(iii) Acquisition of further equity interest of a subsidiary

On 7 July 2021, Sanya Zhongzekai Industrial Co., Ltd.* (三亞中澤凱實業有限公司) (“**Sanya Zhongzekai**”), an indirect wholly-owned subsidiary of the Company, Danzhou Shuanglian and Hailan Shiye Guangzhou, indirect non-wholly owned subsidiaries of the Company and Hunan Jinzhong Zhiye Investment Group Co., Ltd.* (湖南金鐘置業投資集團有限公司) (“**Hunan Jinzhong**”) entered into an equity transfer agreement (the “**First Equity Transfer Agreement**”), pursuant to which Sanya Zhongzekai agreed to acquire, and Hunan Jinzhong agreed to dispose of, 15% of the equity interest in Danzhou Hailan Jinhong, an indirect non-wholly owned subsidiary of the Company, for a consideration of RMB93,050,000.

(iv) Disposal of an associate

On 7 July 2021, Hailan Shiye Guangzhou and Zhongtou Zhiye (Guangzhou) Co., Ltd.* (中投置業(廣州)有限公司) (“**Zhongtou Zhiye**”) entered into an equity transfer agreement (the “**Second Equity Transfer Agreement**”), pursuant to which Hailan Shiye Guangzhou agreed to dispose of, and Zhongtou Zhiye agreed to acquire, 49% of the equity interest in Jinzhong Real Estate Co., Ltd.* (廣西海藍金鐘房地產有限公司), an associate of the Company, for a consideration of RMB71,880,400.

(v) Disposal of a subsidiary

On 7 July 2021, Hailan Shiye Guangzhou and Zhongtou Zhiye (Guangzhou) Co., Ltd.* (中投置業(廣州)有限公司) (“**Zhongtou Zhiye**”) entered into an equity transfer agreement (the “**Third Equity Transfer Agreement**”), pursuant to which Hailan Shiye Guangzhou agreed to dispose of, and Zhongtou Zhiye agreed to acquire, 51% of the equity interest in Guangxi Hailan Jinzhong Zhiye Co., Ltd.* (廣西海藍金鐘置業有限公司), an indirect non-wholly owned subsidiary of the Company, for a consideration of RMB97,010,000.

For details of the First Equity Transfer Agreement, Second Equity Transfer Agreement and Third Equity Transfer Agreement, please refer to announcement of the Company dated 7 July 2021.

(vi) Acquisition of further equity interest of a subsidiary

On 10 September 2021, Hailan Haoyue Holdings (Shenzhen) Co., Ltd.* (海藍浩越控股(深圳)有限公司) (the “**Hailan Haoyue**”), an indirect wholly-owned subsidiary of the Company, and Hengnan Wanwu Enterprise Management Co., Ltd.* (衡南萬物企業管理有限公司) (“**Hengnan Wanwu**”) entered into the equity transfer agreement, pursuant to which Hailan Haoyue agreed to purchase, and Hengnan Wanwu agreed to sell, 27.39% of equity interest in Guangdong Jinzhong Hongpeng Zhiye Co., Ltd.* (廣東金鐘鴻鵬置業有限公司) at the total consideration of RMB74,836,700.

For details, please refer to the announcement of the Company dated 10 September 2021.

Save as disclosed in this announcement, there were no other material acquisitions, disposals and significant investments during the Reporting Period.

GEARING RATIO

As at 31 December 2021, the gearing ratio (calculated by total debt divided by total equity; total debt includes interest-bearing bank and other borrowings) was 99.1% (2020: 91.6%).

FUTURE PLAN FOR MATERIAL INVESTMENTS

The Group will continue to invest in property development projects and acquire suitable land parcels in the PRC, Hong Kong, Southeast Asia and the United States of America (the “**United States**”), if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments as at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, taking into account of Danzhou Phase I, the Group had 328 employees (as at 31 December 2020: 364 employees). For the Reporting Period, the Group incurred employee costs of approximately RMB78.1 million. The remuneration of the employees generally includes salary and performance-based bonuses. According to the applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

PLEDGE OF ASSETS

As at 31 December 2021, the restricted cash in amount of approximately RMB375.7 million (2020: RMB269.9 million) was pledged for properties under development. In addition, the carrying amount of properties under development and completed properties held for sale in the amount of approximately RMB1,941.8 million and RMB79.1 million (2020: RMB1,145.4 million and RMB119.8 million) respectively was pledged for bank and other borrowings.

FOREIGN CURRENCY RISK

The Group mainly operates in the PRC. The Group's functional currency and the currency in which the Group denominates and settles substantially all of its transactions are Renminbi. The foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations are mainly in US dollars. The Group is not subject to any significant foreign currency risk as the revenue, expenses and borrowings of the Group's foreign operating subsidiaries are denominated in the functional currency of those operations. Any depreciation of the Renminbi would affect the value of any dividends that the Group pays to the shareholders of the Company outside the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (2020: Nil) to the Company's shareholders.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Thursday, 30 June 2022 (the "AGM") and the notice of the AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 June 2022 to Thursday, 30 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24 June 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance with a view to assure the conduct of management of the Company and protect the interests of all shareholders of the Company. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the shareholders of the Company and the Board considers that sound corporate governance can maximise the shareholders' interest.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of conduct of corporate governance.

During the Reporting Period, the Company has complied with the Code Provisions as set out in the CG Code except for the deviation from Code Provision C.2.1 of the CG Code as described below.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Under the current organisation structure of the Group, the function of chief executive officer is performed by Ms. Zhou Li. The Board is of the opinion that vesting the roles of both chairman and chief executive officer in Ms. Zhou Li has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group.

Under this arrangement, the Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive directors. Therefore, the Board considers that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the finance and accounting department which is under the supervision of the chief financial officer of the Company, the Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

COMPLIANCE WITH THE 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 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

APPOINTMENT OF DIRECTOR

As at the date of this announcement, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors of the Company are as follows:

Mr. Jia Bin was appointed as an executive Director with effect from 1 December 2021.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

(i) Acquisition of property

On 1 April 2022, Hylan Investment, Inc. (an indirect wholly-owned subsidiary of the Company, “**Hylan Investment**”) and San Pablo Investors One, LLC (an independent third party of the Company, “**San Pablo Investors**”) entered into a sale and purchase agreement, pursuant to which Hylan Investment agreed to acquire, and San Pablo Investors agreed to dispose of, certain parcel of land located at 1835 San Pablo Avenue, in Berkeley, Alameda, California, United States and all improvements on the land, for a consideration of US\$10,096,000. For further details, please refer to the announcements of the Company dated 1 April 2022 and 6 April 2022.

(ii) Property Management Service Framework Agreement

On 11 April 2022, in addition to certain existing property management service agreements, the Company entered into the property management service framework agreement (“**Property Management Service Framework Agreement**”) with Nanjing Hailan Huiyuan Property Service Co., Ltd.* (南京海藍惠源物業服務有限公司) (“**Nanjing Hailan Huiyuan**”), pursuant to which Nanjing Hailan Huiyuan (or any of its subsidiaries) will provide property management services to the Group for a term of two years and nine months with an annual cap of RMB9.8 million per year as the Company anticipates that it will enter into new property management service agreements with Nanjing Hailan Huiyuan for new development projects. Nanjing Hailan Huiyuan is owned as to 60% by Shanghai Tailaishi Construction Technology Co., Ltd.* (上海泰萊獅建築科技有限公司) and 40% by Mr. Zhang Jianing (張家寧先生). Shanghai Tailaishi ultimate beneficial owners include Mr. Yeung Man (楊敏先生), a controlling Shareholder, and Mr. Zhang Jianing (張家寧先生). As such, Nanjing Hailan Huiyuan is a connected person and the transaction contemplated under the Property Management Service Framework Agreement is a continuing connected transaction. For further details, please refer to the announcement of the Company dated 11 April 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules for the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The annual results of the Group for the Reporting Period has been reviewed and approved by the Audit Committee. The Audit Committee has been established in compliance with Rule 3.21 of the Listing Rules with written terms of reference following the Code Provisions as set out in D.3 of Part 2 of the CG Code for the purpose of assisting the Board in fulfilling their audit duties through the review and supervision of financial reporting, risk management and internal control systems, the review of financial information, and the consideration of issues relating to external auditor and their appointment. The Audit Committee consists of three independent non-executive Directors, namely Dr. Zhao Guoqing (Chairman), Mr. Li Yong and Prof. Fan Conglai. The Audit Committee has reviewed the accounting principles and practices adopted by the Group together with the management of the Company.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the Reporting Period. The work performed by Mazars 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 Mazars on this announcement.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT FOR THE REPORTING PERIOD ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This Audited Annual Results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.hailanholdings.com). The annual report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

ACKNOWLEDGEMENT

I would like to extend my heartfelt gratitude to the Directors, senior management and all staff members of the Group for their hard work and dedication in the past year. Their excellence in performance and contribution are the utmost important for the sustainable enhancement of the Group. At the same time, I also thank all of our shareholders and stakeholders for their enduring trust and support.

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

Hong Kong, 29 April 2022

As at the date of this announcement, the executive Directors are Ms. Zhou Li, Ms. Fan Wenyi, Mr. Chen Xiang and Mr. Jia Bin; and the independent non-executive Directors are Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai.

* *for identification purposes only*