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LOGAN

龙光集团

Logan Group Company Limited
龍光集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS HIGHLIGHTS

- Contracted sales amounted to RMB44.11 billion.
- Revenue amounted to RMB41.62 billion.
- Core profit^{Note 1} attributable to the owners of the Company amounted to RMB253 million.
- Net loss for the year amounted to RMB8.87 billion. Such loss was mainly due to: (i) the decline in delivery and decrease in income recognised for the year as the COVID-19 pandemic caused delays in the construction progress; (ii) the year-on-year decline in sales due to the continuing downturn of the real estate industry; and (iii) provision for impairment of inventories.
- Total asset amounted to RMB278.32 billion, while current assets amounted to RMB215.25 billion; and the current ratio was 1.19.

Note 1 Core profit is equal to net profit adjusted to (i) changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax; (ii) provision for impairment of inventories; (iii) loss/gain on disposal of subsidiaries and joint ventures; (iv) loss/gain on remeasurement of pre-existing interests in joint ventures; (v) foreign exchange gain/loss; (vi) dividend withholding tax and (vii) equity-settled share option expense.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) announces the Group’s audited consolidated results for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
REVENUE	5	41,622,653	78,292,624
Cost of sales		(46,405,069)	(61,181,459)
Gross (loss)/profit		(4,782,416)	17,111,165
Other income and gains	5	468,745	2,484,835
Other expenses		(344,388)	(183,924)
Selling and marketing expenses		(1,755,838)	(2,170,731)
Administrative expenses		(1,267,890)	(1,675,197)
Fair value gains on investment properties, net		1,568,242	1,190,120
Fair value losses on derivative financial instruments, net		(4,238)	(315,247)
Share of profits and losses of associates		138,572	(17,696)
Share of profits and losses of joint ventures		123,153	(335,014)
(LOSS)/PROFIT FROM OPERATIONS		(5,856,058)	16,088,311
Finance costs	6	(1,831,848)	(1,298,542)
(LOSS)/PROFIT BEFORE TAX	7	(7,687,906)	14,789,769
Income tax expense	8	(1,181,677)	(4,457,473)
(LOSS)/PROFIT FOR THE YEAR		(8,869,583)	10,332,296
Attributable to:			
Owners of the parent		(8,524,081)	9,975,466
Non-controlling interests		(345,502)	356,830
		(8,869,583)	10,332,296
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT (<i>RMB cents</i>)	10		
Basic		(155.69)	181.83
Diluted		(155.69)	181.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(8,869,583)</u>	<u>10,332,296</u>
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	<u>(2,096,060)</u>	<u>479,023</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(10,965,643)</u>	<u>10,811,319</u>
Attributable to:		
Owners of the parent	(10,620,141)	10,454,489
Non-controlling interests	<u>(345,502)</u>	<u>356,830</u>
	<u>(10,965,643)</u>	<u>10,811,319</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Investment properties		37,579,008	35,104,201
Other property, plant and equipment		197,665	176,476
Deferred tax assets		2,085,963	1,595,940
Investments in associates		3,779,486	4,832,770
Investments in joint ventures		18,854,096	18,566,822
Trade and other receivables, prepayments and other assets	<i>11</i>	572,829	863,865
Assets under cross-border guarantee arrangements	<i>12</i>	—	305,000
Cash and bank balances		—	1,125,794
		<hr/>	<hr/>
Total non-current assets		63,069,047	62,570,868
CURRENT ASSETS			
Inventories		148,123,695	117,047,214
Trade and other receivables, prepayments and other assets	<i>11</i>	44,981,837	56,471,277
Tax recoverable		4,405,810	2,991,425
Assets under cross-border guarantee arrangements	<i>12</i>	3,639,473	9,710,243
Cash and bank balances		14,101,705	37,110,530
		<hr/>	<hr/>
Total current assets		215,252,520	223,330,689
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	50,807,546	46,926,259
Contract liabilities		56,844,029	52,018,475
Liabilities under cross-border guarantee arrangements	<i>12</i>	4,755,373	10,768,008
Bank and other loans		30,382,995	20,410,515
Senior notes		7,976,225	2,345,377
Other current liabilities		21,910,680	13,112,660
Tax payable		8,341,615	9,544,505
		<hr/>	<hr/>
Total current liabilities		181,018,463	155,125,799
NET CURRENT ASSETS			
		<hr/>	<hr/>
		34,234,057	68,204,890
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		97,303,104	130,775,758

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements	<i>12</i>	—	547,040
Bank and other loans		21,710,828	29,115,607
Senior notes		—	19,846,343
Corporate bonds		17,694,157	9,044,000
Deferred tax liabilities		6,028,469	4,454,485
		<hr/>	<hr/>
Total non-current liabilities		45,433,454	63,007,475
		<hr/>	<hr/>
Net assets		51,869,650	67,768,283
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		450,227	450,569
Perpetual capital securities		2,363,346	2,363,346
Reserves		33,969,155	45,080,701
		<hr/>	<hr/>
Non-controlling interests		36,782,728	47,894,616
		15,086,922	19,873,667
		<hr/>	<hr/>
Total equity		51,869,650	67,768,283
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NOTES

31 December 2022

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was principally engaged in property development, property operation, development management and urban redevelopment business in the People's Republic of China (the "PRC" or "Mainland China").

In the opinion of the directors, Junxi Investments Limited is the immediate holding company of the Company which is incorporated in the British Virgin Islands. The ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a substantial shareholder of the Company.

2. BASIS OF PRESENTATION

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the "USD Senior Notes") and HKD denominated equity-linked securities (the "HKD ELS"). In addition, as disclosed in the Company's announcement dated 23 August 2022, the Group suspended the repayment of the principal amount of 7.5% senior notes due 2022 issued on 25 February 2019 (the "US\$300m Senior Notes due 2022"). As of 31 December 2022, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,154 million) and the aggregate unpaid interest amounted to US\$101 million (RMB702 million). The non-payment of the principal of the relevant USD Senior Notes and HKD ELS and the relevant interest accrued may lead to the Company's creditors demanding acceleration of repayments.

As disclosed in the Company's announcement dated 7 November 2022, the Company and two wholly-owned subsidiaries of the Company (namely, Kam Wang (Hong Kong) Investments Company Limited (金泓(香港)投資有限公司) and Yuen Ming (Hong Kong) Investments Company Limited (潤銘(香港)投資有限公司), the "Relevant Subsidiaries"), as subsidiary guarantors of the Notes, received a winding-up petition dated 4 November 2022 filed by Citicorp International Limited (the "Petitioner"), as trustee of the relevant series of notes, at the Grand Court of the Cayman Islands (the "Grand Court") (in the case of the Company) and the High Court of the Hong Kong Special Administrative Region (the "High Court") (in the case of the Relevant Subsidiaries). To the best knowledge and belief of the Company, the Petitioner represents few noteholder of the relevant series of notes in connection with the 5.75% Senior Notes due 2025 (Debt Stock Code: 40114; ISIN: XS2099677747; Common Code: 209967774; the "Notes").

As disclosed in the Company's announcement dated 13 March 2023, the parties to the Hong Kong Petitions have agreed to adjourn the Hong Kong Petitions to the first date available to the Court after 10 May 2023. The Company has complied and will remain in compliance with all terms agreed with the ad hoc group of bondholders in respect of the adjournment of the Hong Kong Petitions. The Cayman Petition was adjourned by consent, and it is not listed for a hearing.

The management believes that the purpose of the winding-up petitions mentioned above used by the creditors are to facilitate the negotiation process of a comprehensive debt extension solution with the Group. In fact, the Group has been actively communicating and maintaining constructive dialogue with the ad hoc group of bondholders and their financial advisors over the past few months, with the aim of facilitating the formulation of a practicable debt extension solution for the Group's offshore debts as soon as possible. The Company has appointed Mr. Cosimo Borrelli of Kroll (Hong Kong) Limited on 13 December 2022 as the Chief Restructuring Officer, who will guide and provide advice to the Company and its advisors to determine and advance the entire debt extension solution as soon as possible.

As of 31 December 2022, the total value of current assets of the Group amounted to RMB215,252 million, of which cash and cash equivalents amounted to RMB14,102 million. The total value of current liabilities of the Group amounted to RMB181,018 million. In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In view of the aforesaid, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Group is actively negotiating with financial institutions currently in business relationship and holders of senior notes and secured debt on the renewal of certain borrowings, senior notes and secured debt.
- (b) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development and completed properties, and to speed up the collection of sales proceeds and other receivables.
- (c) The Group will continue to dispose of its assets or urban redevelopment projects when needed.
- (d) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than fifteen months from 31 December 2022. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations or financial obligations upon agreement of the holistic liability management solution as and when they fall due in the foreseeable future.

Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful renewal of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution (as defined in the announcement of the Company dated 7 August 2022), the Petitioner and the Group entered into an agreement for the repayment arrangement;

- (b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditure so as to generate adequate net cash inflows; and
- (c) the successful disposal of assets or urban redevelopment projects, as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of above revised HKFRSs has had no significant financial effect on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the property development segment: develops and sells residential properties and commercial properties, retail shops and office units and sells land held for development;
- (b) the development management segment: engages in construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers;
- (c) the urban redevelopment segment: engages in the sale of land and properties held for urban redevelopment; and

- (d) the property operation segment: leases office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties' values in the long term.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses on investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the reportable segments is presented below.

	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment business <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022					
Revenue from external customers	38,217,913	3,116,520	—	288,220	41,622,653
Inter-segment revenue	—	6,994,305	—	37,965	7,032,270
Reportable segment revenue	<u>38,217,913</u>	<u>10,110,825</u>	<u>—</u>	<u>326,185</u>	<u>48,654,923</u>
Reportable segment (loss)/profit	<u>(8,155,414)</u>	<u>238,486</u>	<u>(1,027)</u>	<u>178,893</u>	<u>(7,739,062)</u>
	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment business <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2021					
Revenue from external customers	66,677,321	8,498,285	2,904,631	212,387	78,292,624
Inter-segment revenue	—	13,567,678	—	45,776	13,613,454
Reportable segment revenue	<u>66,677,321</u>	<u>22,065,963</u>	<u>2,904,631</u>	<u>258,163</u>	<u>91,906,078</u>
Reportable segment profit	<u>10,155,876</u>	<u>2,803,362</u>	<u>1,741,797</u>	<u>197,873</u>	<u>14,898,908</u>

Information about a major customer

During the years ended 31 December 2022 and 2021, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue		
Reportable segment revenue	48,654,923	91,906,078
Elimination of inter-segment revenue	<u>(7,032,270)</u>	<u>(13,613,454)</u>
Consolidated revenue	<u><u>41,622,653</u></u>	<u><u>78,292,624</u></u>
(Loss)/profit		
Reportable segment (loss)/profit	(7,739,062)	14,898,908
Elimination of inter-segment loss/(profit)	<u>205,030</u>	<u>(1,312,105)</u>
Reportable segment (loss)/profit derived from the Group's external customers	(7,534,032)	13,586,803
Other income and gains	468,745	2,484,835
Other expenses	(344,388)	(183,924)
Depreciation	(40,234)	(57,080)
Finance costs	(1,831,848)	(1,298,542)
Share of profits and losses of associates	138,572	(17,696)
Share of profits and losses of joint ventures	123,153	(335,014)
Net increase in fair value of investment properties	1,568,242	1,190,120
Net decrease in fair value of derivative financial instruments	(4,238)	(315,247)
Unallocated head office and corporate expenses	<u>(231,878)</u>	<u>(264,486)</u>
Consolidated (loss)/profit before tax	<u><u>(7,687,906)</u></u>	<u><u>14,789,769</u></u>

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers		
Property development*	38,353,128	66,970,095
Development management income	3,124,860	8,536,451
Urban redevelopment business income	—	2,904,631
Revenue from another source		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	294,138	219,032
	<u>41,772,126</u>	<u>78,630,209</u>
Less: Sales related taxes	(149,473)	(337,585)
	<u><u>41,622,653</u></u>	<u><u>78,292,624</u></u>

* The invoiced amount billed to buyers of properties was RMB41,451,990,000 (2021: RMB72,945,395,000), including value-added tax of RMB3,098,862,000 (2021: RMB5,975,300,000).

Other income and gains

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	171,415	567,488
Interest income on amounts due from associates and joint ventures	779,560	1,052,107
Forfeiture income on deposits received	66,452	74,983
Government subsidies	51,526	42,011
Gain/(loss) on disposal of subsidiaries, net	92,910	(4,656)
Gain on deemed disposal of subsidiaries upon loss of control, net	—	24,386
(Loss)/gain on disposal of joint ventures, net	(432,415)	163,100
(Loss)/gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	(336,725)	273,155
Foreign exchange differences, net	—	38,256
Others	76,022	254,005
	<u><u>468,745</u></u>	<u><u>2,484,835</u></u>

Revenue from contracts with customers

Disaggregated revenue information

Year ended 31 December 2022

	Property development RMB'000	Development management RMB'000	Urban redevelopment business RMB'000	Total RMB'000
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	34,296,588	—	—	34,296,588
Goods transferred over time	3,921,325	—	—	3,921,325
Services transferred over time	—	3,116,520	—	3,116,520
Total revenue from contracts with customers	<u>38,217,913</u>	<u>3,116,520</u>	<u>—</u>	<u>41,334,433</u>

Year ended 31 December 2021

	Property development RMB'000	Development management RMB'000	Urban redevelopment business RMB'000	Total RMB'000
<i>Timing of revenue recognition:</i>				
Goods transferred at a point in time	64,001,631	—	2,904,631	66,906,262
Goods transferred over time	2,675,690	—	—	2,675,690
Services transferred over time	—	8,498,285	—	8,498,285
Total revenue from contracts with customers	<u>66,677,321</u>	<u>8,498,285</u>	<u>2,904,631</u>	<u>78,080,237</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	3,058,259	2,762,310
Interest on senior notes	1,370,985	1,320,391
Interest on corporate bonds	869,434	1,013,974
Less: Interest capitalised	<u>5,298,678</u> <u>(3,466,830)</u>	<u>5,096,675</u> <u>(3,798,133)</u>
	<u>1,831,848</u>	<u>1,298,542</u>

7. (LOSS)/PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	RMB'000
Cost of properties sold	34,626,892	54,417,225
Cost of services provided	2,508,997	6,764,234
Depreciation of other property, plant and equipment	106,797	199,888
Less: Amount capitalised	(66,563)	(142,808)
	40,234	57,080
Lease payments not included in the measurement of lease liabilities	21,680	24,605
Auditor's remuneration	3,040	8,000
Employee benefit expenses (including directors' remuneration):		
Directors' fee	1,916	3,623
Salaries and other staff costs	995,106	1,607,370
Equity-settled share option expense	15,791	36,551
Pension scheme contributions	192,503	144,304
Less: Amount capitalised	(226,449)	(337,142)
	978,867	1,454,706
Foreign exchange differences, net	227,497	(38,256)
Provision for impairment of inventories*	9,230,000	—
Loss on disposal of items of other property, plant and equipment, net	178	759
Direct operating expenses arising on rental-earning investment properties	109,327	60,290

* This item is included in "Cost of sales" in the consolidated statement of profit or loss.

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2022 RMB'000	2021 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax ("CIT")	1,002,549	4,104,426
PRC land appreciation tax ("LAT")	477,159	1,249,335
Overprovision in prior years, net:		
PRC CIT	<u>(149,434)</u>	<u>(664,381)</u>
	1,330,274	4,689,380
Deferred	<u>(148,597)</u>	<u>(231,907)</u>
Total tax charge for the year	<u>1,181,677</u>	<u>4,457,473</u>

9. DIVIDENDS

	2022 RMB'000	2021 <i>RMB'000</i>
Interim dividend — Nil (2021: HK49 cents per ordinary share)	<u>—</u>	<u>2,388,385</u>

The directors did not recommend the payment of a final dividend for the years ended 31 December 2022 and 2021.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,685,558,000 (2021: 5,527,768,000) in issue less the weighted average number of shares held under the share award scheme during the year.

The calculation of the diluted earnings per share amount is based on the (loss)/profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

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

	2022	2021
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to owners of the parent	(8,524,081)	9,975,466
Distribution related to perpetual capital securities	(82,228)	(158,079)
	<u> </u>	<u> </u>
(Loss)/profit used in the basic and diluted earnings per share calculations	<u>(8,606,309)</u>	<u>9,817,387</u>
	Number of shares	
	2022	2021
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic earnings per share calculation	5,527,720	5,399,202
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u> — </u>	<u> 16,874 </u>
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	<u>5,527,720</u>	<u>5,416,076</u>

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of construction and decoration services.

Consideration in respect of sale of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Consideration in respect of provision of construction and decoration services is payable by the customers in accordance with the terms of the related construction and decoration agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

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

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	145,021	2,085,030
31 to 90 days	89,172	833,356
91 to 180 days	353,956	498,256
181 to 365 days	1,178,178	873,335
	<u>1,766,327</u>	<u>4,289,977</u>

12. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the years ended 31 December 2022 and 2021, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC or vice versa. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Assets under cross-border guarantee arrangements	3,639,473	10,015,243
Portion classified as current assets	<u>(3,639,473)</u>	<u>(9,710,243)</u>
Non-current portion	<u>—</u>	<u>305,000</u>
Liabilities under cross-border guarantee arrangements	4,755,373	11,315,048
Portion classified as current liabilities	<u>(4,755,373)</u>	<u>(10,768,008)</u>
Non-current portion	<u>—</u>	<u>547,040</u>

13. TRADE AND OTHER PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 30 days	3,381,902	4,702,809
31 to 90 days	1,533,453	3,686,768
91 to 180 days	3,010,307	2,724,916
181 to 365 days	7,893,801	5,443,110
Over 365 days	<u>6,877,054</u>	<u>5,833,328</u>
	<u>22,696,517</u>	<u>22,390,931</u>

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2022.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements. The events and conditions stated in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of the Company, I hereby present the annual results of the Group for the year ended 31 December 2022.

BUSINESS REVIEW

In 2022, amidst heightened global inflation, slowing economic growth and growing inflationary pressures, central banks around the world further tightened their monetary policies to curb inflation. In the face of a complex and ever-changing international environment, China’s central government has coordinated efforts to promote pandemic prevention and control, as well as economic and social development, and continued to expand domestic demand through various effective measures. As a result, China’s gross domestic product (GDP) grew steadily by 3% in the year, which proved that China’s economy is resilient, with great potential and vitality, and its long-term fundamentals remain unchanged and positive.

In 2022, China’s real estate industry remained in a downward cycle and a challenging situation. Investment in real estate development in the PRC amounted to RMB13,289.5 billion, representing a year-on-year decrease of 10.0%; among which, investment in residential properties amounted to RMB10,064.6 billion, representing a decrease of 9.5%. The sales area of commercial properties was 1,358.37 million square meters, representing a year-on-year decrease of 24.3%, with the sales area of residential properties decreasing by 26.8%. The sales revenue of commercial properties was RMB13,330.8 billion, down 26.7% from the previous year, with the sales of residential properties decreasing by 28.3%.

The Group has been operating steadily with a stable team, focusing on its main property business, while adhering to both operation and debt management. We have continued to strengthen refined management, and delivered 62,000 units in 2022 with a contract delivery rate of 100%. Despite short-term liquidity difficulties, the Group has actively promoted communication on the onshore and offshore holistic liability management solutions, with the completion of extension for 21 onshore open market bonds in the domestic capital market. The Group will continue to maintain active and continuous communication with all creditors and take multiple measures to accelerate the extension of offshore debts, and plan to announce an overall extension plan for the offshore debts in the coming months to treat all of its creditors fairly. After the approval and implementation of the offshore holistic liability management solution, the Group will be able to alleviate the pressure of onshore and offshore debt repayment, achieve a virtuous cycle of production and operation, improve the capital structure, realize the potential value of assets, enhance the Group’s operating cash flow, and safeguard the interests of the Group’s onshore and offshore creditors and relevant stakeholders.

In 2022, the Group continued to focus on differentiated high-quality products and constantly improved product innovation. The Group received a total of 25 international design awards for its projects, including Shenzhen Logan•One Splendid Park (深圳龍光•錦繡公園壹號) becoming Golden Novum Design Award (NDA) Winner in Landscape Design Category, Golden Winner of TITAN Property Awards in Landscape Design Category, and Platinum Winner of MUSE Design Awards in Interior Design Category, and being shortlisted for London Design Awards; Shenzhen Logan•Acesite Park (深圳龍光•玖龍臺) becoming the Merit Award Winner of International Residential Project of the Gold Nugget Awards in the United States and becoming Gold Winner of MUSE Design Awards in Complex Design Category; Shenzhen•Qianhai Fairyland Garden (深圳前海天境花園) receiving the GBE Real Estate Design Award; Shanghai Logan•Sirius (上海龍光•天曜) becoming the Platinum Winner of MUSE Design Awards in Landscape Design Category, and Shanghai Blue Whale World (上海藍鯨世界) being awarded the title of the GBE Best Themed Commercial Complex. In addition, in the first quarter of 2023, the Group became a constituent stock of the Hang Seng Composite Index and the “Hong Kong Stock Connect” of the Shenzhen and Shanghai Stock Exchanges.

FUTURE PROSPECTS

Looking ahead, it is expected that China’s real estate industry will gradually recover and stabilize. The Group will continue to take proactive measures to ensure normal operations. With “ensuring stable operation and high-quality delivery” as the business focus, the Group will strictly control administrative costs and accelerate the collection of sales cash flows and other receivables, and speed up the sales of properties under development and completed properties. We will fully protect the interests of customers, investors and partners, and fulfill our responsibilities as a corporate citizen.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. Thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group has successfully maintained its stable development. The Group will continue to strive for sustainable development by upholding our long established transparent, healthy and impartial development value.

Kei Hoi Pang
Chairman
Hong Kong
30 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

In 2022, the pandemic prevention and control measures further escalated in the PRC, with Shanghai, Guangdong, Hubei, Henan, Zhejiang and other regions coming under great pressure from pandemic prevention and control. Under the pressure of pandemic prevention and control, the total sales in 2022 was affected by the pandemic controls and the decline in confidence of the industry. However, the Company responded by making swift adjustment to its online and offline marketing strategies and flexibly laid-out its available resources in the cities where it had presence so as to minimize the adverse impact.

Contracted sales

For the year ended 31 December 2022, the Group achieved contracted sales of approximately RMB44.11 billion. For the contracted sales in 2022, Greater Bay Area, Southwest region, Yangtze River Delta region, Singapore and other regions accounted for approximately 36.4%, 15.9%, 30.5%, 3.1% and 14.1%, respectively. The contracted sales was mainly generated from Greater Bay Area, Yangtze River Delta Region and Southwest region. For the Greater Bay region, the contracted sales was mainly generated from projects such as Shenzhen Jiuyu Yazhu (玖譽雅筑), Guangzhou Tianying (廣州天瀛) and Foshan Castle (佛山天宸). For the Southwest region, the sales were mainly contributed by projects such as Nanning Jiuyu City (南寧玖譽城) and Chengdu Tianying (成都天瀛). For the Yangtze River Delta Region, the sales were mainly contributed by projects such as Shanghai Sirius (上海天曜) and Shanghai Fairyland (上海天境). In 2023, the key projects intended to be launched by the Company include Shenzhen Logan • One Splendid Park (深圳龍光•錦繡公園壹號), Hong Kong The Corniche (香港凱玥) and Huizhou Logan City (惠州龍光城).

Region	Contracted sales in 2022				ASP (RMB/ sq.m.)
	Amount (RMB million)	Percentage	GFA ¹ (sq.m.)	Percentage	
Greater Bay Area	16,074	36.4%	863,724	31.4%	17,860
Southwest region	7,004	15.9%	666,480	24.2%	10,314
Yangtze River Delta region	13,441	30.5%	493,425	17.9%	27,143
Singapore	1,384	3.1%	15,537	0.6%	89,103
Other regions	6,209	14.1%	712,714	25.9%	8,251
Total	<u>44,112</u>	<u>100.0%</u>	<u>2,751,880</u>	<u>100.0%</u>	<u>15,611</u>

1. Excluding car parking spaces

Newly commenced projects

For the year ended 31 December 2022, the Group commenced construction of a total of 10 projects or new project phases with a total planned GFA of approximately 1.00 million sq.m..

Completed projects

For the year ended 31 December 2022, the Group completed 42 projects or project phases with a total planned GFA of approximately 4.74 million sq.m..

Developing projects

As at 31 December 2022, the Group had a total of 135 projects or project phases under construction with a total planned GFA of approximately 21.79 million sq.m..

Land Reserves

For the year ended 31 December 2022, The Group did not acquire any new projects by means of “tender, auction and listing (招拍掛)” in the open market.

As at 31 December 2022, the total GFA of the Group's land reserves was approximately 28,616,172 sq.m.*. Based on project value, the Greater Bay Area and Yangtze River Delta Region accounted for approximately 73% of the total land reserves.

Land reserves as at 31 December 2022

	GFA <i>(sq.m.)</i>	Percentage
Greater Bay Area	13,550,002	47.4%
Southwest Region	6,677,235	23.3%
Yangtze River Delta Region	2,171,762	7.6%
Singapore	26,265	0.1%
Other Regions	<u>6,190,908</u>	<u>21.6%</u>
Total	<u><u>28,616,172*</u></u>	<u><u>100.0%</u></u>

Note: * Represents land bank available for development in the short to medium term.

FINANCIAL REVIEW

Performance Highlights

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	Changes per year %
Revenue	41,622,653	78,292,624	-46.8
Among which: Property development	38,217,913	66,677,321	-42.7
Development management income	3,116,520	8,498,285	-63.3
Urban redevelopment business income	—	2,904,631	-100.0
Property operation income	288,220	212,387	35.7
Gross (loss)/profit	(4,782,416)	17,111,166	-127.9
(Loss)/profit for the year			
— Attributable to equity shareholders	(8,524,081)	9,975,465	-185.5
— Attributable to non-controlling shareholders	(345,502)	356,830	-196.8
— Total	(8,869,583)	10,332,296	-185.8
Core profit/(loss)⁽¹⁾			
— Attributable to equity shareholders	253,304	9,584,673	-97.4
— Attributable to non-controlling shareholders	(145,312)	356,830	-140.7
— Total	107,992	9,941,504	-98.9
Total assets	278,321,567	285,901,558	-2.7
Cash and bank balances	14,101,705	38,236,324	-63.1
Total equity	51,869,650	67,768,283	-23.5
Total equity attributable to equity shareholders	36,782,728	47,894,617	-23.2
Key financial ratios			
Gross profit margin ⁽²⁾	10.7%	21.9%	
Asset/liability ratio ⁽³⁾	76.6%	71.0%	

Notes:

- (1) Core profit: net profit adjusted for (i) changes in fair value of investment properties and derivatives financial instruments and relevant deferred tax; (ii) impairment provisions for inventories; (iii) gains or losses on disposal of subsidiaries and joint ventures; (iv) gains or losses on remeasurement of pre-existing interests in joint ventures; (v) foreign exchange gains or losses; (vi) withholding tax on dividends and (vii) equity-settled share option expense
- (2) Gross profit margin: $\text{Gross profit adjusted for impairment provision for inventory} \div \text{Revenue} \times 100\%$
- (3) Asset/liability ratio: $\text{Total liabilities deducting contract liabilities} \div \text{Total assets deducting contract liabilities} \times 100\%$

(I) Revenue

Total revenue of the Group for the year ended 31 December 2022 decreased by approximately RMB36,670.0 million, or approximately 46.8% to RMB41,622.7 million, as compared with 2021. The decrease was mainly due to the decrease in revenue from property development as compared to 2021. Revenue from property development for the year ended 31 December 2022 amounted to approximately RMB38,217.9 million, representing a decrease of approximately 42.7% as compared to RMB66,677.3 million in 2021. Greater Bay Area, Southwest Region, Yangtze River Delta Region, Singapore and other regions contributed to the revenue from property development in 2022, accounting for 53.8%, 23.7%, 8.1%, 10.2% and 4.2%, respectively.

	Revenue from property development in 2022	
	Amount	Percentage
	<i>(RMB Million)</i>	
Greater Bay Area	20,562	53.8%
Southwest Region	9,041	23.7%
Yangtze River Delta Region	3,091	8.1%
Singapore ¹	3,921	10.2%
Other regions	1,603	4.2%
Total	38,218	100%

¹ Goods transferred over time

(II) Cost of sales

Cost of sales of the Group for the year ended 31 December 2022 decreased by approximately RMB14,776.4 million to RMB46,405.1 million, or approximately 24.2%, as compared with 2021, primarily due to the decrease in sales as compared to 2021. In addition, the Group has made an inventory impairment provision of approximately RMB9,230.0 million due to the sharp decline in the industry in the second half of 2022. Key components of costs are as follows:

	2022	2021	Change per
	RMB'000	RMB'000	year
			%
Total cost of sales	46,405,069	61,181,459	-24.2
— Property development	43,856,892	53,273,419	-17.7
— Development management	2,508,997	6,716,701	-62.6
— Property operation	39,180	47,533	-17.6
— Urban redevelopment business	—	1,143,806	-100.0

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2022 amounted to approximately RMB1,755.8 million (2021: RMB2,170.7 million). The relevant selling and marketing expenses decreased by approximately 19.1% as compared with 2021.

The administrative expenses of the Group for the year ended 31 December 2022 amounted to approximately RMB1,267.9 million (2021: RMB1,675.2 million), representing an decrease of approximately 24.3% as compared with 2021, which was mainly due to the decrease in staff costs.

(IV) Finance costs

The net finance costs of the Group for the year ended 31 December 2022 increased to approximately RMB1,831.8 million (2021: RMB1,298.5 million), primarily due to the increase in interest expenses that were required to be expensed.

(V) Tax

Taxes of the Group for the year ended 31 December 2022 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB704.5 million and RMB477.2 million, respectively (2021: approximately RMB3,208.1 million and RMB1,249.3 million).

(VI) Liquidity and financial resources

As at 31 December 2022, total assets of the Group amounted to approximately RMB278,321.6 million (2021: approximately RMB285,901.6 million), of which current assets amounted to approximately RMB215,252.5 million (2021: approximately RMB223,330.7 million). Total liabilities amounted to approximately RMB226,451.9 million (2021: approximately RMB218,133.3 million), of which non-current liabilities amounted to approximately RMB45,433.5 million (2021: approximately RMB63,007.5 million). Total equity amounted to approximately RMB51,869.7 million (2021: approximately RMB67,768.3 million), of which total equity attributable to owners of the parent amounted to RMB36,782.7 million (2021: approximately RMB47,894.6 million).

As at 31 December 2022, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale and other receivables.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") is scheduled to be held on Thursday, 15 June 2023. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 June 2023.

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

During the year ended 31 December 2022, the Company repurchased from the market a total of 4,000,000 shares of the Company (the “Shares”). All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

Date of repurchase	Number of Shares repurchased	Highest price per Share (HK\$)	Lowest price per Share (HK\$)	Aggregate consideration (HK\$)
14 January 2022	3,000,000	5.90	5.58	17,134,800
17 January 2022	1,000,000	5.86	5.47	5,514,840

During the year ended 31 December 2022, the Company purchased its 7.5% senior notes due 2022 in the aggregate principal amount of US\$300 million issued by the Company and listed on the Singapore Exchange Securities Trading Limited in an aggregate of US\$21.2 million in the open market, representing approximately 7.07% of the aggregate principal amount of the notes issued. The repurchased notes have been cancelled in accordance with their respective terms and indenture.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted, applied and complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2022.

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. Having made specific enquiries, the Company confirmed that all the directors have complied with the required standard set out in the Model Code during the year ended 31 December 2022.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company comprises three independent non-executive directors, namely Ms. Liu Ka Ying, Rebecca, Mr. Zhang Huaqiao and Mr. Cai Suisheng. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the 2022 annual results announcement and the consolidated financial statements for the year ended 31 December 2022, and also fully discussed with Prism Hong Kong and Shanghai Limited (formerly known as UniTax Prism (HK) CPA Limited), the auditor of the Company on its audit work.

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditors, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

FORWARD-LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" (or of related nature), or, in each case, their negative or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industries in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

PUBLICATION OF ANNUAL REPORT

The 2022 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.logangroup.com>) in due course.

By Order of the Board
Logan Group Company Limited
Kei Hoi Pang
Chairman

Hong Kong, 3 April 2023

As at the date of this announcement, the executive directors of the Company are Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu, Mr. Zhong Huihong and Ms. Huang Xiangling; and the independent non-executive directors of the Company are Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca, Mr. Cai Suisheng and Dr. Liu Yongping.