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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)**

### **UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **RESULTS HIGHLIGHTS**

- Contracted sales amounted to RMB140.20 billion, representing a year-on-year increase of 16.2%.
- Revenue amounted to RMB78.29 billion, representing a year-on-year increase of 10.2%.
- Core profit<sup>Note 1</sup> amounted to RMB9.987 billion. Core profit margin was 12.8%.
- Core profit attributable to owners of the Company amounted to RMB9.63 billion.
- Total asset amounted to RMB285.95 billion, representing a year-on-year increase of 17.4%.
- As at 31 December 2021, net debt-to-equity ratio was 82.1%.

<sup>Note 1</sup> Core profit is equal to net profit adjusted to changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax, dividend withholding tax and equity-settled share option expense.

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) announces the Group’s unaudited results for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB’000</b> <b>(Unaudited)</b>	2020 <b>RMB’000</b> <b>(Audited)</b>
REVENUE	4	<b>78,292,624</b>	71,079,729
Cost of sales		<b>(61,156,459)</b>	<u>(49,747,857)</u>
Gross profit		<b>17,136,165</b>	21,331,872
Other income and gains	4	<b>2,484,835</b>	2,107,785
Other expenses	5	<b>(183,924)</b>	(118,363)
Selling and marketing expenses		<b>(2,170,731)</b>	(1,672,170)
Administrative expenses		<b>(1,675,197)</b>	(1,867,320)
Net increase in fair value of investment properties		<b>1,190,120</b>	1,597,354
Net (decrease)/increase in fair value of derivative financial instruments		<b>(315,247)</b>	218,400
Share of losses of associates		<b>(17,696)</b>	(28,923)
Share of losses of joint ventures		<b>(335,014)</b>	<u>(19,425)</u>
<b>PROFIT FROM OPERATIONS</b>		<b>16,113,311</b>	21,549,210
Finance costs	6	<b>(1,277,711)</b>	<u>(2,051,424)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>14,835,600</b>	19,497,786
Income tax expense	8	<b>(4,457,473)</b>	<u>(6,123,692)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>10,378,127</u></b>	<b><u>13,374,094</u></b>
Attributable to:			
Owners of the parent		<b>10,021,297</b>	13,016,635
Non-controlling interests		<b>356,830</b>	<u>357,459</u>
		<b><u>10,378,127</u></b>	<b><u>13,374,094</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO PARENT (RMB cents)</b>	9		
Basic		<b>182.68</b>	<u>234.13</u>
Diluted		<b>182.11</b>	<u>232.36</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 <i>RMB'000</i> (Audited)
PROFIT FOR THE YEAR	<u><b>10,378,127</b></u>	<u>13,374,094</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR (after tax and reclassification adjustments)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	<u><b>479,023</b></u>	<u>865,243</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><b>10,857,150</b></u>	<u>14,239,337</u>
Attributable to:		
Owners of the parent	<u><b>10,500,320</b></u>	13,881,878
Non-controlling interests	<u><b>356,830</b></u>	<u>357,459</u>
	<u><b>10,857,150</b></u>	<u>14,239,337</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 <b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Investment properties	<i>10</i>	<b>35,104,201</b>	29,794,064
Other property, plant and equipment		<b>176,476</b>	159,893
Deferred tax assets		<b>1,595,940</b>	1,455,960
Investments in associates		<b>4,832,770</b>	3,488,649
Investments in joint ventures		<b>18,566,822</b>	8,968,781
Trade and other receivables, prepayments and other assets		<b>863,865</b>	4,282,980
Assets under cross-border guarantee arrangements	<i>11</i>	<b>305,000</b>	400,000
Cash and bank balances		<b>1,125,794</b>	1,829,261
Total non-current assets		<b>62,570,868</b>	50,379,588
<b>CURRENT ASSETS</b>			
Inventories		<b>117,068,045</b>	106,327,001
Trade and other receivables, prepayments and other assets		<b>56,496,277</b>	39,194,772
Tax recoverable		<b>2,991,425</b>	2,025,196
Assets under cross-border guarantee arrangements	<i>11</i>	<b>9,710,243</b>	4,547,191
Cash and bank balances		<b>37,110,530</b>	41,039,900
Total current assets		<b>223,376,520</b>	193,134,060
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>46,926,259</b>	40,463,391
Contract liabilities		<b>52,018,475</b>	42,484,960
Liabilities under cross-border guarantee arrangements	<i>11</i>	<b>10,768,008</b>	5,376,575
Bank and other loans		<b>20,410,515</b>	9,665,437
Senior notes		<b>2,345,377</b>	7,192,358
Other current liabilities		<b>13,112,660</b>	6,439,252
Tax payable		<b>9,544,505</b>	9,149,363
Total current liabilities		<b>155,125,799</b>	120,771,336
NET CURRENT ASSETS		<b>68,250,721</b>	72,362,724
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>130,821,589</b>	122,742,312

	<i>Note</i>	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 <i>RMB'000</i> <i>(Audited)</i>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities under cross-border guarantee arrangements	<i>11</i>	<b>547,040</b>	700,631
Bank and other loans		<b>29,115,607</b>	23,371,878
Senior notes		<b>19,846,343</b>	17,933,558
Corporate bonds		<b>9,044,000</b>	15,536,000
Deferred tax liabilities		<b>4,454,485</b>	4,528,780
		<hr/>	<hr/>
Total non-current liabilities		<b>63,007,475</b>	62,070,847
		<hr/>	<hr/>
Net assets		<b>67,814,114</b>	60,671,465
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>450,569</b>	436,727
Perpetual capital securities		<b>2,363,346</b>	2,363,346
Reserves		<b>45,126,532</b>	39,603,161
		<hr/>	<hr/>
		<b>47,940,447</b>	42,403,234
Non-controlling interests		<b>19,873,667</b>	18,268,231
		<hr/>	<hr/>
Total equity		<b>67,814,114</b>	60,671,465
		<hr/> <hr/>	<hr/> <hr/>

## NOTES

31 December 2021

### 1. GENERAL INFORMATION

Logan Group Company Limited 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.

The Company and its subsidiaries were 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") during the year.

In the opinion of the directors, Junxi Investments Limited is the immediate holding company of the Company and the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

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 ("RMB'000") except when otherwise indicated.

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

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

The adoption of the above revised HKFRSs does not have material impact on the Group's financial statements.

### 3. 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 retail shops;
- (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 development; and
- (d) the property operation segment leases office units, retail shops and hotel to generate rental income and to gain from the appreciation in the properties' values in the long term.

The Group's revenue from external customers from each operating segment is set out in note 4 to the financial statements.

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>
<b>Year ended 31 December 2021</b>					
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>10,180,876</u>	<u>2,803,362</u>	<u>1,741,797</u>	<u>197,873</u>	<u>14,923,908</u>
<b>Year ended 31 December 2020</b>					
Revenue from external customers	54,858,387	10,093,142	6,019,115	109,085	71,079,729
Inter-segment revenue	—	14,677,889	—	65,272	14,743,161
Reportable segment revenue	<u>54,858,387</u>	<u>24,771,031</u>	<u>6,019,115</u>	<u>174,357</u>	<u>85,822,890</u>
Reportable segment profit	<u>11,812,363</u>	<u>5,116,915</u>	<u>4,793,051</u>	<u>126,034</u>	<u>21,848,363</u>

### Information about a major customer

During the years ended 31 December 2021 and 2020, 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	91,906,078	85,822,890
Elimination of inter-segment revenue	<u>(13,613,454)</u>	<u>(14,743,161)</u>
Consolidated revenue	<u><u>78,292,624</u></u>	<u><u>71,079,729</u></u>
<b>Profit</b>		
Reportable segment profit	14,923,908	21,848,363
Elimination of inter-segment profits	<u>(1,312,105)</u>	<u>(3,687,578)</u>
Reportable segment profit derived from the Group's external customers	13,611,803	18,160,785
Other income and gains	2,484,835	2,107,785
Other expenses	(183,924)	(118,363)
Depreciation	(57,081)	(60,100)
Finance costs	(1,277,711)	(2,051,424)
Share of losses of associates	(17,696)	(28,923)
Share of losses of joint ventures	(335,014)	(19,425)
Net increase in fair value of investment properties	1,190,120	1,597,354
Net (decrease)/increase in fair value of derivative financial instruments	(315,247)	218,400
Unallocated head office and corporate expenses	<u>(264,485)</u>	<u>(308,303)</u>
Consolidated profit before tax	<u><u>14,835,600</u></u>	<u><u>19,497,786</u></u>

### Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is 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.



#### 4. REVENUE, OTHER INCOME AND GAINS, NET

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Property development*	66,677,321	54,858,387
Development management income	8,498,285	10,093,142
Urban redevelopment business income	2,904,631	6,019,115
<b>Revenue from another source</b>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	212,387	109,085
	<u>78,292,624</u>	<u>71,079,729</u>

\* The invoiced amount billed to buyers of properties was RMB72,945,395,000 (2020: RMB60,529,087,000), including value-added tax of RMB5,973,795,000 (2020: RMB5,420,379,000).

#### Other income and gains

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bank interest income	567,488	430,051
Interest income on amounts due from associates and joint ventures	1,052,107	1,309,570
Forfeiture income on deposits received	74,983	42,733
Government subsidies	42,011	9,528
(Loss)/gain on disposal of subsidiaries, net	(4,656)	637
Gain on deemed disposal of subsidiaries upon loss of control, net	24,386	39,848
Gain on disposal of joint ventures, net	163,100	—
Gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	273,155	—
Gain on bargain purchase of subsidiaries, net	—	38,146
Others	292,261	237,272
	<u>2,484,835</u>	<u>2,107,785</u>

**Revenue from contracts with customers**

***Disaggregated revenue information***

*Year ended 31 December 2021*

	<b>Property development RMB'000</b>	<b>Development management RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Timing of revenue recognition:				
Goods transferred at a point in time	64,891,012	—	2,904,631	67,795,643
Goods transferred over time	1,786,309	—	—	1,786,309
Services transferred over time	—	8,498,285	—	8,498,285
	<u>66,677,321</u>	<u>8,498,285</u>	<u>2,904,631</u>	<u>78,080,237</u>
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>

*Year ended 31 December 2020*

	<b>Property development RMB'000</b>	<b>Development management RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Timing of revenue recognition:				
Goods transferred at a point in time	54,858,387	—	6,019,115	60,877,502
Services transferred over time	—	10,093,142	—	10,093,142
	<u>54,858,387</u>	<u>10,093,142</u>	<u>6,019,115</u>	<u>70,970,644</u>
Total revenue from contracts with customers	<u>54,858,387</u>	<u>10,093,142</u>	<u>6,019,115</u>	<u>70,970,644</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

*Year ended 31 December 2021*

	<b>Property development RMB'000</b>	<b>Development management RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Revenue from contracts with customers				
External customers	66,677,321	8,498,285	2,904,631	78,080,237
Intersegment sales	—	13,567,678	—	13,567,678
	<u>66,677,321</u>	<u>22,065,963</u>	<u>2,904,631</u>	<u>91,647,915</u>
Intersegment adjustments and eliminations	—	(13,567,678)	—	(13,567,678)
Total revenue from contracts with customers	<u><u>66,677,321</u></u>	<u><u>8,498,285</u></u>	<u><u>2,904,631</u></u>	<u><u>78,080,237</u></u>

*Year ended 31 December 2020*

	<b>Property development RMB'000</b>	<b>Development management RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Revenue from contracts with customers				
External customers	54,858,387	10,093,142	6,019,115	70,970,644
Intersegment sales	—	14,677,889	—	14,677,889
	<u>54,858,387</u>	<u>24,771,031</u>	<u>6,019,115</u>	<u>85,648,533</u>
Intersegment adjustments and eliminations	—	(14,677,889)	—	(14,677,889)
Total revenue from contracts with customers	<u><u>54,858,387</u></u>	<u><u>10,093,142</u></u>	<u><u>6,019,115</u></u>	<u><u>70,970,644</u></u>

## 5. OTHER EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Charitable donations	9,667	22,783
Foreign exchange differences, net	—	28,686
Net loss on disposal of items of other property, plant and equipment	759	4
Others	<u>173,498</u>	<u>66,890</u>
	<u><u>183,924</u></u>	<u><u>118,363</u></u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank and other loans and other borrowing costs	2,762,310	2,355,189
Interest on senior notes	1,320,391	1,887,659
Interest on corporate bonds	<u>1,013,974</u>	<u>1,234,666</u>
Total interest expense on financial liabilities not at fair value through profit or loss	5,096,675	5,477,514
Less: Interest capitalised	<u>(3,818,964)</u>	<u>(3,426,090)</u>
	<u><u>1,277,711</u></u>	<u><u>2,051,424</u></u>



## 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 (2020: 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax ("CIT")	4,104,426	5,138,145
PRC land appreciation tax ("LAT")	1,249,335	1,539,964
Overprovision in prior years, net:		
PRC CIT	<u>(664,381)</u>	<u>(18,231)</u>
	4,689,380	6,659,878
Deferred	<u>(231,907)</u>	<u>(536,186)</u>
Total tax charge for the year	<u><u>4,457,473</u></u>	<u><u>6,123,692</u></u>

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the 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 5,527,768,000 (2020: 5,515,607,000) 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 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 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 earnings per share are based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to owners of the parent	10,021,297	13,016,635
Distribution related to perpetual capital securities	<u>(158,079)</u>	<u>(167,571)</u>
Profit used in the basic and diluted earnings per share calculations	<u><u>9,863,218</u></u>	<u><u>12,849,064</u></u>

	<b>Number of shares</b>	
	<b>2021</b>	2020
	<b>'000</b>	'000
<b>Shares</b>		
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	<b>5,399,202</b>	5,488,099
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>16,874</b>	41,663
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<b><u>5,416,076</u></b>	<u>5,529,762</u>

## 10. INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under construction were revalued on 31 December 2021 based on valuations performed by APAC Asset Valuation and Consulting Limited, Greater China (Shanghai) Appraisal Limited, independent professionally qualified valuers.

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate. During the period, the net increase in fair value of investment properties and investment properties under construction amounted to RMB1,190,120,000 (2020: RMB1,597,354,000), additions in investment properties and investment properties under construction amounted to RMB1,921,783,000 (2020: RMB760,199,000), transfer from properties under development to investment properties under construction amounted to RMB2,221,887,000 (2020: Nil), and no transfer from other property, plant and equipment to investment properties (2020: RMB681,857,000).

## 11. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During 2021 and 2020, 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.

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Assets under cross-border guarantee arrangements	<b>10,015,243</b>	4,947,191
Portion classified as current assets	<b>(9,710,243)</b>	(4,547,191)
Non-current portion	<b>305,000</b>	400,000
Liabilities under cross-border guarantee arrangements	<b>11,315,048</b>	6,077,206
Portion classified as current liabilities	<b>(10,768,008)</b>	(5,376,575)
Non-current portion	<b>547,040</b>	700,631



## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

On behalf of the board of directors of the Company (the “Board”), I hereby present the annual results of the Group for the year ended 31 December 2021 (the “Year”).

### **BUSINESS REVIEW**

During 2021, the global economy as a whole was in a recovery cycle despite the ongoing global outbreak of novel coronavirus pandemic (COVID-19). In the face of a complex international environment, the Chinese Central Government coordinated the prevention and control of both the pandemic and the economic and social development, and continued to foster growth in effective domestic demand with various vigorous measures, driving China’s economy to achieve positive growth.

China’s real estate industry has been under continuous regulation and control. As of 31 December 2021, the contracted sales attained by the Group amounted to approximately RMB140.20 billion, representing an increase of approximately 16.2% as compared with the same period of last year. During the Year, the Group continued to maintain its market leadership in the Nanning region and remained in the top five in terms of contracted sales in Shenzhen and Foshan. The Group recognized revenue of approximately RMB78.29 billion in the financial statements for the year, representing an increase of approximately 10.2% over the same period last year. Gross profit was approximately RMB17.14 billion with a gross profit margin of 21.9%. Core profit attributable to owners of the Company amounted to approximately RMB9.63 billion.

As a developer with high quality assets, the Company successfully issued RMB665 million CMBS with a maturity of 12 years and a coupon rate of 5.2% per annum during 2021, demonstrating the full recognition of the relevant regulators and investors. During the Year, the Group placed 172 million shares and introduced a number of internationally renowned long-term investors through the public placement which helped to reduce the Group’s debt ratio and improve stock liquidity for long-term sustainable development.

In 2021, the Group continued to focus on China's most valuable core metropolis such as Guangdong-Hong Kong-Macau Greater Bay Area and Yangtze River Delta Region and continued its strong sales growth. Sales of over RMB10 billion were recorded in Shenzhen, Foshan, Huizhou, Nanning and the Yangtze River Delta Region metropolitan area, demonstrating the advantages of our city penetration strategy. The Group has short and medium term land bank which available for development amounting to 34.31 million sq.m. with the saleable area in the first-and second-tier cities accounted for 71% of the land bank. As a result, the Group ensures the business performance in the future. During the Year, the Group's two benchmarking projects in Singapore, The Florence Residence (龍光·悦湖苑) and Stirling Residences (龍光·尚景苑), have benefited from their geographical location with achieving strong sales. Among them, nearly 1,260 units in Stirling Residences (龍光·尚景苑) have been sold. With more projects to be completed and delivered in 2022, a large amount of cash return is anticipated. Over 90% of the total of 1,410 units of The Florence Residence (龍光·悦湖苑) at Hougang MRT Station have already been sold to further accelerate cash return. Looking forward to 2022, the Group expects another sales boom from the sale of the luxurious seaside real estate located in Hong Kong Island and Logan · One Splendid Park (深圳錦綉公園壹號) located in Shenzhen OCT.

Urban redevelopment projects of the Group serve as the main source of the Group's premium land bank with noticeable competitive strengths on differentiation. The Group's professional urban redevelopment team has an extensive understanding of local policies as well as urban planning for industries and the population of the Guangdong-Hong Kong-Macao Greater Bay Area. Urban redevelopment business to improve of the Group covers 8 cities, 92% of which is located in the core cities of the Guangdong-Hong Kong-Macao Greater Bay Area at the end of the reporting period.

The Group continued to improve its product competitiveness in 2021. Many of the Group's projects have received awards, including "2021 Italy A' Design Award", "2021 IDPA Japan Design Award" and "TITAN Property Awards 2021- Platinum". The Group also ranked 15th in "Top 100 China Real Estate Enterprises in 2021" by EH Consulting. In early 2022, after Logan · Fairyland (龍光·天境) sold out, the second benchmarking project in Shanghai, namely Logan · Sirius (龍光·天曜), also achieved strong sales. The first batch of 468 houses were sold out with a sell-through rate of 100%. It demonstrated that the high-quality products of the Group are highly recognized in the Yangtze River Delta market.

The Group made a breakthrough in its commercial operation business during the Year with the grand openings of Shenzhen Guangming Blue Whale World and Nanning Blue Whale World. They have become major transportation hub shopping center landmarks in the area proving the Group's commercial operation capability and are expected to contribute to a sustainable cash flow in the future.

The Group is committed to becoming a corporate citizen widely recognized by customers, employees, partners and the community. In 2021, Morgan Stanley Capital International (MSCI), a world-renowned index compilation company, released its latest ESG (Environmental, Social and Governance) rating report, which upgraded the Group to a “BBB” rating and the Group’s sustainability capability continues to be recognized by the international capital markets. The Group has developed a comprehensive ESG management system, demonstrated commitment to social responsibility, promoted energy conservation and emission reduction actively, created healthy residential living cities and promoted urban sustainable development in a coordinated manner.

In terms of brand building and corporate awards, the Group has been awarded the “2021 China Real Estate Rural Revitalization Model Enterprise”, the “2021 Social Responsibility Contribution Enterprise” awarded by Southern Daily News, the “2021 ESG Pioneer Enterprise” awarded by International Finance News of People’s Daily News, “ESG Leading Model Enterprise” by Hexun.com, the “2021 Social Responsibility Enterprise Award” awarded by Boao Forum, the “2021 Urban Operation Benchmark Enterprise” by China National Radio, the “Financial Stability Award for China Real Estate Listed Companies” by ifeng.com and the “2021 Good Life Service Provider” awarded by China Business News.

## **FUTURE PROSPECTS**

The Group will continue to focus and establish its position in the Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region metropolitan area, strengthen sales and cash returns, and maintain stability in future results through sound operation and strategy. The Group will strive to enhance the overall product competitiveness of different projects and continue to uphold its philosophy of “quality builds a brand” and incessantly strengthen its market competitiveness and penetration, so as to continue to create long-term value to investors.

## **ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I express my heartfelt gratitude to all our shareholders, investors, partners, customers and the community for their trust and support. The Group will continue to strive for quality, sustainable and steady operation by following our transparent, healthy, and impartial development value.

**Kei Hoi Pang**

*Chairman*

Hong Kong

31 March 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Property Development

##### *Contracted sales*

In 2021, the Group continued to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area (“Greater Bay Area”) and achieved satisfactory sales performance. For the year ended 31 December 2021, the Group attained contracted sales of approximately RMB140.20 billion, representing an increase of approximately 16.2% as compared with 2020. For the contracted sales in 2021, Greater Bay Area, Southwest region, Yangtze River Delta region, Singapore and other regions accounted for approximately 56.5%, 15.7%, 10.8%, 1.9% and 15.1%, respectively. The contracted sales were mainly generated from Greater Bay Area and Southwest region. For the Greater Bay region, the contracted sales in Shenzhen was mainly generated from Shenzhen • Qianhai Fairyland (深圳•前海天境) and Jiuyue Park (玖悦台) projects erected on the Qianwan Park station at the Shenzhen’s subway line 5; while the contracted sales in other cities in the region mainly generated from projects such as Logan • Huizhou Logan City (惠州龍光城) and Foshan • Chancheng Fairyland (佛山•禪城天境). For the Southwest region, the sales were mainly contributed by projects such as Nanning • Glory City (南寧玖譽城) and Acesite Bay (玖龍灣). In 2022, the key projects launched by the Company include Shenzhen Logan • One Splendid Park (深圳錦綉公園臺號), the Hong Kong project, Chengdu TianYing (成都天瀛), and Nanjing Acesite Castle (南京玖華府).

Region	Contracted sales in 2021				
	Amount (RMB million)	Percentage	GFA <sup>1</sup> (sq.m.)	Percentage	ASP (RMB/ sq.m.)
Greater Bay Area	79,223	56.5%	3,338,150	41.9%	23,273
Southwest region	22,067	15.7%	1,800,876	22.6%	11,991
Yangtze River Delta region	15,117	10.8%	572,946	7.2%	26,020
Singapore	2,602	1.9%	28,791	0.4%	90,375
Other regions	21,188	15.1%	2,232,793	27.9%	9,025
Total	<u>140,197</u>	<u>100.0%</u>	<u>7,973,556</u>	<u>100.0%</u>	<u>17,175</u>

1. Excluding car parking spaces

### ***Newly commenced projects***

For the year ended 31 December 2021, the Group commenced construction of a total of 57 projects or new project phases with a total planned GFA of approximately 9.24 million sq.m..

### ***Completed projects***

For the year ended 31 December 2021, the Group completed 42 projects or project phases with a total planned GFA of approximately 6.1 million sq.m..

### ***Developing projects***

As at 31 December 2021, the Group had a total of 142 projects or project phases under construction with a total planned GFA of approximately 26.2 million sq.m..

### ***Land Reserves***

For the year ended 31 December 2021, the Group acquired 29 new projects through public tendering, auction and listing with GFA of 3.94 million sq.m..

#### **List of newly acquired projects through public tendering, auction and listing in 2021**

<b>Region</b>	<b>Site area (sq.m.)</b>	<b>GFA (sq.m.)</b>
Shenzhen	31,552	428,982
Foshan	83,176	264,201
Huizhou	27,646	57,706
Zhuhai	18,191	86,830
Zhongshan	13,935	53,906
Jiangmen	62,006	113,141
<b>Subtotal of Guangdong- Hong Kong-Macao Greater Bay Area</b>	236,506	1,004,766
<b>Southwest Region</b>	147,022	564,037
<b>Yangtze River Delta Region</b>	772,978	1,502,548
<b>Other Regions</b>	308,564	868,862
<b>Total</b>	<b>1,465,070</b>	<b>3,940,213</b>

As at 31 December 2021, land reserves were as below:

**Land reserves as at 31 December 2021**

	<b>GFA</b> <i>(sq.m.)</i>	<b>Percentage</b>
Shenzhen	1,787,931	5.2%
Huizhou/Dongguan	5,756,990	16.8%
Guangzhou/Foshan/Zhaoqing	5,840,153	17.0%
Zhuhai/Zhongshan/Jiangmen	2,732,556	8.0%
Hong Kong	<u>41,805</u>	<u>0.1%</u>
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	<u>16,159,435</u>	<u>47.1%</u>
Southwest Region	7,787,038	22.7%
Yangtze River Delta Region	2,440,748	7.1%
Singapore	74,067	0.2%
Other Regions	<u>7,850,675</u>	<u>22.9%</u>
Total	<u><u>34,311,963</u></u>	<u><u>100.0%</u></u>

## FINANCIAL REVIEW

### Performance Highlights

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	Changes per year %
<b>Revenue</b>	<b>78,292,624</b>	71,079,729	10.1%
Among which: Property development			
— Revenue from properties delivered	<b>66,677,321</b>	54,858,387	21.5%
— GFA <sup>1</sup> of properties delivered ( <i>sq.m.</i> )	<b>4,151,502</b>	4,779,920	-13.1%
— ASP <sup>1</sup> of properties delivered ( <i>RMB/sq.m.</i> )	<b>15,879</b>	11,229	41.4%
Development management income	<b>8,498,285</b>	10,093,142	-15.8%
Urban redevelopment business income	<b>2,904,631</b>	6,019,115	-51.7%
Property operation income	<b>212,387</b>	109,085	94.7%
<b>Gross profit</b>	<b>17,136,165</b>	21,331,872	-19.7%
<b>Profit for the year</b>			
— Attributable to equity shareholders	<b>10,021,297</b>	13,016,635	-23.0%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>10,378,127</b>	13,374,094	-22.4%
<b>Core profit<sup>(1)</sup></b>			
— Attributable to equity shareholders	<b>9,630,505</b>	12,036,857	-20.0%
— Attributable to non-controlling shareholders	<b>356,830</b>	357,459	-0.2%
— Total	<b>9,987,335</b>	12,394,316	-19.4%
<b>Total assets</b>	<b>285,947,388</b>	243,513,648	17.4%
<b>Cash and bank balances</b>	<b>38,236,324</b>	42,869,161	-10.8%
<b>Total bank and other borrowings<sup>2</sup></b>	<b>93,874,502</b>	80,138,483	17.1%
<b>Total equity</b>	<b>67,814,114</b>	60,671,465	11.8%
<b>Total equity attributable to equity shareholders</b>	<b>47,940,447</b>	42,403,234	13.1%
<b>Key financial ratios</b>			
Gross profit margin <sup>(2)</sup>	<b>21.9%</b>	30.0%	
Core profit margin <sup>(3)</sup>	<b>12.8%</b>	17.4%	
Net debt-to-equity ratio <sup>(4)</sup>	<b>82.1%</b>	61.4%	
Asset/liability ratio <sup>(5)</sup>	<b>71.0%</b>	69.8%	

Notes:

1. Excluding the car parking portion
  2. Including bank and other loans, senior notes and corporate bonds
- (1) Core profit: net profit excluding changes in fair value of investment properties and derivatives financial instruments and relevant deferred tax, dividend withholding tax and equity-settled share option expense.
  - (2) Gross profit margin:  $\text{Gross profit} \div \text{Revenue} \times 100\%$
  - (3) Core profit margin:  $\text{Core profit} \div \text{Revenue} \times 100\%$
  - (4) Net debt-to-equity ratio:  $(\text{Total bank and other borrowings} - \text{Cash and bank balances}) \div \text{total equity} \times 100\%$
  - (5) 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 2021 increased to RMB78,292.6 million by approximately RMB7,212.9 million, or approximately 10.2%, as compared with 2020, mainly due to the increase in revenue from property development as compared to 2020. Revenue from property development for the year ended 31 December 2021 amounted to approximately RMB66,677.3 million, representing an increase of approximately 21.5% as compared to RMB54,858.4 million in 2020. Greater Bay Area, Southwest Region, Yangtze River Delta Region and other regions contributed to the revenue from property development of 2021, accounting for 66.5%, 17.9%, 6.3% and 9.3%, respectively.

Details of revenue from property development by region are as follows:

	<b>Amount</b> <i>(RMB Million)</i>	<b>Percentage</b>	<b>GFA<sup>1</sup></b> <i>(sq.m)</i>	<b>Percentage</b>	<b>ASP</b> <i>(RMB/ sq.m)</i>
Greater Bay Area	<b>44,308</b>	<b>66.5%</b>	<b>2,703,192</b>	<b>65.1%</b>	<b>16,391</b>
Southwest Region	<b>11,991</b>	<b>17.9%</b>	<b>1,138,345</b>	<b>27.4%</b>	<b>10,534</b>
Yangtze River Delta	<b>4,173</b>	<b>6.3%</b>	<b>259,677</b>	<b>6.3%</b>	<b>16,070</b>
Other regions	<b>6,205</b>	<b>9.3%</b>	<b>50,288</b>	<b>1.2%</b>	<b>12,339</b>
<b>Total</b>	<b><u>66,677</u></b>	<b><u>100%</u></b>	<b><u>4,151,502</u></b>	<b><u>100%</u></b>	

<sup>1</sup> Taking no account of GFA attributable to car parking spaces.



Details of the revenue from property development by project are as follows:

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000
Dongguan Chang'an Jiangnan Royal City (東莞長安江南大境)	174,216	6,110,252	—	—
Shenzhen Acescene Park (深圳玖悅臺)	66,319	5,500,840	—	—
Zhuhai Ace Prestige Bay (珠海玖譽灣)	207,995	4,803,760	—	—
Shenzhen Acesite Park (深圳玖龍臺)	113,871	4,419,029	80,138	3,590,100
Foshan Water Castle (佛山尚水華府)	127,122	2,222,235	28,257	511,960
Huizhou Logan City (惠州龍光城)	133,708	2,169,696	272,935	2,060,218
Jiashan Acesite Garden (嘉善玖臺花苑)	124,847	2,068,142	—	—
Heyuan Logan City (河源龍光城)	328,368	1,990,576	—	—
Zhuhai Acesite Mansion (珠海玖龍璽)	42,302	1,834,156	107,711	2,644,518
Nanning Logan Tianying (南寧龍光天瀛)	101,004	1,821,189	—	—
Foshan Nanhai Sirius (佛山南海天曜)	71,581	1,745,912	83,747	1,717,807
Nanning Glory City (南寧玖譽城)	186,183	1,636,030	183,241	1,327,345
Foshan Green Castle (佛山綠璟瓏府)	69,406	1,411,036	—	—
Zhaoqing Ace Prestige City (肇慶玖譽城)	231,365	1,368,523	—	—
Shantou Ocean Sunshine (汕頭碧海陽光)	175,809	1,286,362	—	—
Nanning Gragon Castle (南寧玖瓏華府)	81,193	1,176,344	—	—
Nanning Shuiyue Longwan Yujiang (南寧水悅龍灣禦江)	117,238	1,093,682	—	—
Jiashan Jiuyue Castle (嘉善玖悅華府)	71,670	1,091,828	—	—

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000
Zhaoqing Acesite Lake (肇慶玖龍湖)	158,158	1,085,907	180,957	318,479
Huizhou Masterpiece (惠州玖雲臺)	115,671	1,078,335	—	—
Zhaoqing Acesite Mount (肇慶玖龍山)	133,734	958,453	—	—
Chengdu Century Center (成都世紀中心)	89,264	946,941	58,841	716,865
Nanning Impressions of Discovery Bay (南寧印象愉景灣)	86,325	935,292	204,933	1,212,405
Shanghai Jiangnan Yajingli (上海江南雅境里)	55,974	885,033	—	—
Chengdu Logan Tianfu Acesite Park (成都龍光天府玖龍郡)	80,178	780,085	—	—
Chaozhou Sunshine Garden (潮州陽光禧園)	127,901	764,940	—	—
Huizhou Banyan Park (惠州玖榕府)	77,339	697,913	—	—
Meishan Acesite Park (眉山玖龍府)	94,473	677,893	—	—
Foshan Dragon Castle (佛山龍馨華府)	63,569	661,655	67,043	616,384
Liuzhou Lotus Castle (柳州蓮花悅府)	52,878	644,465	—	—
Huizhou Acesite Park (惠州玖龍臺)	63,063	599,862	—	—
Zhongshan Ace Prestige Bay (中山玖譽灣)	47,472	591,512	—	—
Foshan Dragon River Garden (佛山龍濱熙園)	24,586	533,833	114,502	994,966
Foshan Acescene Park (佛山玖悅臺)	23,103	521,522	—	—
Liuzhou Acesite Park (柳州玖龍府)	63,842	489,194	41,457	393,294
Nanning Jiangnan Courtyard (南寧江南院子)	64,324	470,017	117,262	1,201,190

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000
Zhuhai Jiulonghui International Culture Creativity Center (珠海九龍匯國際文創中心)	21,476	452,465	—	—
Nanning Riverine Sunshine (南寧陽光河畔)	61,802	415,619	—	—
Foshan Jiuyun Garden (佛山玖雲熙園)	39,215	400,661	—	—
Nanning Glory Lake (南寧玖譽湖)	3,898	328,524	434,529	3,583,580
Huizhou Seaward Heaven Garden (惠州天禧花園)	40,325	326,897	94,825	816,866
Shenzhen Carat Complex (深圳玖鑽)	5,354	226,064	15,797	782,647
Foshan Dragon River Landscape (佛山瓏濱嘉園)	5,515	207,933	72,962	771,183
Nanning Sirius (南寧天曜)	11,985	195,581	61,891	962,720
Nanning Logan Century Centre (南寧龍光世紀)	11,691	182,914	11,987	216,692
Guilin Provence (桂林普羅旺斯)	26,720	140,377	—	—
Suzhou Ace Prestige Bay (蘇州玖譽灣)	6,032	101,869	43,555	746,663
Zhongshan Acesite County (中山玖龍郡)	1,904	83,821	58,436	559,750
Zhongshan Violet Castle (中山春江紫宸)	3,311	73,905	99,613	1,589,278
Shenzhen Acesite Glory Mansion (深圳玖譽府)	1,592	69,568	33,595	1,580,368
Zhongshan Acesite Bay (中山玖龍灣)	5,380	64,486	114,615	687,171
Fangchenggang Sunshine Seaward (防城港陽光海岸)	3,534	40,349	247,673	1,385,922
Dongguan Acesite Mansion (東莞玖龍璽)	96	19,501	55,354	1,321,078
Jiashan Acesite Bay (嘉善玖龍灣)	863	16,325	33,577	684,944
Nanning Ace Prestige Bay (南寧玖譽灣)	1,547	13,662	155,411	1,351,844

Project name	2021		2020	
	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000	GFA <sup>1</sup> (sq.m)	Amount <sup>2</sup> RMB'000
Zhongshan Acesite Park (中山玖龍府)	324	12,549	87,501	419,847
Huizhou Jasmine Mansion (惠州茉莉公館)	1,613	9,916	74,773	484,242
Jiashan Acesite Park (嘉善玖龍府)	290	9,789	32,183	579,691
Nanning Masterpiece (南寧玖雲著)	266	3,145	68,762	596,364
Huizhou Acesite Mount (惠州玖龍山)	335	2,748	118,078	163,940
Huizhou Acesite Park (惠州玖龍府)	94	1,145	163,938	1,892,971
Nanning Longguang Acesite Park (南寧龍光玖龍臺)	—	—	201,581	2,220,140
Huizhou Dragon Garden (惠州玖龍花園)	—	—	95,579	1,142,131
Nanning Acesite Glory Mansion (南寧玖譽府)	—	—	105,223	988,967
Chengdu Xinjin Acesite Park (成都新津玖龍府)	—	—	66,913	638,991
Nanning Glory Forest Lake (南寧玖譽湖林湖)	—	—	82,860	595,844
Nanning Acesite Park (南寧玖龍臺)	—	—	47,020	363,815
Shenzhen Acesite Mansion (深圳玖龍璽)	—	—	2,477	301,640
Foshan Riverine View Castle (佛山望江府)	—	—	7,330	272,714
Foshan Dragon Castle (佛山龍灣華府)	—	—	190	246,678
Zhongshan Royal Heaven Garden (中山禦海天璽花園)	—	—	38,475	237,314
Others	50,288	6,205,064	512,193	9,366,862
Total	<u>4,151,501</u>	<u>66,677,321</u>	<u>4,779,920</u>	<u>54,858,387</u>

- Notes:
1. Excluding the car parking portion.
  2. Including revenue from sales of car parking spaces, but before deduction of sales related taxes.

## *(II) Cost of sales*

Cost of sales of the Group for the year ended 31 December 2021 increased by approximately RMB11,408.6 million to RMB61,156.5 million, or approximately 22.9%, as compared with 2020, primarily due to the increase in cost of sales of property development. Key components of costs are as follows:

	<b>2021</b>	2020	Change
	<b>RMB'000</b>	RMB'000	per year
			%
Costs	<b>61,156,459</b>	49,747,857	22.9%
— Property development	<b>53,248,419</b>	39,829,687	33.7%
— Development management	<b>6,716,701</b>	8,665,279	-22.5%
— Urban redevelopment business	<b>1,143,806</b>	1,216,103	-5.9%
— Property operation	<b>47,533</b>	36,788	29.2%

## *(III) Selling and marketing expenses and administrative expenses*

The selling and marketing expenses of the Group for the year ended 31 December 2021 amounted to approximately RMB2,170.7 million (2020: RMB1,672.2 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2021, the selling and marketing expenses had increased by approximately 29.8% as compared with 2020.

The administrative expenses of the Group for 2021 amounted to approximately RMB1,675.2 million (2020: RMB1,867.3 million), representing a decrease of approximately 10.3% as compared with 2020, which was mainly attributable to a decrease in overall expenses as a result of better cost control in 2021.

## *(IV) Profit from operations*

The profit from operations of the Group for 2021 amounted to approximately RMB16,113.3 million (2020: RMB21,549.2 million), representing a decrease of approximately 25.2%. The profit from operations of the Group decreased by approximately RMB5,435.9 million as compared with 2020, which was mainly attributable to a decrease of RMB4,195.7 million in the gross profit of the Group.

*(V) Net finance costs*

The net finance costs of the Group for 2021 decreased to approximately RMB1,277.7 million (2020: RMB2,051.4 million).

*(VI) Tax*

Taxes of the Group for the year ended 31 December 2021 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB3,208.1 million and RMB1,249.3 million, respectively (2020: approximately RMB4,583.7 million and RMB1,540.0 million).

*(VII) Core Profit*

The core profit of the Group for the year ended 31 December 2021 amounted to approximately RMB9,987.3 million, representing a decrease of approximately RMB2,407.0 million as compared with 2020. The core profit margin of the Group for the year ended 31 December 2021 was approximately 12.8% (2020: approximately 17.4%), representing a decrease of approximately 4.6 percentage points as compared with 2020.

*(VIII) Liquidity and financial resources*

As at 31 December 2021, net debt-to-equity ratio, asset/liability ratio and cash to short-term debt ratio were 82.1%, 71.0% and 1.07 times respectively.

As at 31 December 2021, total assets of the Group amounted to approximately RMB285,947.4 million (31 December 2020: RMB243,513.6 million), of which current assets amounted to approximately RMB223,376.5 million (31 December 2020: RMB193,134.1 million). Total liabilities amounted to approximately RMB218,133.3 million (31 December 2020: RMB182,842.2 million), of which non-current liabilities amounted to approximately RMB63,007.4 million (31 December 2020: RMB62,070.8 million). Total equity amounted to approximately RMB67,814.1 million (31 December 2020: RMB60,671.5 million).

As at 31 December 2021, the Group had cash and bank balances of approximately RMB38,236.3 million (31 December 2020: RMB42,869.2 million) and total borrowings of approximately RMB93,874.5 million (31 December 2020: RMB80,138.5 million). As at 31 December 2021, total net borrowings of the Group amounted to approximately RMB55,638.2 million (31 December 2020: RMB37,269.3 million), the net debt-to-equity ratio of the Group was 82.1% (31 December 2020: 61.4%)

*(IX) Financing activities*

The Group had successfully issued four tranches of senior notes of USD960 million during the year.

Shenzhen Logan Holdings Co., Ltd (“Shenzhen Logan”), a wholly-owned subsidiary of the Company, had successfully issued three tranches of public domestic bonds of RMB3,274 million during the year.

*(X) Foreign Exchange Exposure*

The Group’s businesses are principally conducted in Renminbi. Other than the bank deposits, bank borrowings and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any material forward exchange contract to hedge its exposure to foreign exchange risk. The Group will continue to monitor foreign exchange changes to minimize foreign exchange exposure.

*(XI) Employees and Remuneration Policy*

As at 31 December 2021, the Group had approximately 2,897 employees (2020: 2,999). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Further details in relation to the Share Option Scheme and the Share Award Scheme will be set out in the Company’s annual report for the year ended 31 December 2021.

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

During the year ended 31 December 2021, the Company repurchased from the market a total of 3,790,000 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\$)
21 September 2021	500,000	6.96	6.64	3,403,850
23 September 2021	500,000	7.50	7.26	3,683,400
24 September 2021	490,000	7.50	7.39	3,645,502
20 December 2021	300,000	5.59	5.54	1,670,010
21 December 2021	500,000	5.76	5.65	2,862,000
22 December 2021	500,000	5.74	5.69	2,854,750
23 December 2021	500,000	5.85	5.78	2,909,950
24 December 2021	500,000	5.84	5.77	2,906,550

On 3 November 2021, the Company announced that an offer was being made (the “Offer”) to purchase for cash any and all of its outstanding 5.75% senior notes due 2022 in the aggregate principal amount of US\$244,075,000 (the “2022 Notes”). The Offer expired at 4:00 p.m. London Time on 10 November 2021. The Company had accepted for purchase all the 2022 Notes in an aggregate principal amount of US\$164,236,000 validly tendered at or prior to the aforementioned expiration deadline. The Offer was completed on 12 November 2021. The Company had repurchase of an aggregate principal amount of US\$18,050,000 of the 2022 Notes prior to the Offer. The 2022 Notes repurchased pursuant to the Offer and the repurchased 2022 Notes in the principal amount of US\$18,050,000 had been cancelled. After the cancellation, the aggregate outstanding principal amount of the 2022 Notes was US\$61,789,000. For details of the repurchase, please refer to the announcements of the Company dated 3 November 2021, 11 November 2021 and 17 November 2021 respectively.

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

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted, applied and complied with the Corporate Governance Code in effect during 2021 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 December 2021.



## **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 2021.

## **AUDIT COMMITTEE AND REVIEW OF UNAUDITED 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 unaudited results of the Group for the year ended 31 December 2021 have been reviewed by the audit committee of the Company.

## **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 AUDITED RESULTS**

As explained in the announcement of the Company dated 29 March 2022, based on the information currently available to the Company, the Company estimates that the audited results of the Group for the year ended 31 December 2021 will be published on or before 30 April 2022.

**The financial information contained herein has not been audited and have not been agreed with the Company's auditors. Holders of the securities of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 31 March 2022

*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 and Mr. Cai Suisheng.*