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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6999)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales for the year ended 31 December 2022 was RMB13,721.5 million.
- Contracted GFA sold for the year ended 31 December 2022 was 1.9 million sq.m..
- Revenue for the year ended 31 December 2022 was RMB13,978.8 million.
- Gross loss for the year ended 31 December 2022 was RMB1,999.6 million.
- Loss for the year ended 31 December 2022 attributable to owners of the Company was RMB4,149.9 million.
- Contracted average selling price for the year ended 31 December 2022 was RMB7,144 per sq.m..
- Cash and bank balances⁽¹⁾ amounted to 3,656.9 million.

⁽¹⁾ Cash and bank balances comprise restricted cash, pledged deposits, and cash and cash equivalents

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Leading Holdings Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) with comparative figures for the year ended 31 December 2021. These annual results have been prepared in accordance with International Financial Reporting Standards (the “**IFRSs**”) and have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	4	13,978,807	15,054,693
Cost of sales		(15,978,385)	(12,146,556)
Gross profit		(1,999,578)	2,908,137
Other income and gains	4	81,138	157,831
Selling and distribution expenses		(938,068)	(933,430)
Administrative expenses		(476,564)	(651,426)
Fair value (losses)/gains on investment properties		(433,816)	2,000
Other expenses		(111,299)	(62,315)
Finance costs	6	(459,326)	(295,189)
Share of profits and losses of:			
Joint ventures		(144,215)	104,945
Associates		(16,421)	5,597
(LOSS)/PROFIT BEFORE TAX	5	(4,498,149)	1,236,150
Income tax expense	7	(599,733)	(599,401)
(LOSS)/PROFIT FOR THE YEAR		<u>(5,097,882)</u>	<u>636,749</u>
Attributable to:			
Owners of the parent		(4,149,888)	488,449
Non-controlling interests		(947,994)	148,300
		<u>(5,097,882)</u>	<u>636,749</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
— For (loss)/profit for the year		<u>RMB(4.04)</u>	<u>RMB0.48</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		164,297	198,947
Investment properties		3,886,000	4,337,400
Right-of-use assets		55,711	45,576
Other intangible assets		20,788	23,210
Investments in joint ventures		430,517	718,626
Investments in associates		106,934	126,962
Deferred tax assets		1,139,039	1,191,999
Other non-current assets		215,073	223,106
		<hr/>	<hr/>
Total non-current assets		6,018,359	6,865,826
CURRENT ASSETS			
Properties under development		30,958,611	39,768,610
Completed properties held for sale		5,424,853	3,792,932
Trade receivables	10	40,867	81,089
Prepayments, deposits and other receivables		5,489,788	5,475,248
Due from related companies		1,167,790	1,650,730
Financial assets at fair value through profit or loss		3,000	5,864
Other current assets		723,750	851,406
Tax recoverable		540,044	719,130
Restricted cash		934,284	778,618
Pledged deposits		126,677	147,168
Cash and cash equivalents		2,595,964	4,297,980
		<hr/>	<hr/>
Total current assets		48,005,628	57,568,775

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables		6,816,937	8,206,233
Other payables and accruals	11	3,888,814	4,844,210
Interest-bearing bank and other borrowings	12	3,821,333	3,232,482
Senior notes	13	845,818	950,991
Contract liabilities		25,943,890	25,557,106
Lease liabilities		6,101	2,703
Due to related companies		503,720	525,868
Tax payable		1,663,925	1,649,122
		<hr/>	<hr/>
Total current liabilities		43,490,538	44,968,715
		<hr/>	<hr/>
NET CURRENT ASSETS		4,515,090	12,600,060
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,533,449	19,465,886
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	4,391,773	7,785,172
Lease liabilities		12,029	3,517
Deferred tax liabilities		687,907	845,169
		<hr/>	<hr/>
Total non-current liabilities		5,091,709	8,633,858
		<hr/>	<hr/>
Net assets		5,441,740	10,832,028
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		8,670	8,670
Reserves		3,735,743	7,872,142
		<hr/>	<hr/>
		3,744,413	7,880,812
		<hr/> <hr/>	<hr/> <hr/>
Non-controlling interests		1,697,327	2,951,216
		<hr/>	<hr/>
Total equity		5,441,740	10,832,028
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NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Leading Holdings Group limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands. The registered 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 involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

The ultimate controlling shareholders of the Company are Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli (the “**Controlling Shareholders**”).

In the opinion of the directors, the investment holding companies of the Company are Yuan Di Capital Limited, Fan Tai Investment Holding Limited, Yue Lai Investment Limited, Jin Sha Jiang Holding Limited, Ling Yue Capital Holding Limited, Lian Rong Capital Limited, San Jiang Yuan Investment Limited, Fu Sheng Capital Limited and Shan Yuan Holdings Limited, which are incorporated in the British Virgin Islands with limited liability, and controlled by the Controlling Shareholders.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2022, the Group recorded a net loss of RMB5,097,882,000 for the year ended 31 December 2022. As at 31 December 2022, the Group's total bank and other borrowings and senior notes amounted to RMB9,058,924,000, out of which RMB4,667,151,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB2,595,964,000. As at 31 December 2022, the Group failed to repay an aggregate principal amount of RMB155,657,000 for certain senior notes and certain interest-bearing bank and other borrowings according to their scheduled repayment dates, giving rise to certain interest-bearing bank and other borrowings with a total amount of RMB237,140,000 becoming cross-defaulted. Subsequent to 31 December 2022, the Group failed to settle the interest payment amounting to RMB51,016,000 of a senior note in January 2023, resulting in the default of this senior note with an aggregate principal amount of RMB831,782,000. In addition, a winding-up petition was filed by a certain senior note holder against the Company on 27 September 2022.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including the following:

- (i) The Group will appoint financial advisors to assist it with a holistic restructuring of its senior notes, in order to reach a consensual solution with all the stakeholders as soon as practical;
- (ii) The Group has appointed legal counsels in relation to the winding-up petitions;
- (iii) The Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's bank and other borrowings;
- (iv) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;
- (v) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (vi) The Group has prepared a business strategy plan focusing on the acceleration of the sales of properties;

- (vii) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (viii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors have reviewed the Group's cashflow projections prepared by management, which cover a period of twelve 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 meet its financial obligations as and when they fall due within the following twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures as describe above. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) successfully completing the holistic restructuring of its senior notes;
- (ii) successfully dismissing the winding-up petitions;
- (iii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;
- (iv) successfully securing project development loans for qualified project development;
- (v) successfully obtaining additional new sources of financing as and when needed;
- (vi) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;
- (vii) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively controlling costs and expenses; and
- (viii) successfully disposing of the Group's equity interests in project development companies when suitable.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of 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 effect of these adjustments has not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- | | |
|--|---|
| (a) Property development; | Development and sale of properties and project management |
| (b) Commercial property investment and operations; | Property leasing |
| (c) Hotel operations. | Hotel operations |

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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Year ended 31 December 2022	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	13,846,666	103,253	28,888	13,978,807
Segment results	(3,998,629)	70,269	3,568	(3,924,792)
<i>Reconciliation:</i>				
Interest income				17,396
Finance costs				(459,326)
Corporate and other unallocated expenses				(131,427)
Loss before tax from continuing operations				<u>(4,498,149)</u>
Segment assets	44,709,687	9,151,902	129,528	53,991,117
<i>Reconciliation:</i>				
Corporate and other unallocated assets				32,870
Total assets				<u>54,023,987</u>
Segment liabilities	40,702,695	7,670,444	197,990	48,571,129
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				11,118
Total liabilities				<u>48,582,247</u>

Year ended 31 December 2021	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>14,901,045</u>	<u>104,446</u>	<u>49,202</u>	<u>15,054,693</u>
Segment results	1,673,304	73,513	18,585	1,765,402
<i>Reconciliation:</i>				
Interest income				28,621
Finance costs				(295,189)
Corporate and other unallocated expenses				<u>(262,684)</u>
Profit before tax from continuing operations				<u>1,236,150</u>
Segment assets	58,257,837	5,996,888	132,598	64,387,323
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>47,278</u>
Total assets				<u>64,434,601</u>
Segment liabilities	49,162,351	4,235,211	182,625	53,580,187
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>22,386</u>
Total liabilities				<u>53,602,573</u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Sale of properties	13,835,248	14,896,948
Hotel operations	28,888	49,202
Project management	11,418	4,097
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	103,253	104,446
	<u>13,978,807</u>	<u>15,054,693</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	13,835,248	—	—	13,835,248
Hotel operations	—	—	28,888	28,888
Project management services	—	11,418	—	11,418
Total revenue from contracts with customers	<u>13,835,248</u>	<u>11,418</u>	<u>28,888</u>	<u>13,875,554</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	13,430,955	—	—	13,430,955
Sale of properties transferred over time	404,293	—	—	404,293
Services transferred over time	—	11,418	28,888	40,306
Total revenue from contracts with customers	<u>13,835,248</u>	<u>11,418</u>	<u>28,888</u>	<u>13,875,554</u>

For the year ended 31 December 2021

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	14,896,948	—	—	14,896,948
Hotel operations	—	—	49,202	49,202
Project management services	—	4,097	—	4,097
	<u>14,896,948</u>	<u>4,097</u>	<u>49,202</u>	<u>14,950,247</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	13,145,846	—	—	13,145,846
Sale of properties transferred over time	1,751,102	—	—	1,751,102
Services transferred over time	—	4,097	49,202	53,299
	<u>14,896,948</u>	<u>4,097</u>	<u>49,202</u>	<u>14,950,247</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>11,871,865</u>	<u>9,445,773</u>

(b) *Performance obligations*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	24,758,347	18,703,556
After one year	2,893,485	6,791,963
	<u>27,651,832</u>	<u>25,495,519</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that is to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income and gains		
Bank interest income	17,396	28,621
Interest income from associates and joint ventures	—	15,512
Interest income from third parties	7,895	11,337
Management consulting service fees charged to joint ventures and associates	7,665	9,117
Government grants	2,542	5,232
Commercial compensation	14,197	29,963
Gain on disposal of items of property, plant and equipment	18,356	1,255
Gain arising on disposal of investment properties	—	29,337
Gain arising on disposal of subsidiaries	—	8,688
Gain arising on disposal of a joint venture and associates	8,822	—
Foreign exchange differences, net	—	12,348
Others	4,265	6,421
	<u>81,138</u>	<u>157,831</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold	12,673,470	12,060,567
Cost of hotel operations	25,320	30,617
Impairment losses recognised for completed properties held for sale	344,124	24,137
Impairment losses written off for completed properties held for sale	(10,927)	(1,699)
Impairment losses recognised for property under development	2,901,748	—
Impairment losses recognised for other receivables	16,409	1,557
Loss/(gain) on disposal of investment properties	6,626	(29,337)
Loss/(gain) on disposal of subsidiaries	3,714	(8,688)
Gain on disposal of joint ventures and associates	(8,822)	—
Changes in fair value of investment properties	433,816	(2,000)
Depreciation of items of property, plant and equipment	43,722	34,250
Amortisation of other intangible assets	3,665	4,318
Amortisation of right-of-use assets	7,936	6,218
Gain on disposal of items of property, plant and equipment	(18,356)	(1,255)
Lease payments not included in the measurement of lease liabilities	2,257	5,735
Auditor's remuneration	2,800	3,800
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	248,760	377,695
Pension scheme contributions and social welfare	21,346	33,859

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans and other loans	1,074,601	1,307,897
Interest on lease liabilities	1,084	427
Interest on pre-sales deposits	1,303,954	900,683
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	2,379,639	2,209,007
Less: Interest capitalised	(1,920,313)	(1,913,818)
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	459,326	295,189
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7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2022.

Subsidiaries of the Group operating in Mainland China, except for Tibet Ludi Industrial Co., Ltd. ("**Tibet Ludi**") and Tibet Hengliang Industrial, Co., Ltd. ("**Tibet Hengliang**"), are subject to China (the "**PRC**") corporate income tax at a rate of 25% for the year. Tibet Ludi and Tibet Hengliang enjoyed a preferential CIT rate of 15% during the year ended 31 December 2022.

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC corporate income tax	408,270	554,516
PRC LAT	337,576	221,277
Deferred tax	(146,113)	(176,392)
	<u>599,733</u>	<u>599,401</u>
Total tax charge for the year	<u>599,733</u>	<u>599,401</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before tax	<u>(4,498,149)</u>	<u>1,236,150</u>
At the statutory income tax rate	(1,124,537)	309,038
Lower tax rate(s) for specific provinces or enacted by local authority	2,465	4,163
Profits and losses attributable to joint ventures and an associate	40,159	(27,636)
Expenses and cost not deductible for tax	209,712	80,707
Deductible temporary differences utilised from previous years	(1,597)	(4,785)
Deductible temporary differences and tax losses not recognised	1,220,349	71,956
Provision for LAT	337,576	221,277
Tax effect on LAT	(84,394)	(55,319)
	<u>599,733</u>	<u>599,401</u>
Tax charge at the Group’s effective rate	<u>599,733</u>	<u>599,401</u>

Tax payable in the consolidated statement of financial position represents the following:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Tax payable		
PRC corporate income tax	814,637	899,007
PRC LAT	849,288	750,115
	<hr/>	<hr/>
Total tax payable	<u>1,663,925</u>	<u>1,649,122</u>

8. DIVIDENDS

The Board proposed no final dividend for the year ended 31 December 2022 (2021: Nil).

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 ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,945,000 (2021: 1,026,575,890) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculations of basic and diluted earnings per share are based on:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Earnings</u>		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>(4,149,888)</u>	<u>488,449</u>
	Number of shares	
	2022	2021
<u>Shares</u>		
Number of ordinary shares used in the basic earnings per share calculation	<u>1,026,945,000</u>	<u>1,026,575,890</u>

10. TRADE RECEIVABLES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>40,867</u>	<u>81,089</u>

Trade receivables mainly represent the receivables from the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Property buyers are generally granted credit terms of 1 month to 1 year. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 1 year	38,766	74,775
Over 1 year	2,101	6,314
	<u>40,867</u>	<u>81,089</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, no provision has been made for a loss allowance.

11. TRADE AND BILLS PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Less than 1 year	6,373,813	7,644,769
Over 1 year	443,124	561,464
	<u>6,816,937</u>	<u>8,206,233</u>

The trade payables are unsecured and non-interest-bearing and are normally settled based on the progress of construction.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2022			31 December 2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Current portion of long-term bank loans — secured	4.78–9.88	2023	2,144,621	4.78–10.08	2022	2,083,953
Current portion of long-term other loans — secured	8.26–13.45	2023/ on demand	1,541,712	8.79–14.01	2022	1,148,529
Current portion of long-term other loans — secured	14.01	on demand	135,000			—
			<u>3,821,333</u>			<u>3,232,482</u>
Non-current						
Bank loans — secured	5.60–9.88	2024–2035	3,156,543	4.78–10.08	2023–2035	5,454,927
Bank loans — unsecured			—			—
Other loans — secured	8.26–13.45	2024–2026	1,235,230	8.25–12.61	2023–2026	2,120,255
Other loans — unsecured			—	12.46	2023–2026	209,990
			<u>4,391,773</u>			<u>7,785,172</u>
			<u>8,213,106</u>			<u>11,017,654</u>

Bank and other borrowings

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Analysed into:		
Repayable within one year or on-demand	3,821,333	3,232,482
Repayable in the second year	2,170,232	3,924,755
Repayable in the third to fifth years, inclusive	1,061,938	2,173,379
Repayable beyond five years	<u>1,159,603</u>	<u>1,687,038</u>
	<u>8,213,106</u>	<u>11,017,654</u>

As at 31 December 2022, the Group failed to repay RMB135,000,000 for an interest-bearing bank and other borrowing according to its scheduled repayment date.

Pursuant to some of loan agreements of the Group, any default under the Group's senior notes or borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2022, the Group was in default of certain senior notes (note 13) and an interest-bearing bank and other borrowing, causing interest-bearing bank and other borrowings with a total principal amount of RMB237,140,000 becoming cross-defaulted (the “**cross-default borrowings**”) and repayable on demand if requested by lenders. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2022.

13. SENIOR NOTES

	31 December 2022				31 December 2021			
	Principal at original currency US\$'000	Contractual interest rate (%)	Maturity	RMB'000	Principal at original currency US\$'000	Contractual interest rate (%)	Maturity	RMB'000
Senior notes due 2022 ("2022 notes I")	2,966	12.0	2022.6.27	20,657	150,000	12.0	2022.6.27	950,991
Senior notes due 2023 ("2023 notes I")	119,430	12.0	2023.6.23	825,161			—	—
Less: Current portion				<u>845,818</u>				<u>950,991</u>
Non-current portion				<u>—</u>				<u>—</u>
					31 December 2022 RMB'000		31 December 2021 RMB'000	

The Group's senior notes were repayable as follows:

Repayable within one year	<u>845,818</u>	<u>950,991</u>
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As at 31 December 2022, the Company completed the exchange offer for the 2022 Notes I on 23 June 2022, resulting in 2022 Notes I of an aggregate principal amount of US\$119,430,000 being cancelled. And the remaining outstanding principal amount of the 2022 Notes I was US\$2,966,000, however, the Company failed to make such payment, leading to the default of the 2022 Notes I with an aggregate principal amount of US\$2,966,000 (equivalent to RMB20,657,000).

Subsequent to 31 December 2022, the Company did not make the interest payment of US\$7,325,000 (equivalent to RMB51,016,000) of the 2023 Notes I before the expiry of the grace period, resulting in the default of the 2023 Notes I with an aggregate principal amount of US\$119,430,000 (equivalent to RMB831,782,000).

BUSINESS REVIEW

For the Year, the Group's revenue was RMB13,978.8 million, with a year-on-year decrease of 7.1%. The Group's net loss was RMB5,097.9 million, with a year-on-year decrease of 900.6%.

Although 2022 is over, against the backdrop of a weak economy, the industry had several twists and turns, expectations remained low, and players' confidence in struggle took a hit from various factors. However, the Group has always been uniting and struggling to overcome many difficulties, such as COVID-19 pandemic and power rationing due to high temperature. We would like to express our gratitude to supporters for their consistent understanding and support to the Company.

People's original aspiration to live a better life and pursue better things will remain unchanged in 2023. In 2023, industry confidence will be the topmost guide. The market still needs a period of economic recovery and confidence restoration. The impacts of COVID-19 will eventually go away, social activity will resume, and people's positive and optimistic mood will chase away the shadow of the pandemic.

“New organisational vitality, new marketing passion, new operation idea, and new delivery responsibility” demonstrate the new action in 2023

Integration and co-building and cohesion reveal the new organisational vitality in 2023

The Group will establish a unified and coordinated integrated management system, which will also be an important part of the new look of management in 2023.

Value creation, integrity and innovation show the new marketing passion in 2023

2023 is still a critical period for an enterprise to "get out of the predicament". We should do our business well at any time and wait for the wind to come. We will uphold integrity, adhere to innovation and tap into the value. In the rapidly changing industry environment, we need to have a stronger sense of smell and the ability to adjust more quickly.

Precision operation, benefit creation and practicability demonstrate the new operation idea in 2023

We will focus on precision operation and increase “certainties”. In 2023, we must increase “certainties” to reverse the tight trend and emphasise the precision of operations and seriousness of plans. By digging the full-cycle value of projects and accurately matching the production rhythm, we will base production on sales and determine expenditure according to revenue, with a view to promoting high-quality management with low-cost operation, and ensuring the stability of production rhythm with tough plan management.

Fulfilling commitments and shouldering responsibilities show the new delivery responsibility in 2023

We will improve the ability to enhance production and develop projects, and reinforce our efforts to improve quality and control service details in all aspects. The road to seek steady development of real estate developers is bound to be the long road to pursue quality.

There is a long but bright road ahead. After wind and waves move away, a lighthouse stands ahead. The Group, with full confidence, firm determination and combined efforts, embarks on a new journey of high-quality development and continuously forges ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

Contracted Sales

During the Year, the Group recorded contracted sales of RMB13,721.5 million, representing a 40.4% year-over-year decrease from the year ended 31 December 2021 due to the adverse macroeconomic and the impact of COVID-19.

During the Year, total contracted GFA sold amounted to approximately 1.9 million sq.m., representing a decrease of approximately 29.5% from approximately 2.7 million sq.m. for the year ended 31 December 2021. Contracted average selling price (“ASP”) for the year ended 31 December 2022 was approximately RMB7,144.0 per sq.m., compared with RMB8,446.7 per sq.m. for the year ended 31 December 2021.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 1.1%, 6.0%, 82.1% and 3.5%, respectively, of the Group’s total contracted sales in 2022.

The following table sets out the geographic breakdown of the Group’s contracted sales in 2022.

	Contracted GFA Sold (sq.m.)	Contracted Sales (RMB’000)	Contracted ASP (RMB/sq.m.)	% of Contracted Sales (%)
Beijing-Tianjin-Hebei Region	22,958.4	145,667.4	6,344.8	1.1%
Central China	146,922.0	821,913.2	5,594.2	6.0%
Chengdu-Chongqing Economic Zone and Sichuan province	1,533,107.1	11,269,869.4	7,351.0	82.1%
Guangdong-Hong Kong-Macau Greater Bay Area	61,894.7	473,434.9	7,649.0	3.5%
Other Regions ⁽¹⁾	155,813	1,010,585.4	6,485.9	7.3%
Total	1,920,695.2	13,721,470.3	7,144.0	100%

Notes:

- (1) Other Regions include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province and Xuzhou of Jiangsu province, which are not in the Group's key regions.

Revenue Recognized from Sales of Properties

Revenue from sale of properties of the Group decreased by 7.1% from approximately RMB14,897.0 million for the year ended 31 December 2021 to approximately RMB13,835.2 million for the year ended 31 December 2022, accounting for 99.0% of the Group's total revenue. The Group's recognized ASP from sales of properties slightly increased from approximately RMB 7,685 per sq.m. for the year ended 31 December 2021 to approximately RMB7,770 per sq.m. for the Year.

The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
			%	%	Sq.m.	Sq.m.	RMB/sq.m.	RMB/sq.m.
	(RMB'000)	(RMB'000)			2022	2021	2022	2021
Beijing-Tianjin-Hebei Region	317,825	45,778	2.3	0.3	42,222	5,193	7,528	8,815
Central China	596,742	1,818,366	4.3	12.2	87,107	273,934	6,851	6,638
Chengdu-Chongqing Economic Zone and Sichuan province	11,852,939	10,029,128	85.7	67.3	1,518,362	1,217,099	7,806	8,240
Guangdong-Hong Kong-Macau Greater Bay Area	670,797	1,608,296	4.8	10.8	61,429	208,884	10,920	7,699
Other Regions	396,945	1,395,380	2.9	9.4	71,588	233,371	5,545	5,979
Total	13,835,248	14,896,948	100.0	100.0	1,780,708	1,938,482	7,770	7,685

The following table sets forth the revenue from sale of properties and ASP by type of properties for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties				Recognized ASP	
			Total GFA Recognized		Recognized ASP			
	(RMB'000)	(RMB'000)	%	%	Sq.m.	Sq.m.	RMB/sq.m.	RMB/sq.m.
	2022	2021	2022	2021	2022	2021	2022	2021
Residential	12,600,371	12,860,469	91.1	86.3	1,528,679	1,672,428	8,243	7,690
Commercial	877,832	1,671,720	6.3	11.2	90,666	205,606	9,682	8,131
Car Parks	357,045	364,759	2.6	2.4	161,363	60,448	2,213	6,034
Total	13,835,248	14,896,948	100.0	100.0	1,780,708	1,938,482	7,770	7,685

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2022, the Group had completed properties held for sale of RMB5,424.9 million, representing a 43.0% increase from RMB3,792.9 million as at 31 December 2021. The increase was primarily due to the decrease in sales of completed properties during the Year. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2022, the Group had properties under development of RMB30,958.6 million, representing a 22.0% decrease from RMB39,768.6 million as at 31 December 2021. The decrease was primarily due to an decrease in the number of projects developed by the Group in 2022 as the Group has taken a more prudent approach on developing new projects after considering the current industry environment.

Property Investment

Commercial Property Operations

The Group's revenue from commercial property operations of the Group decreased by 1.1% from approximately RMB104.4 million for the year ended 31 December 2021 to approximately RMB103.3 million for the year ended 31 December 2022, primarily due to the decrease in occupancy rates of the Group's investment properties during the Year as affected by the resurgence of COVID-19.

Investment Properties

As at 31 December 2022, the Group had 8 investment properties with a total leasable GFA of approximately 292,552.58 sq.m. Out of such investment properties portfolio of the Group, 8 investment properties with a total GFA of approximately 212,778.43 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2022, the total GFA of land reserves of the Group was approximately 13,603,080 sq.m.. The following table sets forth a summary of the Group's property interests as at 31 December 2022:

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
Properties developed by the Group and its subsidiaries								
1	Chengdu Yipin Center	Chengdu	100%	Commercial/ Carpark/Others	20,534	February-2026	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan Province
2	Chengdu Xishan Lantai	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	May-2021	14,677	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan Province
3	Chengdu Yue Center	Chengdu	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	27,400	May-2022	14,319	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
4	Chongqing Leading Guanyun House	Chongqing	100%	Residential/Carpark/ Ancillary/Others	40,372	November-2021	18,254	No. N23/03, N District, Jieshituan, Banan District, Chongqing

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
5	Chengdu Jinxiang Lantai Mansion	Chengdu	55%	Residential/Office/ Commercial/ Carpark/Ancillary/ Others	46,473	May-2019	13,122	No.1-1, Jinxi Garden, Middle Section of Hengshan Avenue, Xipu Town, Pi County, Chengdu City, Sichuan Province
6	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	98%	Residential/ Commercial/ Carpark/Ancillary/ Others	159,963	August-2022	56,093	Group 2, 5, 6, Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
7	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	November-2021	23,092	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
8	Chengdu Haina Shidai	Chengdu	99%	Residential/ Commercial/ Carpark/Ancillary/ Others	41,822	February-2017	14,283	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province
9	Chengdu Lantai House	Chengdu	99%	Residential/Carpark/ Others	40,897	October-2020	13,681	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province
10	Chengdu Leading Tianyu	Meishan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	57,523	March-2022	134,305	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province
11	Pengshan Guanjiang Mansion	Meishan	80%	Residential/ Commercial/ Carpark/Ancillary/ Others	71,770	March-2023	124,512	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
12	Panzhihua Leading Yanguang Flower City	Panzhihua	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	186,791	December-2022	244,873	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province
13	Xichang Leading Lantai House	Xichang	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	99,752	May-2019	3,157	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
14	Xichang Leading Triumph International Mansion	Xichang	83%	Residential/ Commercial/ Carpark/Ancillary/ Others	33,287	January-2017	1,354	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
15	Xichang Leading Jinxiu Lantai Mansion	Xichang	80%	Residential/ Commercial/ Carpark/Ancillary/ Others	62,578	May-2024	124,473	Near Zhonghang East Road, West New City, Xichang City, Sichuan Province
16	Urumqi Leading Lantai House	Urumqi	95%	Residential/ Commercial/ Carpark/Ancillary/ Others	103,928	June-2022	135,449	No. 616, Junggar Street, East of Suzhou Road, Urumqi, Xinjiang Uygur Autonomous Region
17	Urumqi Leading Tianyu	Urumqi	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	115,428	June-2022	256,986	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region
18	Korla Leading Lantai House	Korla	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	63,624	October-2020	5,376	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region
19	Korla Leading Triumph Mansion	Korla	85%	Residential/ Commercial/ Carpark/Ancillary/ Others	87,933	October-2021	41,007	(Next to Peacock Park) No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
20	Chengteh Lantai House	Chengteh	40%	Residential/ Commercial/ Carpark/Ancillary/ Others	53,279	July-2020	1,856	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
21	Chengteh Lantai House Yunshang & Jinyuan	Chengteh	51%	Residential/ Commercial/ Ancillary/Others	62,969	September-2023	70,868	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
22	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	34,981	October-2022	52,466	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
23	Jilin Triumph Mansion	Changchun	55%	Residential/ Commercial/ Carpark/Ancillary/ Others	132,188	May-2020	758	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
24	Xinyang Leading Tianyu	Xinyang	70%	Residential/ Commercial/ Carpark/Ancillary/ Others	29,396	December-2021	43,791	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xinyang City, Zhengzhou City, Henan Province
25	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	59,698	December-2025	136,578	North of Xiwang Road, south of Nanjing Road, west of Shangqiu City Road(Planning), East of Zhenxing Road, Henan Province
26	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	70%	Residential/ Commercial/ Carpark/Ancillary/ Others	182,936	December-2021	153,022	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
27	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	70,590	August-2024	200,882	Northeast of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
28	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	75,863	September-2025	50,811	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
29	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	168,489	November-2023	253,504	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
30	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	70%	Residential/ Commercial/ Carpark/Ancillary/ Others	156,270	September-2023	181,271	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
31	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	54,070	September-2021	18,082	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
32	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	48,399	August-2022	58,543	No.66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
33	Leshan Haina Mansion	Leshan	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	36,200	January-2016	1,637	No.1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
34	Leshan Lantai House	Leshan	60%	Residential/ Commercial/ Carpark/Ancillary/ Others	88,108	December-2021	19,008	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province
35	Leshan Tianyu	Leshan	51%	Residential/ Commercial/ Carpark/Ancillary	29,796	March-2020	405	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
36	Leshan Lanshan	Leshan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	89,630	October-2021	7,654	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
37	Leshan International Mansion	Leshan	99%	Residential/ Commercial/ Carpark/Ancillary/ Others	127,204	May-2019	2,457	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
38	Zunyi Lantai House	Zunyi	55%	Residential/ Commercial/ Carpark/Ancillary/ Others	39,759	November-2022	130,977	Intersection of Shanghai Road and Ningbo Road, Huichuan District, Zunyi City, Guizhou Province
39	Meishan Triumph International Mansion	Meishan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	256,303	November-2020	29,238	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
40	Meishan Triumph Square	Meishan	79%	Residential/ Commercial/ Carpark/Ancillary	73,976	May-2015	233	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
41	Meishan Huayu Phase II	Meishan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	9,102	June-2020	1,699	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
42	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/ Commercial/ Carpark/Ancillary/ Others	39,838	July-2019	183	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
43	Meishan Lantai House	Meishan	55%	Residential/ Commercial/ Carpark/Ancillary/ Others	109,814	December-2022	58,163	Northwest corner of the intersection of Fucheng Road and Shuangfeng Street, Dongpo District, Meishan City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
44	Meishan Guanjiang House	Meishan	55%	Residential/ Commercial/ Carpark/Ancillary/ Others	65,695	April-2022	32,142	Southwest corner of the intersection of Binjiang Avenue and Qitong Road, Meishan City, Sichuan Province
45	Haifeng Tianyu	Shanwei	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	35,774	August-2023	75,450	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province
46	Huizhou Lantai House	Huizhou	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	83,840	March-2023	115,945	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
47	Foshan Haina Longting	Foshan	51%	Residential/ Commercial/ Carpark/Others	36,943	August-2017	487	The north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan City, Guangdong Province
48	Foshan Haina Junting	Foshan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	20,536	April-2017	75	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
49	Foshan Haina Mansion	Foshan	51%	Residential/ Commercial/ Carpark/Others	46,812	December-2014	1,186	No. 5, Lishui Avenue Middle, Nanhai District, Foshan City, Guangdong Province
50	Foshan Haina Haoting	Foshan	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	37,276	January-2016	100	No. 139, Lishui Avenue Middle, Lishui Town, Nanhai District, Foshan City, Guangdong Province
51	Foshan Haina Haoyuan	Foshan	51%	Residential/ Commercial/ Carpark/Others	21,192	March-2017	49	Jianxing Villagers Group, Ganjiao Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province
52	Mianyang Tianyu	Mianyang	65%	Residential/ Commercial/ Carpark/Ancillary/ Others	26,140	March-2020	5,121	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province
53	Mianyang Lantai House	Mianyang	62%	Residential/ Commercial/ Carpark/Ancillary/ Others	56,060	August-2020	11,567	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
54	Nanchong Lantai House	Nanchong	100%	Residential/Carpark/Ancillary/Others	59,774	April-2022	141,817	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province
55	Nanchong Tianyu	Nanchong	51%	Residential/Commercial/Carpark/Ancillary/Others	25,053	November-2020	15,086	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province
56	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/Carpark/Ancillary	30,184	November-2020	10,453	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
57	Ya'an Guanjiang Mansion	Ya'an	100%	Residential/Commercial/Carpark/Ancillary	39,149	November-2020	18,184	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province
58	Ya'an Tianyu	Ya'an	53%	Residential/Commercial/Carpark/Ancillary	18,253	September-2019	8,385	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
59	Ya'an Lantai House	Ya'an	51%	Residential/Commercial/Carpark/Ancillary	43,790	February-2021	22,993	No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
60	Ya'an Lantai House Phase III	Ya'an	100%	Residential/Commercial/Carpark/Ancillary/Others	53,520	September-2021	31,982	Plot 2-12, Daxing District, Yucheng District, Ya'an City, Sichuan Province
61	Mianyang Guanjiang House	Mianyang	100%	Residential/Commercial/Carpark/Others	134,016	August-2025	423,482	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
62	Mianyang Leading Dongyuan Yue Town	Mianyang	50%	Residential/Commercial/Carpark/Ancillary/Others	116,755	June-2023	332,597	C, Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province
63	Ya'an Yuejiangting	Ya'an	51%	Residential/Commercial/Carpark/Ancillary/Others	16,674	October-2021	19,276	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
64	Xichang Tianyu	Xichang	100%	Residential/Commercial/Carpark/Ancillary/Others	26,935	November-2022	112,331	Near Section 1 of Huanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
65	Kaili Leading Tianyu	Kaili	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	251,148	May-2025	805,068	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
66	Chengdu Xindu Yue House	Chengdu	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	310,866	November-2024	582,496	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province
67	Luzhou Lantai House	Luzhou	54%	Residential/ Commercial/ Carpark/Ancillary/ Others	52,767	November-2022	180,443	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province
68	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	91%	Residential/ Commercial/ Carpark/Ancillary	90,121	March-2025	230,170	East of Huanhu East Road, Shigao Town, Renshou County
69	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	100%	Commercial/ Carpark/Ancillary/ Others	60,638	June-2028	271,425	East of Huanhu East Road, Shigao Town, Renshou County
70	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	91%	Residential/ Commercial/ Carpark/Ancillary	85,773	September-2022	356,594	East of Huanhu East Road, Shigao Town, Renshou County
71	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/ Commercial/ Carpark/Ancillary/ Others	27,059	October-2022	69,802	East of Liyushan Road, High-tech Zone, Urumqi City
72	Urumqi Tianjing Yunzhu	Urumchi	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	30,178	December-2022	108,083	Main Road, Changchun Middle Road, Urumqi City
73	Yibin Guanjiang House	Yibin	55%	Residential/ Commercial/ Carpark/Ancillary	132,479	January-2025	43,985	Yibin Lingang Economic and Technological Development Zone
74	Nanchong Jinwei Leading Yue Town	Nanchong	45%	Residential/ Commercial/ Carpark/Ancillary/ Others	90,142	August-2024	278,066	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
75	Guangyuan Leading City	Guangyuan	100%	Residential/ Commercial/ Carpark/Ancillary	290,480	December-2024	585,499	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
76	Panzhihua Ruxiang Flower City	Panzhihua	51%	Commercial/ Carpark/Ancillary	10,562	October-2022	39,173	Ganbatang Area, Huacheng New District, Panzhihua City
77	Chengdu Leading Guanjiang House	Dujiangyan	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	78,475	November-2022	193,923	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
78	Suining Taoli Jun	Suining	34%	Residential/ Commercial/ Carpark/Ancillary/ Others	30,808	March-2023	124,436	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone, Sichuan Province
79	Xichang Leading Guanyuan	Xichang	70%	Residential/ Commercial/ Carpark/Ancillary/ Others	90,531	February-2023	122,283	The southeast area of the downtown, Xichang City, Sichuan Province
80	Luohe Lishang Lantai	Luohe	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	109,724	July-2024	336,507	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province
81	Huili Xuefu No.1	Huili	100%	Residential/ Commercial/ Carpark/Ancillary/ Others	33,459	November-2022	131,083	Yingding Community of Huili No.1 Middle School, Sichuan Province
82	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	35%	Residential/ Commercial/ Carpark/Ancillary	77,783	December-2022	278,740	On the east side of Yingbin Road, on the south side of Dianda Plaza, on the north side of Binhe Road, on the west side of Huatian Phase I, Guanliping Office, Yongding District, Zhangjiajie City
83	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/ Commercial/ Carpark/Ancillary/ Others	271,501	September-2023	766,198	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
84	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	64,309	May-2023	88,956	Qingyang Village, Zhihe Town, Pengzhou City, Sichuan Province
85	Chengdu Huguang Heyue	Pengzhou	51%	Residential/ Commercial/ Carpark/Ancillary	41,343	September-2023	140,955	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City, Sichuan Province
86	Leshan Biguiyuan Leading Tangyue Lantai	Leshan	100%	Residential/ Commercial/ Carpark/Ancillary	56,197	July-2023	187,354	South side of Tanmu South Street, Central District, Leshan City, Sichuan Province
87	Ya'an Feicui Garden	Ya'an	50%	Residential/ Commercial/ Carpark/Ancillary	35,652	March-2023	168,229	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
88	Mianyang Leading City	Mianyang	51%	Residential/ Commercial/ Carpark/Ancillary	509,352	January-2030	1,452,493	Longmen Town, Fucheng District, Mianyang City, Sichuan Province
89	Leshan Lanshan Yue	Leshan	100%	Residential/ Commercial/ Carpark/Ancillary	25,560	September-2023	76,077	North side of Changqing Road, west side of Ruixiang Road, Qingjiang Area, Leshan City, Sichuan Province
90	Meishan Leading Jiangyue Lantai	Meishan	55%	Residential/Office/ Commercial/ Carpark/Ancillary/ Others	60,201	September-2024	190,180	East of Dongpo No. 5 Kindergarten and Wen'an East Road; south of Qitong Road; west of reserved land; north of Kegongyuan 2nd Road Meishan City, Sichuan Province
91	Meishan Leading Yueyuan	Meishan	55%	Residential/Office/ Commercial/ Carpark/Ancillary/ Others	54,667	September-2024	158,292	North New Town Plate, near Suti Park, Meishan City, Sichuan Province
92	Wuhan Leading Yinbao City	Wuhan	51%	Residential/ Commercial/ Carpark/Ancillary	22,131	December-2024	110,233	Fangcao Road, Wuhan City
93	Mianyang Yue Garden	Mianyang	100%	Residential/ Commercial/ Carpark/Ancillary	36,411	June-2024	108,766	Science and Innovation Park, Mianyang City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
94	Pengzhou Jinxiu Tianchen	Chengdu	51%	Residential/ Commercial/ Carpark/Ancillary	23,217	September-2023	64,877	East of Binhe North Road, Tianpeng Street, north of North Section of Mudan Avenue, Pengzhou City
95	Chengdu Yueyintai	Chengdu	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	35,238	September-2024	159,447	Xiaolin Village, Xindu Town
Subtotal							<u>13,029,516</u>	
Properties developed by the associates and joint ventures of the Company								
1	Leshan Emei the Grand Sight	Leshan	61%	Residential/Carpark/ Others	50,302	January-2021	15,011	North of Exiu Lake, Emeishan City, Sichuan Province
2	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	34%	Residential/ Commercial/ Carpark/Ancillary/ Others	170,592	December-2026	90,459	Shalingzi Town, Xuanhua District, Zhangjiakou City, Hebei Province
3	Chengdu jinxiang lantai	Chengdu	1%	Residential/ Commercial/ Carpark/Ancillary/ Others	46,473	May-2019	371	1-1, Jinxi Courtyard, middle section of Hengshan Avenue, Xipu Town, Pixian County, Chengdu City, Sichuan Province
4	Ya'an Tianlan	Ya'an	51%	Residential/ Commercial/ Carpark/Ancillary/ Others	15,530	May-2020	4,460	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province
5	Ya'an Tianlu Bay	Ya'an	34%	Residential/ Commercial/ Carpark/Ancillary	70,140	December-2021	53,396	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
6	Shenzhen Tianyu Garden	Shenzhen	50%	Residential/ Commercial/ Carpark/Ancillary/ Others	20,652	September-2023	66,746	Northwest of the intersection of Pingan Road and Zhanguai Road, Guanlan Street, Longhua District, Shenzhen City
7	Leshan Hengbang Shuanglin Global Center	Leshan	48%	Residential/Office/ Commercial/ Carpark/Ancillary	31,632	June-2021	25,855	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
8	Jiangyou Shidaizhiguang	Jiangyou	35%	Residential/ Commercial/ Carpark/Ancillary/ Others	94,359	August-2023	116,475	Libai Avenue, Jiangyou City, Mianyang City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
9	Xichang Nanshan House	Xichang	6%	Residential/ Commercial/ Carpark/Ancillary	66,322	January-2024	10,590	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
10	Emei Lotus Lake	Leshan	40%	Residential/ Commercial/ Carpark/Ancillary/ Others	247,377	November-2025	88,379	Shili Village, Shengli Town, Emeishan City; Penggui Village, Guihuaqiao Town, Emeishan City, Sichuan Province
11	Nantong Longteng Hua House	Nantong	3%	Residential/ Commercial/ Carpark/Ancillary/ Others	125,950	November-2024	8,268	North of Dongxinghu Avenue, Longteng Road, Nantong City, Jiangsu Province
12	Nanchong Tianjing No.1 District	Nanchong	33%	Residential/ Commercial/ Carpark/Ancillary/ Others	51,155	October-2023	48,703	Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
13	Nanchong Tianjing No.2 District	Nanchong	33%	Residential/ Commercial/ Carpark/Ancillary/ Others	45,567	February-2024	35,730	No. 2021-b-9 Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
14	Xichang Yueqionghai	Xichang	6%	Residential/Carpark/ Ancillary	65,968	June-2022	9,217	Beside Jianchang Water Town, East Extension Line of Hangtian Road, Xichang City, Sichuan Province
15	Xichang Lantai House Qingyun	Xichang	6%	Residential/ Commercial/ Carpark/Ancillary/ Others	16,896	October-2019	48	Chensuo Village, Gaojian Township, Xichang City, Sichuan Province
	Subtotal						<u>573,563</u>	
	Total						<u><u>13,603,079</u></u>	

Note:

- (1) Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development and (iii) GFA for properties held for future development. For projects that are not wholly owned by the Group, the total GFA will be adjusted by our equity interest in the respective project.

INVESTMENT PROPERTIES

The following table sets forth a summary of the Group's investment properties as of 31 December 2022:

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
1	Sichuan	Chengdu	Chengdu International Finance Center	No. 151, 2nd Tianfu Street and No.750, Jitai Road, Gaoxin District, Chengdu, Sichuan Province	Shopping Mall	30,200	Medium term lease
					Office	2,926	
					Carpark	24,810	
					Ancillary	3,088	
					Sub-total:	61,024	
2	Sichuan	Leshan	Leshan Amazon	No. 418 and No. 424, North Section of Longyou Road, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	1,292	Medium term lease
					Sub-total:	1,292	
3	Sichuan	Leshan	Leshan Times Square	No. 336, Baiyun Street, Shizhong District, Leshan, Sichuan Province	Shopping Mall	29,830	Medium term lease
					Carpark	4,504	
					Warehouse	961	
					Sub-total:	35,295	
4	Sichuan	Leshan	Leshan Amazon and Part of Times Square	No. 418 and No. 424, North Section of Longyou Road, and No.336, Baiyun Street, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	9,815	Medium term lease
					Carpark and Supporting Facilities	2,362	
					Sub-total:	12,177	
5	Jilin	Jilin	Jilin International Commerce Center	East of Caiyu Street, Jingyue Development Zone, Changchun City, Jilin Province	Shopping Mall	76,322	Medium term lease
Sub-total:	76,322						

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
6	Sichuan	Chengdu	Chengdu Leading Center	No. 3 and No. 5, Xiyu Street, Qingyang District, Chengdu, Sichuan Province	First-floor Commercial Area in Office	9,954	Medium term lease
					East and West Towers of Office	103,042	
					Carpark	25,611	
					Ancillary	8,658	
					Sub-total:	147,265	
7	Sichuan	Xindu	Gangji Hanxiangfu Preschool Gangji Famer's Market in Diexiang Manor	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province	Preschool	1,799	Medium term lease
					Farmer's Market	3,438	
					Sub-total:	5,237	
8	Sichuan	Panzhihua	Panzhihua Leading Yangguang Flower City	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province	Farm product market (農貿市場)	2,031	Medium term lease
					Sub-total:	2,031	
					Total:	340,643	

FINANCIAL REVIEW

Revenue

During the Year, the Group derived its revenue from four business lines, namely (i) sale of properties; (ii) commercial property operations; (iii) hotel operations; and (iv) project management.

Revenue of the Group decreased by 7.1% from approximately RMB15,054.7 million for the year ended 31 December 2021 to approximately RMB13,978.8 million for the year ended 31 December 2022, primarily due to the decrease in the revenue from sale of properties which is adversely affected by resurgence of COVID-19 during the Year. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	13,835,248	99.0	14,896,948	99.0
Commercial property operations	103,253	0.7	104,446	0.6
Hotel operations	28,888	0.2	49,202	0.3
Project management	11,418	0.1	4,097	0.1
Total	<u>13,978,807</u>	<u>100.0</u>	<u>15,054,693</u>	<u>100.0</u>

Sale of Properties

Revenue from sale of properties of the Group decreased by 7.1% from approximately RMB14,896.9 million for the year ended 31 December 2021 to approximately RMB13,835.2 million for the year ended 31 December 2022, primarily due to the decrease in the delivery of completed projects and GFA.

Commercial Property Operations

Revenue from commercial property operations of the Group decreased by 1.1% from approximately RMB104.4 million for the year ended 31 December 2021 to approximately RMB103.3 million for the year ended 31 December 2022, primarily due to the decrease in occupancy rates of the Group's investment properties during the Year.

Hotel Operations

Revenue from hotel operations of the Group decreased by 41.3% from approximately RMB49.2 million for the year ended 31 December 2021 to approximately RMB28.9 million for the year ended 31 December 2022, primarily due to the impact of the COVID-19 pandemic in 2022.

Project Management

Revenue from project management of the Group increased by 178.0% from approximately RMB4.1 million for the year ended 31 December 2021 to approximately RMB11.4 million for the year ended 31 December 2022, primarily due to the increase in the Group's project management work.

Cost of Sales

The Group's cost of sales primarily represents the costs it incurs directly for the property development activities as well as its commercial property, hotel and project management operations and the provisions for impairment of properties held during the Year. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land acquisition costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The cost of sales of the Group increased by 31.5% from approximately RMB12,146.6 million for the year ended 31 December 2021 to approximately RMB15,978.4 million for the year ended 31 December 2022, which was mainly due to the increase in the cost of property projects delivered and provision for the impairment losses of the properties held by the Group during the Year. The Group's properties under development and properties held for sale are stated at the lower of cost and net realizable value ("NRV"). NRV takes into account the price ultimately expected to be realised less estimated costs to be incurred in selling the properties. The Group recorded impairment losses of RMB3,245.9 million for the year as a result of writing down the carrying amounts of the properties under development and properties held for sale to their NRV.

Gross Profit and Gross Profit Margin

As the result of the foregoing, the Group recorded a gross loss of RMB1,999.6 million for the Year, representing a 168.8% decrease from the gross profit of RMB2,908.1 million for the year ended 31 December 2021.

Gross profit margin of the Group is approximately -14.3% for the year ended 31 December 2022.

Other Income

The Group's other income and gains primarily consist of interest income, management consulting service fees, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. The commercial compensation primarily represents (i) liquidated damages the Group received from property purchasers who defaulted on the payments due pursuant to their purchase agreements with the Group; and (ii) liquidated damages the Group received from the Group's property-developer business partners who breached their contracts with the Group.

Other income of the Group decreased by 48.6% from approximately RMB157.8 million for the year ended 31 December 2021 to approximately RMB81.1 million for the year ended 31 December 2022, primarily due to (i) the decrease in bank interest; and (ii) the decrease in the income from the disposal of investment properties in 2022.

Selling and Marketing Expenses

The Group's selling and marketing expenses mainly include advertising and marketing fees that the Group incurs in connection with the Group's pre-sales of properties, including the commission fees paid to third-party sales agents, as well as advertising and marketing fees incurred in relation to the leasing of the commercial properties the Group operates and manages.

Selling and marketing expenses of the Group increased by 0.5% from approximately RMB933.4 million for the year ended 31 December 2021 to approximately RMB938.1 million for the year ended 31 December 2022, which was primarily due to the increase in the commission fees as a result of the increased revenue contributed by third party sales agents.

Administrative Expenses

The Group's administrative expenses primarily include costs for management and administrative staff.

Administrative expenses of the Group decreased by 26.8% from approximately RMB651.4 million for the year ended 31 December 2021 to approximately RMB476.6 million for the year ended 31 December 2022, primarily due to the decrease in the number of the Company's staff from 1,111 as at 31 December 2021 to 802 as at 31 December 2022.

Fair Value Gain/Losses on Investment Properties

The Group develops and holds certain commercial areas in our properties on a long-term basis for rental, operating income or capital appreciation.

The Group recorded fair value losses on investment properties in the amount of approximately RMB433.8 million for the year ended 31 December 2022, as compared to fair value profits on investment properties in the amount of approximately RMB2.0 million for the year ended 31 December 2021. The change is primarily due to the resurgence of the COVID-19 pandemic in 2022 and the negative impact of the overall economic situation.

Finance Costs

The Group's finance costs mainly represents the Group's interest expenses on bank and other borrowing as well as interest from a significant financing component of contract liabilities, which is related to the pre-sale deposits the Group received from its customers, less capitalized interest relating to properties under development.

Finance costs of the Group increased by 55.6% from approximately RMB295.2 million for the year ended 31 December 2021 to approximately RMB459.3 million for the year ended 31 December 2022, primarily due to the decrease of capitalization rate of the interests.

Share of Profits and Losses of Joint Ventures and Associates

The Group recorded share of losses of joint ventures in the amount of approximately RMB144.2 million for the year ended 31 December 2022, as compared to share of profits of joint ventures in the amount of approximately RMB104.9 million for the year ended 31 December 2021. The change is primarily due to the decrease in the number of properties delivered by the Company's joint ventures.

The Group recorded share of losses of associates in the amount of approximately RMB16.4 million for the year ended 31 December 2022, as compared to share of profits of associates in the amount of approximately RMB5.6 million for the year ended 31 December 2021. The change is primarily due to the decrease in the number of properties delivered by the Company's associates.

Income Tax Expense

Income tax expenses represent corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

Income tax expenses of the Group increased by 0.1% from approximately RMB599.4 million for the year ended 31 December 2021 to approximately RMB599.7 million for the year ended 31 December 2022, primarily due to the increase of value added of the property project delivered during the Year which results in the increase of land value-added tax.

Profit/(Loss) for the Year

As a result of the foregoing, the Group recorded a net loss for the year of approximately RMB5,097.9 million for the year ended 31 December 2022, as compared to a profit of approximately RMB636.7 million for the year ended 31 December 2021.

Liquidity, Financial and Capital Resources

Property development require substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, the Group has funded its growth principally from cash generated from operations of the Group and borrowings from banks, and trust and other financings.

Following the continuous expansion of property portfolio of the Group, it is expected the saleable GFA of the Group will continue to increase from which the Group expects to generate additional operating cash. The Group intends to continue to monitor its development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds.

Cash Position

As at 31 December 2022, the Group had cash and bank balances of approximately RMB3,656.9 million (31 December 2021: RMB5,223.8 million), pledged deposits of approximately RMB126.7 million (31 December 2021: RMB147.2 million) and restricted cash of approximately RMB934.3 million (31 December 2021: RMB778.6 million).

Indebtedness

As at 31 December 2022, the Group had total indebtedness, including interest-bearing bank and other borrowings and lease liabilities, amounted to approximately RMB9,077.1 million (31 December 2021: approximately RMB11,974.9 million), of which RMB6,137.7 million was carried at fixed rates.

The following table sets forth the components of the Group's indebtedness as at the dates indicated:

	As at 31 December	
	2022	2021
	(RMB'000)	(RMB'000)
Non-current		
Bank loans — secured	3,156,543	5,454,927
Bank loans — unsecured	—	—
Other loans — secured	1,235,230	2,120,255
Other loans — unsecured	—	209,990
Non-current portion of lease liabilities	12,029	3,517
Current		
Bank loans — secured	—	—
Other loans — secured	—	—
Other loans (securities) — unsecured	845,818	950,991
Current portion of lease liabilities	6,101	2,703
Current portion of long term bank loans — secured	2,144,621	2,083,953
Current portion of long term other loans — secured	1,676,712	1,148,529
Total indebtedness	9,077,054	11,974,865

Note:

- (1) Other loans include financing arrangement with trust companies, asset management companies, other financial institutions and other third-party companies.

The following table sets forth the maturity profiles of the Group's bank and other borrowings as at the dates indicated:

	As at 31 December	
	2022 (RMB'000)	2021 (RMB'000)
Repayable within one year or on-demand	3,821,333	3,232,482
Repayable in the second year	2,170,232	3,924,755
Repayable in the third to fifth years, inclusive	1,061,938	2,173,379
Repayable beyond five years	1,159,603	1,687,038
Total	<u>8,213,106</u>	<u>11,017,654</u>

Net Gearing Ratio

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 0.99 times as at 31 December 2022 (31 December 2021: approximately 0.53 times). The increase in the net gearing ratio as at 31 December 2021 was mainly due to the loss recorded during the Year which results in the decrease of total equity.

Credit Risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk, deposits are mainly placed with licensed banks which are all high-credit-quality financial institutions.

The Group has no significant concentrations of credit risk in view of its large number of customers. The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Directors do not expect any significant losses from non-performance of these counterparties.

Liquidity Risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the planned property development projects in order to monitor its liquidity requirements in the short and long terms.

The Group has established a set of liquidity risk management measures, including budgeting, prudent land acquisition decisions, stringent cost control and alternative financing channels. Through these liquidity risk management measures, the Group aims to maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet the Group's liquidity requirements in the short and long term.

Foreign Exchange Risks

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 31 December 2022, among the Group's cash at bank and on hand and senior notes, RMB0.1 million and RMB845.8 million, was denominated in US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

Interest Rate Risk

The Group's exposure to changes in market interest rate relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use financial derivatives to hedge interest rate risk, and use variable rate bank borrowings and other borrowings to manage its interest cost.

Pledge of Assets

As at 31 December 2022, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB16,119.1 million (31 December 2021: approximately RMB20,564.7 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

Contingent Liabilities

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The following table sets forth the Group's total guarantees as at the dates indicated:

	As at 31 December	
	2022 (RMB'000)	2021 (RMB'000)
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	15,170,056	17,686,613
Guarantees given to banks and other institutions in connection with facilities granted to related parties	124,980	978,468
Total	<u>15,295,036</u>	<u>18,665,081</u>

Note:

All guarantees provided by or to the Controlling Shareholders and their respective close associates on the borrowings of the Group or the Controlling Shareholders and their respective close associates had been fully released immediately before the listing.

Commitment

As at 31 December 2022, the Group's capital commitment it had contracted but yet provided for was RMB11,677.6 million, compared with RMB13,220.6 million as at 31 December 2021.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the Year.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had 1,177 employees (31 December 2021: 1,249 employees). For the year ended 31 December 2022, the staff cost recognised as expenses of the Group amounted to RMB335.8 million (31 December 2021: RMB627.9 million).

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees' remuneration package to include a salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion.

As required by PRC regulations, the Group make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. When there are employees who leave the scheme prior to becoming fully vested in the contribution, the amount of the forfeited contribution will be used to reduce future contribution payable by the Group.

The Directors and members of the senior management receive compensation from the Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The Board will review and determine the remuneration and compensation packages of the Directors and senior management, and will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

SUBSEQUENT EVENTS

Subsequent to 31 December 2022, the Group failed to settle the interest payment amounting to RMB51,016,000 of a senior note in January 2023, resulting in the default of this senior note with an aggregate principal amount of RMB831,782,000. For details, please refer to note 13.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 13 June 2022, the Company commenced offers to exchange for at least US\$110,457,000, or 90% with respect to the outstanding 12.0% senior notes due 2022 (stock code: 40739) (the "**June 2022 Notes**") in accordance with the terms and conditions set out in the exchange offer memorandum dated 13 June 2022 (the "**Exchange Offer**").

On 24 June 2022, all conditions precedent to the Exchange Offer have been fulfilled and the Exchange Offer has been completed. Pursuant to the terms and conditions of the Exchange Offer, a total of US\$119,430,000 in principal amount of the June 2022 Notes were validly tendered for exchange and accepted by the Company. In exchange of the June 2022 Notes validly tendered and accepted, the Company has issued US\$119,430,000 of the new notes (the "**New Notes**") pursuant to the Exchange Offer. The New Notes bear interest from and including 24 June 2022 at the rate of 12.0% per annum, payable on 24 December 2022 and 23 June 2023. For further details, please refer to the announcements of the Company dated 13 June 2022, 20 June 2022 and 23 June 2022, 24 June 2022 and 30 June 2022.

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

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “**AGM**”) will be convened and held on Monday, 19 June 2023. A notice convening the AGM will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited and despatched to the Shareholders in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited the (“**Stock Exchange**”) (the “**Listing Rules**”) in due course. For the purpose of determination of eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 14 June 2023 to Monday, 19 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Monday, 19 June 2023, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Tuesday, 13 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules. Except for the deviation from code provision C.2.1 of the CG Code, the Company has complied with the code provisions as set out in the CG Code. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Save for the deviation from code provision C.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with the CG Code for the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2022.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the year ended 31 December 2022.

REVIEW OF THE ANNOUNCEMENT BY THE AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2022. The Audit Committee and the Company’s management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2022.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2022. The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the announcement have been agreed with the auditor of the Company, Ernst & Young, Certified Public Accountants of Hong Kong (“**Ernst & Young**”).

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report from Ernst & Young, the auditor of the Company:

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Leading Holdings Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB5,097,882,000 for the year ended 31 December 2022. As at 31 December 2022, the Group's total bank and other borrowings and senior notes amounted to RMB9,058,924,000, out of which RMB4,667,151,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB2,595,964,000. As at 31 December 2022, the Group failed to repay an aggregate principal amount of RMB155,657,000 for certain senior notes and certain interest-bearing bank and other borrowings according to their scheduled repayment dates, giving rise to certain interest-bearing bank and other borrowings with a total amount of RMB237,140,000 becoming cross-defaulted. Subsequent to 31 December 2022, the Group failed to settle the interest payment amounting to RMB51,016,000 of a senior note in January 2023, resulting in the default of this senior note with an aggregate principal amount of RMB831,782,000. In addition, a winding-up petition was filed by a senior note holder against the Company on 27 September 2022. These conditions, together with other matters disclosed in note 2.1 to the financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group can: (i) successfully complete the holistic restructuring of its senior notes; (ii) successfully dismiss the winding-up petitions; (iii) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings; (iv) successfully secure project development loans for qualified project development; (v) successfully obtain additional new sources of financing as and when needed; (vi) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties; (vii) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (viii) successfully dispose of the Group's equity interests in project development companies when suitable.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and 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 the consolidated financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.leading-group.com). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Leading Holdings Group Limited
Liu Yuhui
Chairman

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Mr. Liu Yuhui, Mr. Luo Changlin and Ms. Hou Xiaoping as executive Directors and Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.