

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# LOGAN

## 龙光集团

**Logan Group Company Limited**

**龍光集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3380)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **INTERIM RESULTS HIGHLIGHTS**

- The contracted sales amounted to RMB12.45 billion.
- Revenue amounted to RMB13.86 billion.
- Net loss for the six months ended 30 June 2023 amounted to RMB1,760 million. The loss is mainly due to (i) the decrease in gross profit margin and the period-on-period decline in sales due to the continuing downturn of the real estate industry; (ii) the increase in provision for impairment of inventories; and (iii) the effect of foreign exchange fluctuations.
- Total assets amounted to RMB269.33 billion, and net assets amounted to RMB42.03 billion.

## INTERIM RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**” or “**Logan Group**”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six-month period ended 30 June 2023 (the “**Period**”), together with the comparative figures for the 2022 interim period. These interim results have also been reviewed by the Audit Committee of the Company.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

		Six months ended 30 June	
		2023	2022
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>13,859,041</b>	12,629,410
Cost of sales		<u>(14,724,554)</u>	<u>(10,871,479)</u>
<b>Gross (loss)/profit</b>		<b>(865,513)</b>	1,757,931
Other income and gains	4	<b>339,660</b>	143,603
Other expenses		<b>(36,858)</b>	(332,543)
Selling and marketing expenses		<b>(480,473)</b>	(692,944)
Administrative expenses		<b>(437,579)</b>	(680,657)
Fair value gains on investment properties, net		<b>52,028</b>	269,798
Fair value losses on derivative financial instruments, net		—	(4,082)
Share of losses of associates and joint ventures, net		<u>(115,425)</u>	<u>(148,541)</u>
<b>(Loss)/profit from operations</b>		<b>(1,544,160)</b>	312,565
Finance costs	5	<u>(586,767)</u>	<u>(734,486)</u>
<b>Loss before tax</b>	6	<b>(2,130,927)</b>	(421,921)
Income tax credit/(expense)	7	<u>371,030</u>	<u>(289,267)</u>
<b>Loss for the period</b>		<u><b>(1,759,897)</b></u>	<u>(711,188)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***For the six months ended 30 June 2023*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Attributable to:			
— Owners of the parent		<b>(1,912,641)</b>	<b>(540,565)</b>
— Non-controlling interests		<b>152,744</b>	<b>(170,623)</b>
		<b><u>(1,759,897)</u></b>	<b><u>(711,188)</u></b>
<b>Loss per share attributable to ordinary equity holders of the parent (RMB cents)</b>			
	<i>8</i>		
— Basic		<b><u>(34.60)</u></b>	<b><u>(10.90)</u></b>
— Diluted		<b><u>(34.60)</u></b>	<b><u>(10.90)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b><u>(1,759,897)</u></b>	<b><u>(711,188)</u></b>
<b>Other comprehensive expense</b>		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(998,204)</u>	<u>(913,633)</u>
<b>Total comprehensive expense for the period</b>	<b><u>(2,758,101)</u></b>	<b><u>(1,624,821)</u></b>
Attributable to:		
Owners of the parent	(2,910,845)	(1,454,198)
Non-controlling interests	<u>152,744</u>	<u>(170,623)</u>
	<b><u>(2,758,101)</u></b>	<b><u>(1,624,821)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>Non-current assets</b>			
Investment properties	9	37,852,402	37,579,008
Other property, plant and equipment		183,091	197,665
Deferred tax assets		2,037,518	2,085,963
Investments in associates		3,709,292	3,779,486
Investments in joint ventures		16,690,974	18,854,096
Trade and other receivables, prepayments and other assets		<u>572,829</u>	<u>572,829</u>
Total non-current assets		<u>61,046,106</u>	<u>63,069,047</u>
<b>Current assets</b>			
Inventories		155,762,444	148,123,695
Trade and other receivables, prepayments and other assets	10	31,482,074	44,981,837
Tax recoverable		4,361,178	4,405,810
Assets under cross-border guarantee arrangements		2,364,679	3,639,473
Cash and bank balances		<u>14,318,287</u>	<u>14,101,705</u>
Total current assets		<u>208,288,662</u>	<u>215,252,520</u>
<b>Current liabilities</b>			
Trade and other payables	11	54,731,681	50,807,546
Contract liabilities		55,251,962	56,844,029
Liabilities under cross-border guarantee arrangements		2,743,493	4,755,373
Bank and other loans		30,825,846	30,382,995
Senior notes		10,248,150	7,976,225
Other current liabilities		19,968,020	21,910,680
Tax payable		<u>7,425,379</u>	<u>8,341,615</u>
Total current liabilities		<u>181,194,531</u>	<u>181,018,463</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

30 June 2023

	<b>30 June 2023</b>	31 December 2022
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Net current assets</b>	<u><b>27,094,131</b></u>	<u>34,234,057</u>
<b>Total assets less current liabilities</b>	<u><b>88,140,237</b></u>	<u>97,303,104</u>
<b>Non-current liabilities</b>		
Bank and other loans	<b>23,035,536</b>	21,710,828
Senior notes	—	—
Corporate bonds	<b>17,047,471</b>	17,694,157
Deferred tax liabilities	<u><b>6,027,505</b></u>	<u>6,028,469</u>
<b>Total non-current liabilities</b>	<u><b>46,110,512</b></u>	<u>45,433,454</u>
<b>Net assets</b>	<u><u><b>42,029,725</b></u></u>	<u><u>51,869,650</u></u>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>450,227</b>	450,227
Perpetual capital securities	<b>2,363,346</b>	2,363,346
Reserves	<u><b>30,988,969</b></u>	<u>33,969,155</u>
	<b>33,802,542</b>	36,782,728
<b>Non-controlling interests</b>	<u><b>8,227,183</b></u>	<u>15,086,922</u>
<b>Total equity</b>	<u><u><b>42,029,725</b></u></u>	<u><u>51,869,650</u></u>

## NOTES

*For the six months ended 30 June 2023*

### 1. BASIS OF PRESENTATION

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the “**USD Senior Notes**”) and HKD denominated equity-linked securities (the “**HKD ELS**”). In addition, since 25 August 2022 and up to the approval date of the interim financial information, the Group suspended the repayment of the principal amount of US\$300 million 7.5% senior notes due in 2022 issued on 25 February 2019, the principal amount of US\$450 million 5.25% senior notes due in 2023 issued on 23 May 2017 and the principal amount of US\$400 million 6.50% senior notes due in 2023 issued on 16 July 2019. As of 30 June 2023, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,962 million) and the aggregate unpaid interest amounted to US\$203 million (RMB1,456 million). The non-payment of the principal of the relevant USD Senior Notes and HKD ELS and the relevant interest accrued may lead to the Company’s creditors demanding acceleration of repayments.

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

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

Further disclosed in the Company’s announcement dated 22 May 2023 and 18 July 2023, the hearing for Hong Kong Petitions have been adjourned to 18 September 2023.

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

## 1. BASIS OF PRESENTATION (CONTINUED)

As of 30 June 2023, the total current assets of the Group amounted to RMB208,289 million, of which cash and cash equivalents amounted to RMB14,318 million. The total current liabilities of the Group amounted to RMB181,195 million. In view of the prevailing slowdown of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In view of the aforesaid, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

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

The Directors have reviewed the Group’s cash flow projections prepared by the management, which cover a period of not less than fifteen months from 30 June 2023. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations or financial obligations upon agreement of the holistic liability management solution as and when they fall due in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful renewal of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution (as defined in the announcement of the Company dated 7 August 2022), the Petitioner and the Group entered into an agreement for the repayment arrangement;
- (b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditure so as to generate adequate net cash inflows; and
- (c) the successful disposal of assets or urban redevelopment projects, as and when needed.

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



## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information of the Group (the “**interim financial information**”) for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2022.

This interim financial information has been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. This interim financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

In the current period, the Group has applied the following new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s interim financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim financial information.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the interim financial information.

### 3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment comprised of (i) develops and sells residential and commercial properties, retail shops and office units; (ii) sells land held for development; (iii) engages in construction of office premises and residential buildings; (iv) provides decoration services for external customers; and (v) provides interior decoration services to property buyers; and
- (b) the property operation segment which is the lease of office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties' values in the long term.

The Group's revenue from external customers from each operating segment is set out in note 3 below.

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

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

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

	Property development <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended 30 June 2023</b>			
(Unaudited)			
Revenue from external customers	13,698,810	160,231	13,859,041
Inter-segment revenue	—	7,957	7,957
	<u>13,698,810</u>	<u>168,188</u>	<u>13,866,998</u>
Reportable segment revenue	<u>13,698,810</u>	<u>168,188</u>	<u>13,866,998</u>
Reportable segment (losses)/profit	<u>(1,801,264)</u>	<u>132,012</u>	<u>(1,669,252)</u>
	Property development <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended 30 June 2022 (Represented)</b>			
(Unaudited)			
Revenue from external customers	12,501,036	128,374	12,629,410
Inter-segment revenue	—	31,825	31,825
	<u>12,501,036</u>	<u>160,199</u>	<u>12,661,235</u>
Reportable segment revenue	<u>12,501,036</u>	<u>160,199</u>	<u>12,661,235</u>
Reportable segment profit	<u>402,605</u>	<u>123,563</u>	<u>526,168</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### *Reconciliation of reportable segment revenue and profit or loss*

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Represented)
<b>Revenue</b>		
Reportable segment revenue	13,866,998	12,661,235
Elimination of inter-segment revenue	<u>(7,957)</u>	<u>(31,825)</u>
Consolidated revenue	<u><b>13,859,041</b></u>	<u>12,629,410</u>
<b>Loss</b>		
Reportable segment (losses)/profit	(1,669,252)	526,168
Elimination of inter-segment losses	<u>2,773</u>	<u>18,707</u>
Reportable segment (losses)/profit derived from the Group's external customers	(1,666,479)	544,875
Other income and gains	339,660	143,603
Other expenses	(36,858)	(332,543)
Depreciation	(23,140)	(21,464)
Finance costs	(586,767)	(734,486)
Share of losses of associates and joint ventures, net	(115,425)	(148,541)
Fair value gains on investment properties, net	52,028	269,798
Fair value losses on derivative financial instrument, net	—	(4,082)
Unallocated head office and corporate expenses	<u>(93,946)</u>	<u>(139,081)</u>
Consolidated loss before tax	<u><b>(2,130,927)</b></u>	<u>(421,921)</u>

#### **Geographical information**

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

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

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of properties*	13,352,499	10,549,914
Development management income	443,637	2,009,767
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	162,450	131,511
	<u>13,958,586</u>	<u>12,691,192</u>
Less: sales related taxes	(99,545)	(61,782)
	<u><u>13,859,041</u></u>	<u><u>12,629,410</u></u>

\* The invoiced amount billed to buyers of properties for the six months ended 30 June 2023 was RMB14,499,832,000 (six months ended 30 June 2022: RMB11,456,621,000), including value-added tax of RMB1,147,333,000 (six months ended 30 June 2022: RMB906,707,000).

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

For the six months ended 30 June 2023

(Unaudited)	Property development <i>RMB'000</i>
Timing of revenue recognition:	
Goods transferred at a point in time	12,652,431
Goods transferred over time	604,350
Services transferred over time	442,029
	<u>13,698,810</u>
Total revenue from contracts with customers	<u><u>13,698,810</u></u>

#### 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

*For the six months ended 30 June 2022 (Represented)*

(Unaudited)	Property development <i>RMB'000</i>
Timing of revenue recognition:	
Goods transferred at a point in time	8,359,128
Goods transferred over time	2,139,253
Services transferred over time	<u>2,002,655</u>
Total revenue from contracts with customers	<u><u>12,501,036</u></u>

#### Other income and gains

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Bank interest income	<b>96,913</b>	40,068
Interest income on amounts due from associates and joint ventures	<b>134,149</b>	344,554
Forfeiture income on deposits received	<b>20,248</b>	43,062
Loss on disposal of subsidiaries	<b>(46,060)</b>	(35,991)
(Loss)/gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	<b>(4,086)</b>	162,790
Gain on bargain purchase	<b>28,970</b>	—
Gain/(loss) on disposal of joint ventures, net	<b>10,155</b>	(431,702)
Foreign exchange differences, net	<b>52,529</b>	—
Others	<b>46,842</b>	<u>20,822</u>
	<u><b>339,660</b></u>	<u><u>143,603</u></u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and borrowings	1,150,988	1,353,205
Interest on senior notes	676,785	739,030
Interest on corporate bonds	428,037	436,333
	<u>2,255,810</u>	<u>2,528,568</u>
Less: Interest capitalised	<u>(1,669,043)</u>	<u>(1,794,082)</u>
	<u>586,767</u>	<u>734,486</u>

## 6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	12,305,023	9,133,879
Cost of services provided	419,531	1,737,600
Depreciation of other property, plant and equipment	27,003	27,791
Less: Amount capitalised	<u>(3,863)</u>	<u>(6,327)</u>
	<u>23,140</u>	<u>21,464</u>
Equity-settled share option expense	3,959	11,793
Loss on disposal of items of other property, plant and equipment	588	17
Write-down of inventories to net realisable value*	2,000,000	223,900
Foreign exchange differences, net	<u>(52,529)</u>	<u>32,601</u>

\* Item is included in "Cost of Sales" in the condensed consolidated statement of profit or loss.

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2023. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current (credit)/charge for the period:		
PRC CIT	(597,861)	524,452
PRC LAT	191,719	258,398
	<u>(406,142)</u>	<u>782,850</u>
Deferred	35,112	(493,583)
	<u>(371,030)</u>	<u>289,267</u>

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount for the six months ended 30 June 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period.

The calculation of the diluted loss per share amount for the six months ended 30 June 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.



## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss</b>		
Loss attributable to owners of the parent	<b>(1,912,641)</b>	(540,565)
Distribution related to perpetual capital securities	—	(79,195)
	<u>—</u>	<u>(79,195)</u>
Loss used in the basic and diluted loss per share calculations	<b><u>(1,912,641)</u></b>	<b><u>(619,760)</u></b>
<b>Number of shares</b>		
<b>Six months ended 30 June</b>		
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic loss per share calculation	<b>5,527,178</b>	5,685,717
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	—
	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period, used in the diluted loss per share calculation	<b><u>5,527,178</u></b>	<b><u>5,685,717</u></b>

No adjustment for dilution has been made to the basic loss per share presented for the six months ended 30 June 2023 and 2022 as the Company's share options has anti-dilutive effect on the basic loss per share presented.

## 9. INVESTMENT PROPERTIES

The Group's investment properties and investment properties under construction were revalued on 30 June 2023 based on valuations performed by APAC Asset Valuation and Consulting Limited, independent professionally qualified valuers, or the Group's internal assessment.

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

## 9. INVESTMENT PROPERTIES (CONTINUED)

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

During the period, the net increase in fair value of investment properties and investment properties under construction amounted to RMB52,028,000 (six months ended 30 June 2022: RMB269,798,000), additions in investment properties and investment properties under construction amounted to RMB185,053,000 (six months ended 30 June 2022: RMB309,246,000), additions in investment properties (through acquisition of subsidiary), amounting to Nil (six months ended 30 June 2022: RMB57,400,000).

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

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

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

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

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

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 30 days	210,961	145,021
31 to 90 days	217,411	89,172
91 to 180 days	451,433	353,956
181 to 365 days	518,685	1,178,178
	<u>1,398,490</u>	<u>1,766,327</u>

## 11. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2023 is an aggregate trade payables balance of RMB25,203,184,000 (year ended 31 December 2022: RMB22,696,517,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Current to 30 days	4,074,101	3,381,902
31 to 90 days	2,670,246	1,533,453
91 to 180 days	4,804,166	3,010,307
181 to 365 days	4,870,835	7,893,801
Over 365 days	<u>8,783,836</u>	<u>6,877,054</u>
	<u><b>25,203,184</b></u>	<u><b>22,696,517</b></u>

The trade payables are non-interest-bearing.

## 12. DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 13. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current period's presentation.

## **EXTRACT OF INDEPENDENT REVIEW REPORT**

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the interim financial information. The events and conditions stated in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of the Company, I hereby present the interim results of the Group for the six months ended 30 June 2023.

In the first half of 2023, facing the complicated and changing international environments, China's central government has coordinated efforts to promote economic development and continued to expand domestic effective demand through various effective measures. China's GDP increased steadily by 5.5%. China's real estate industry is still in an adjustment cycle. China's national real estate development investment was RMB5,855 billion, representing a year-on-year decrease of 7.9%. Among them, residential investment was RMB4,443.9 billion, down by 7.3% year-on-year. The sales area of commercial housing was 595.15 million square meters, representing a year-on-year decrease of 5.3%, of which the sales area of residential buildings decreased by 2.8% year-on-year.

With complicated situations in both China and abroad, the recovery in confidence of China's real estate industry is slow. Facing industry challenges, the Group strengthened its strategic focus, responded proactively, and spared no effort in stabilizing operations, ensuring property deliveries, promoting sales, capturing cash inflows, and controlling costs and expenses, so as to maintain production and operation stability and the stability of the core team. In the first half of the year, the Group completed delivery of more than 40 batches of projects and nearly 24,000 units, demonstrating the Company's proactive efforts and sense of responsibility amidst industry challenges.

In the first half of 2023, the Group continued to focus on differentiated high-quality products and continuously improved product innovation. It won three awards at the Idea-Tops Award, known as the “Oscars” in international space design, namely the Exhibition Design City Top 10 Award received by Shenzhen Logan • One Splendid Park (深圳龍光•錦繡公園壹號), and the Community Landscape Design Global Top 5 Award and a Commercial Architectural Design Finalist Award received by Shantou Logan • Fairyland Coastal Garden (汕頭龍光•天境海岸花園).

On 24 February 2023, the Group was included as a constituent stock of the Hang Seng Composite Index, and was selected as a constituent stock of the “Hong Kong Stock Connect” of the Shenzhen and Shanghai Stock Exchanges in March, meeting the standards of mainstream institutional investors in terms of market capitalization and liquidity indicators.

The Group's onshore open market debt extension was completed in December 2022, and the Group is actively promoting the process of the onshore and offshore holistic liability management solutions. The Group will continue to actively communicate with all creditors and treat all creditors fairly. After the approval and implementation of the offshore holistic liability management solutions, the Group will be able to ease the

pressure of onshore and offshore debt repayment, facilitate a virtuous cycle of production and operation of property development business, improve the capital structure, realize the potential value of assets, enhance the Group's operating cash flow, and safeguard the interests of the Group's onshore and offshore creditors and relevant stakeholders.

In July 2023, China's central government continued to introduce policies to promote the stable and healthy development of the private-sector economy and the real estate industry. At the meeting of the Political Bureau of the CPC Central Committee, it was pointed out that, in order to adapt to the new situation of major changes in the relationship between supply and demand in China's real estate market, real estate related policies should be adjusted and optimized in a timely manner, and various types of idle properties should be revitalized and transformed. The State Council issued policies including "Opinions on Promoting the Development and Growth of the Private Economy" and "Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Super-large and Mega-cities". As a listed private enterprise, the Group will actively respond to the national policy call for promoting the development and growth of the private-sector economy, resolutely fulfill the Group's mission and corporate responsibility, continue to improve product qualities and service capabilities.

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all shareholders, investors, partners, customers and the community for your trust and support. The Group will continue to work hard in the future, follow the development values of transparency, health and fairness, actively respond to new situations and new cycles of the property industry.

**Kei Hoi Pang**

*Chairman*

Hong Kong

30 August 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overall Review

For the six-month period ended 30 June 2023, the revenue of the Group was RMB13,859.0 million, representing an increase of approximately 9.7% as compared with the corresponding period of 2022. Loss for the Period amounted to RMB1,760 million.

#### Property Development

##### *Contracted sales*

In the first half of 2023, the Company continued to utilize its market advantages in the Greater Bay Area and Yangtze River Delta Region and achieved sales performance to a certain extent. For the Period, the Group attained contracted sales of approximately RMB12,453.8 million. For the contracted sales in the first half of 2023, Greater Bay Area, Yangtze River Delta Region, Southwest Region, Singapore and other regions accounted for approximately 34.8%, 24.9%, 17.2%, 0% and 23.1%, respectively. The contracted sales were mainly generated from Greater Bay Area, Yangtze River Delta Region and Southwest Region. In the second half of 2023, the key projects intended to be launched by the Group include Shenzhen Logan • One Splendid Park (深圳龍光•錦繡公園壹號), Hong Kong The Corniche (香港凱玥), Shenzhen Jiurong Mansion (深圳玖榕府) and Huizhou Logan City (惠州龍光城).

Region	Amount (RMB million)	Contracted sales in the first half of 2023			ASP <sup>1</sup> (RMB/ sq.m.)
		Percentage	Total GFA <sup>1</sup> (sq.m.)	Percentage	
Greater Bay Area	4,338	34.8%	237,959	29.2%	17,855
Yangtze River Delta Region	3,095	24.9%	130,779	16.0%	23,618
Southwest Region	2,148	17.2%	163,449	20.0%	12,964
Singapore	0	0%	0	0%	0
Other regions	2,873	23.1%	283,277	34.8%	9,753
Total	<u>12,454</u>	<u>100%</u>	<u>815,464</u>	<u>100%</u>	<u>14,984</u>

Note:

1. Excluding car parking spaces

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

In the first half of 2023, the Group commenced construction of a total of 5 projects or new project phases with a total planned GFA of approximately 0.36 million sq.m..

### ***Completed projects***

In the first half of 2023, the Group completed 41 projects or project phases with a total planned GFA of approximately 3.39 million sq.m..

### ***Developing projects***

As at 30 June 2023, the Group had a total of 101 projects or project phases under construction with a total planned GFA of approximately 18.76 million sq.m..

### ***Land Reserves***

For the six months ended 30 June 2023, the Group did not acquire any new projects through public tendering, auction or listing.

As at 30 June 2023, the total GFA of the land reserves of the Group amounted to approximately 27,068,221 sq.m.\*, in which Greater Bay Area and Yangtze River Delta Region accounted for about 75%, if calculated by land value.

#### **Land reserves as at 30 June 2023**

	<b>GFA</b> <i>(sq.m.)</i>	<b>Percentage</b>
Greater Bay Area	13,054,907	48.2%
Southwest Region	6,357,957	23.5%
Yangtze River Delta Region	2,083,610	7.5%
Singapore	19,321	0.1%
Other Regions	5,552,426	20.7%
Total	<u>27,068,221*</u>	<u>100.0%</u>

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



## FINANCIAL REVIEW

### Performance Highlights

	For the six-month period ended 30 June		
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Changes %
<b>Revenue</b>	<b>13,859,041</b>	12,629,410	9.7
Among which: Property development	<b>13,698,810</b>	12,501,036	9.6
Property operation income	<b>160,231</b>	128,374	24.8
<b>Gross (loss)/profit</b>	<b>(865,513)</b>	1,757,931	-149.2
<b>(Loss)/profit for the year</b>			
— Attributable to equity shareholders	<b>(1,912,641)</b>	(540,565)	253.8
— Attributable to non-controlling shareholders	<b>152,744</b>	(170,623)	189.5
— Total	<b>(1,759,897)</b>	(711,188)	147.5
	<b>30 June 2023 <i>RMB'000</i></b>	<b>31 December 2022 <i>RMB'000</i></b>	<b>Changes %</b>
<b>Total assets</b>	<b>269,334,768</b>	278,321,567	-3.2
<b>Cash and bank balances</b>	<b>14,318,287</b>	14,101,705	1.5
<b>Total equity</b>	<b>42,029,725</b>	51,869,650	-19.0
<b>Total equity attributable to equity shareholders</b>	<b>33,802,542</b>	36,782,728	-8.1
<b>Key financial ratios</b>			
Gross profit margin <sup>(1)</sup>	<b>8.2%</b>	13.9%	
Asset/liability ratio <sup>(2)</sup>	<b>80.4%</b>	76.6%	

Notes:

- (1) Gross profit margin:  $\text{Gross profit adjusted for impairment provision for inventory} \div \text{Revenue} \times 100\%$
- (2) Asset/liability ratio:  $\text{Total liabilities deducting contract liabilities} \div \text{Total assets deducting contract liabilities} \times 100\%$

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB13,859.0 million, representing an increase of approximately RMB1,229.6 million, or approximately 9.7%, as compared with the corresponding period of 2022, primarily due to the increase in revenue from property development as compared to the corresponding period of 2022. Revenue from property development for the six-month period ended 30 June 2023 amounted to approximately RMB13,698.8 million, representing an increase of approximately 9.6% as compared to RMB12,501.0 million in the corresponding period of 2022. Greater Bay Area, Southwest Region, Yangtze River Delta Region, Singapore and other regions contributed to the revenue from property development in the first half of 2023, accounting for 48.8%, 30.7%, 13.5%, 4.4% and 2.6%, respectively.

	<b>Revenue from property development as at 30 June 2023</b>	
	<b>Amount</b>	
	<i>(RMB Million)</i>	<i>Percentage</i>
Greater Bay Area	6,686	48.8%
Southwest Region	4,202	30.7%
Yangtze River Delta Region	1,850	13.5%
Singapore <sup>1</sup>	604	4.4%
Other regions	357	2.6%
	<hr/>	<hr/>
Total	<u>13,699</u>	<u>100%</u>

<sup>1</sup> Goods transferred over time

## *(II) Cost of sales*

The cost of sales of the Group for the six-month period ended 30 June 2023 increased by approximately RMB3,853.1 million to RMB14,724.6 million, or approximately 35.4%, as compared with the corresponding period of 2022, primarily due to the increase in the delivered area as compared with the corresponding period of 2022. In addition, the Group has made an inventory impairment provision of approximately RMB2,000.0 million due to the sharp decline in the industry in 2023. Key components of costs are as follows:

	For the six-month period ended 30 June		
	2023	2022	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	%
Total cost of sales	<b>14,724,554</b>	10,871,479	35.4%
— Property development	<b>14,710,871</b>	10,849,280	35.6%
— Property operation	<b>13,683</b>	22,199	−38.4%

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

The selling and marketing expenses of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB480.5 million (the corresponding period of 2022 was approximately RMB692.9 million). The relevant selling and marketing expenses decreased by approximately 30.7% as compared with the corresponding period of 2022.

The administrative expenses of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB437.6 million (the corresponding period of 2022 was approximately RMB680.7 million), representing an decrease of approximately 35.7% as compared with the corresponding period of 2022. The decrease was primarily due to the decrease in staff costs.

## *(IV) Finance costs*

The net finance costs of the Group for the six-month period ended 30 June 2023 decreased to approximately RMB586.8 million (the corresponding period of 2022 was approximately RMB734.5 million).

## *(V) Tax*

Taxes of the Group for the six-month period ended 30 June 2023 mainly included corporate income tax (“CIT”) and land appreciation tax (“LAT”). Taking into account the impact of the relevant changes in deferred tax, the net LAT amounted to approximately RMB191.7 million, while the net CIT represented a reversal of RMB597.9 million.

## *(VI) Liquidity and financial resources*

As at 30 June 2023, total assets of the Group amounted to approximately RMB269,334.8 million (31 December 2022: approximately RMB278,321.6 million), of which current assets amounted to approximately RMB208,288.7 million (31 December 2022: approximately RMB215,252.5 million). Total liabilities amounted to approximately RMB227,305.0 million (31 December 2022: approximately RMB226,451.9 million), of which non-current liabilities amounted to approximately RMB46,110.5 million (31 December 2022: approximately RMB45,433.5 million). Total equity amounted to approximately RMB42,029.7 million (31 December 2022: approximately RMB51,869.7 million), of which total equity attributable to owners of the parent amounted to RMB33,802.5 million (31 December 2022: approximately RMB36,782.7 million).

As at 30 June 2023, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale and other receivables.

## **CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION**

The Company has been committed to utilising modern corporate governance systems. The Company has established a professional management team to enhance the level of corporate governance of the Group. Through an employee incentive mechanism, benefits of the management team are fully in line with that of the Company, so as to create the greatest value for shareholders of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and enhance corporate value. The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2023.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the 2023 interim results announcement and the unaudited interim financial information of the Group for the six months ended 30 June 2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all directors, the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## **PUBLICATION OF INTERIM REPORT**

The 2023 interim report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.logangroup.com](http://www.logangroup.com)) in due course.

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

Hong Kong, 30 August 2023

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