

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 2024

INTERIM RESULTS HIGHLIGHTS

- Contracted sales amounted to RMB5.32 billion.
- Revenue amounted to RMB14.05 billion.
- Net loss for the six months ended 30 June 2024 amounted to RMB1.8 billion. The continuing loss is mainly due to (i) the gross profit margin remaining at a low level due to the continuing downturn of the real estate industry; and (ii) provision for impairment of inventories.
- Total assets amounted to RMB226.49 billion, current assets amounted to RMB171.62 billion, and current ratio was 1.08.

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 2024 (the “**Period**”), together with the comparative figures for the 2023 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 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	14,053,364	13,859,041
Cost of sales		<u>(15,727,236)</u>	<u>(14,724,554)</u>
Gross loss		(1,673,872)	(865,513)
Other income and gains	4	85,991	339,660
Other expenses		(52,820)	(36,858)
Selling and marketing expenses		(394,503)	(480,473)
Administrative expenses		(367,662)	(437,579)
Fair value (losses) gains on investment properties, net		(36,799)	52,028
Fair value gains on derivative financial instruments		4,465	—
Share of profits (losses) of associates and joint ventures, net		<u>94,368</u>	<u>(115,425)</u>
Loss from operations		(2,340,832)	(1,544,160)
Finance costs	5	<u>(1,126,364)</u>	<u>(586,767)</u>
Loss before tax	6	(3,467,196)	(2,130,927)
Income tax credit	7	<u>1,667,081</u>	<u>371,030</u>
Loss for the period		<u>(1,800,115)</u>	<u>(1,759,897)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the six months ended 30 June 2024*

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
— Owners of the parent		(1,536,487)	(1,912,641)
— Non-controlling interests		(263,628)	152,744
		<u>(1,800,115)</u>	<u>(1,759,897)</u>
Loss per share attributable to ordinary equity holders of the parent (RMB cents)			
	<i>8</i>		
— Basic		<u>(27.80)</u>	<u>(34.60)</u>
— Diluted		<u>(27.80)</u>	<u>(34.60)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	<u>(1,800,115)</u>	<u>(1,759,897)</u>
Other comprehensive expense		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(196,348)</u>	<u>(998,204)</u>
Total comprehensive expense for the period	<u>(1,996,463)</u>	<u>(2,758,101)</u>
Attributable to:		
Owners of the parent	<u>(1,732,835)</u>	<u>(2,910,845)</u>
Non-controlling interests	<u>(263,628)</u>	<u>152,744</u>
	<u>(1,996,463)</u>	<u>(2,758,101)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties	9	38,878,928	39,291,659
Other property, plant and equipment		259,695	297,232
Deferred tax assets		1,113,611	1,517,135
Investments in associates		3,306,259	3,798,204
Investments in joint ventures		<u>11,310,828</u>	<u>10,982,752</u>
 Total non-current assets		 <u>54,869,321</u>	 <u>55,886,982</u>
Current assets			
Inventories		133,703,066	149,905,175
Trade and other receivables, prepayments and other assets	10	24,794,486	25,567,080
Tax recoverable		3,621,438	3,851,278
Assets under cross-border guarantee arrangements		—	—
Cash and bank balances		<u>9,500,074</u>	<u>13,171,546</u>
 Total current assets		 <u>171,619,064</u>	 <u>192,495,079</u>
Current liabilities			
Trade and other payables	11	64,199,338	63,172,411
Contract liabilities		14,405,148	26,286,356
Liabilities under cross-border guarantee arrangements		834,984	829,074
Bank and other loans		46,905,157	34,068,321
Senior notes		13,350,493	11,134,222
Other current liabilities		17,985,040	19,409,908
Tax payable		<u>1,716,579</u>	<u>8,489,362</u>
 Total current liabilities		 <u>159,396,739</u>	 <u>163,389,654</u>

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

30 June 2024

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Net current assets	<u>12,222,325</u>	<u>29,105,425</u>
Total assets less current liabilities	<u>67,091,646</u>	<u>84,992,407</u>
Non-current liabilities		
Bank and other loans	15,992,356	28,546,307
Corporate bonds	13,085,814	16,154,520
Deferred tax liabilities	<u>7,500,509</u>	<u>7,558,169</u>
Total non-current liabilities	<u>36,578,679</u>	<u>52,258,996</u>
Net assets	<u><u>30,512,967</u></u>	<u><u>32,733,411</u></u>
Equity		
Equity attributable to owners of the parent		
Share capital	450,227	450,227
Perpetual capital securities	2,363,346	2,363,346
Reserves	<u>22,936,538</u>	<u>24,669,373</u>
	25,750,111	27,482,946
Non-controlling interests	<u>4,762,856</u>	<u>5,250,465</u>
Total equity	<u><u>30,512,967</u></u>	<u><u>32,733,411</u></u>

NOTES

For the six months ended 30 June 2024

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 approved date of the interim financial information, the Group suspended the repayment of the principal amount of US\$300 million of senior notes due 2022 issued on 25 February 2019, the principal amount of US\$450 million of senior notes due 2023 issued on 23 May 2017, the principal amount of US\$400 million of senior notes due 2023 issued on 16 July 2019, the principal amount of US\$100 million of senior notes due 2024 issued on 9 September 2019 and the principal amount of US\$180 million of senior notes due 2024 issued on 17 January 2020. As of 30 June 2024, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,700 million) and the aggregate unpaid relevant interest amounted to US\$377 million (RMB2,680 million). The non-payment of the principal and relevant interest accrued of the relevant USD Senior Notes and HKD ELS may lead to the Group’s creditors demanding acceleration of repayments. As disclosed in the Group’s announcement dated 12 January 2024, significant progress has been made with an ad hoc group (the “**AHG**”) of certain holders of the US\$ denominated offshore senior notes and its Advisor which culminated with an agreement (in principle and subject to contract) on the terms of the restructuring of the existing notes. On 12 January 2024, a creditor support agreement, to which the terms were appended, was signed by the Group and the AHG. As at the date of approval of these condensed consolidated interim financial information, over 92% of the holders of the senior notes has acceded to the creditor support agreement, meanwhile, the Group also continued to conduct constructive negotiations with other offshore creditors other than investors in USD Senior Notes to strive to complete the offshore holistic debt management work at the earliest.

As disclosed in the Group’s announcement dated on 16 February 2024, the Grand Court of the Cayman Islands and the High Court of Hong Kong have ordered that the Cayman Petition and the Hong Kong Petitions be dismissed on 15 February 2024 (Cayman Islands time) and 16 February 2024, respectively.

As of 30 June 2024, the total current assets of the Group amounted to RMB171,619 million, of which cash and cash equivalents amounted to RMB9,500 million. The total current liabilities of the Group amounted to RMB159,397 million. In view of the ongoing sluggishness of the current 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 addition, the Group is involved in different litigation and arbitration disputes for various reasons. In view of the aforesaid, the Group has 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.

1. BASIS OF PRESENTATION (CONTINUED)

- (c) The Group will continue to dispose of its assets when needed.
- (d) The Group will continue to take active measures to control administrative costs.

The Group has reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than fifteen months from 30 June 2024. 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 Group is 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 Group dated 7 August 2022);
- (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, 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 may 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 CHANGES IN ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 (the “**interim financial information**”) has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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 Group’s annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the revised 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) engages in construction of office premises and residential buildings; (iii) provides decoration services for external customers; and (iv) 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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

Information regarding the reportable segments is presented below.

	Property development (Unaudited) <i>RMB'000</i>	Property operation (Unaudited) <i>RMB'000</i>	Total (Unaudited) <i>RMB'000</i>
For the six months ended 30 June 2024			
Revenue from external customers	13,875,253	178,111	14,053,364
Inter-segment revenue	—	3,182	3,182
Reportable segment revenue	<u>13,875,253</u>	<u>181,293</u>	<u>14,056,546</u>
Reportable segment (losses)/profit	<u>(2,478,911)</u>	<u>123,411</u>	<u>(2,355,500)</u>
	Property development (Unaudited) <i>RMB'000</i>	Property operation (Unaudited) <i>RMB'000</i>	Total (Unaudited) <i>RMB'000</i>
For the six months ended 30 June 2023			
Revenue from external customers	13,698,810	160,231	13,859,041
Inter-segment revenue	—	7,957	7,957
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>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	14,056,546	13,866,998
Elimination of inter-segment revenue	<u>(3,182)</u>	<u>(7,957)</u>
Consolidated revenue	<u><u>14,053,364</u></u>	<u><u>13,859,041</u></u>
Loss		
Reportable segment losses	(2,355,500)	(1,669,252)
Elimination of inter-segment losses	<u>3,522</u>	<u>2,773</u>
Reportable segment losses derived from the Group's external customers	(2,351,978)	(1,666,479)
Other income and gains	85,991	339,660
Other expenses	(52,820)	(36,858)
Depreciation	(24,101)	(23,140)
Finance costs	(1,126,364)	(586,767)
Share of profits (losses) of associates and joint ventures, net	94,368	(115,425)
Fair value (losses) gains on investment properties, net	(36,799)	52,028
Fair value gains on derivative financial instruments	4,465	—
Unallocated head office and corporate expenses	<u>(59,958)</u>	<u>(93,946)</u>
Consolidated loss before tax	<u><u>(3,467,196)</u></u>	<u><u>(2,130,927)</u></u>

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in the People's Republic of China (the "PRC" or "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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
Sales of properties	13,831,793	13,352,499
Development management income	150,554	443,637
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	181,689	162,450
	14,164,036	13,958,586
Less: sales related taxes	(110,672)	(99,545)
	14,053,364	13,859,041

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended 30 June	
	2024	2023
	Property	Property
	development	development
	(Unaudited)	(Unaudited)
	(Represented)	(Represented)
	RMB'000	RMB'000
Timing of revenue recognition:		
Goods transferred at a point in time	13,490,874	12,652,431
Goods and services transferred over time	384,379	1,046,379
	13,875,253	13,698,810

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Other income and gains

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

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Bank interest income	64,797	96,913
Interest income on amounts due from associates and joint ventures	2,396	134,149
Forfeiture income on deposits received	9,267	20,248
Loss on disposal of subsidiaries	—	(46,060)
Loss on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	—	(4,086)
Gain on bargain purchase	—	28,970
Gain on disposal of joint ventures, net	—	10,155
Foreign exchange differences, net	4	52,529
Others	9,527	46,842
	<u>85,991</u>	<u>339,660</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on bank and borrowings	2,021,771	1,150,988
Interest on senior notes	63,341	676,785
Interest on corporate bonds	414,627	428,037
	<u>2,499,739</u>	<u>2,255,810</u>
Less: Interest capitalised	(1,373,375)	(1,669,043)
	<u>1,126,364</u>	<u>586,767</u>

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	12,872,907	12,305,023
Cost of services provided	44,541	419,531
Depreciation of other property, plant and equipment	26,905	27,003
Less: Amount capitalised	(2,804)	(3,863)
	<u>24,101</u>	<u>23,140</u>
Equity-settled share option expense	—	3,959
Loss on disposal of items of other property, plant and equipment	280	588
Write-down of inventories to net realisable value*	2,809,788	2,000,000
Foreign exchange differences, net	(4)	(52,529)
	<u>(4)</u>	<u>(52,529)</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 2024. Taxes on profits assessable in the PRC have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current (credit)/charge for the period:		
PRC corporate income tax	(1,692,359)	(597,861)
PRC land appreciation tax	(320,586)	191,719
	<u>(2,012,945)</u>	<u>(406,142)</u>
Deferred	345,864	35,112
	<u>345,864</u>	<u>35,112</u>
Total tax credit for the period	<u>(1,667,081)</u>	<u>(371,030)</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 2024 is based on the loss for the period attributable to owners of the parent, as 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 2024 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.

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss		
Loss attributable to owners of the parent	(1,536,487)	(1,912,641)
Distribution related to perpetual capital securities	—	—
	<u> </u>	<u> </u>
Loss used in the basic and diluted loss per share calculations	<u><u>(1,536,487)</u></u>	<u><u>(1,912,641)</u></u>
	Number of shares	
	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic loss per share calculation	5,527,178	5,527,178
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	<u><u>5,527,178</u></u>	<u><u>5,527,178</u></u>

No adjustment for dilution has been made to the basic loss per share presented for the six months ended 30 June 2024 and 2023 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 2024 based on valuations performed by APAC Asset Valuation and Consulting Limited, Peak Vision Appraisals Limited and Migo Corporation 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.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and future 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's 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 decrease in fair value of investment properties and investment properties under construction amounted to RMB36,799,000 (six months ended 30 June 2023: net increase in fair value of RMB52,028,000), additions in investment properties and investment properties under construction amounted to RMB74,106,000 (six months ended 30 June 2023: RMB185,053,000) and transfer from investment properties to completed properties for sales amounted to RMB453,254,000 (six months ended 30 June 2023: Nil).

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.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 30 days	196,590	137,944
31 to 90 days	178,507	142,868
91 to 180 days	279,839	205,758
181 to 365 days	485,456	875,114
	<u>1,140,392</u>	<u>1,361,684</u>

11. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2024 is an aggregate trade payables balance of RMB23,169,561,000 (year ended 31 December 2023: RMB29,795,615,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within to 30 days	6,185,720	9,367,710
31 to 90 days	1,651,301	2,140,319
91 to 180 days	3,705,166	2,658,302
181 to 365 days	2,782,002	5,913,701
Over 365 days	8,845,372	9,715,583
	<u>23,169,561</u>	<u>29,795,615</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 2024 (six months ended 30 June 2023: 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 2024.

Business Review

In the first half of 2024, China's real estate industry is still in a deep adjustment cycle. During the first half of the year, China's national real estate development investment was RMB5,252.9 billion, representing a period-on-period decrease of 10.1%. Among them, residential investment was RMB3,988.3 billion, representing a period-on-period decrease of 10.4%. The sales area of commercial properties was 479.16 million square meters, representing a period-on-period decrease of 19.0%, of which the sales area of residential properties decreased by 21.9%. The sales of commercial properties was RMB4,713.3 billion, representing a period-on-period decrease of 25.0%, of which the sales of residential properties decreased by 26.9%.

Despite ongoing favourable policies, the recovery in confidence of the industry is slow. Faced with the challenges of the industry, the Group proactively responded to the challenges and overcame the pressure and difficulties by strengthening measures for project sales and capital recovery to ensure the stability of production and operation and the smooth delivery of projects. In the first half of 2024, the Group completed the delivery of 45 batches of projects, amounting to nearly 17,000 units, and fulfilled its corporate commitments with practical actions, demonstrating its sense of responsibility amidst the industry's difficulties.

In relation to the offshore debt restructuring, the Group has been actively communicating with all creditors and treats all creditors adhering to the principle of fairness. The Group had made significant progress during the year. To date, the existing noteholders holding over 92% of the aggregate outstanding principal amount of the US\$ senior notes have acceded the creditor support agreement. On 15 August 2024, Unicorn Bay (Hong Kong) Investments Limited, a project company in which the Group owns 50% shareholding interest, obtained a refinancing facility for the repayment of the syndicated loan under the project company in respect of the Corniche project. The Corniche project is a significant offshore asset of the Group. This refinancing facility is crucial to the restructuring of the Group's offshore debts. The Group is actively engaged in negotiations with its offshore creditors, including holders of existing US\$ senior notes, with the aim of achieving a holistic restructuring of its offshore debts.

In terms of the extension of onshore debt, the resolutions on adjustment to the payment arrangements for the principal and interest of 21 onshore corporate bonds and asset-backed securities (ABS) issued by Shenzhen Logan Holdings Co., Ltd.* (深圳市龍光控股有限公司), a wholly-owned subsidiary of the Company were approved at relevant bondholders' meeting, which will leave time for the Group to develop an extension plan in line with industry practice.

Future Prospects

In the first half of this year, China's central government emphasized to coordinate and review policies and measures for digestion of existing housing inventory and optimization of new housing supply. Subsequently, the government further relaxed purchase restrictions, lowered down payment requirements and mortgage interest rates, and continued to implement supportive measures for the real estate industry. These steps will be conducive to the industry gradually returning to stable development. However, the effects of these policies will take time to manifest. The Group will continue to focus on both operation and debt management. On one hand, the Group will persist in taking proactive measures to "ensure delivery with quality and stable operations". On the other hand, the Group will continue to communicate with creditors across different classes on the offshore debt restructuring, making every effort to expedite the completion of offshore holistic debt restructuring. This will alleviate the pressure of the Group's debt repayment, restore capital structure, and pave the Group's steady return to the path of healthy operation.

Acknowledgements

On behalf of the Board, I express my heartfelt gratitude to all the Group's shareholders, investors, partners, customers, and the community for their support and trust. I would also like to extend my thanks to all employees for their dedication and overcoming difficulties in the industry together.

Kei Hoi Pang

Chairman

Hong Kong

29 August 2024

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Review

For the six-month period ended 30 June 2024, the revenue of the Group was RMB14,053.4 million, representing an increase of approximately 1.4% as compared with the corresponding period of 2023. Loss for the Period amounted to RMB1,800.1 million.

Property Development

Contracted sales

In the first half of 2024, the Group attained contracted sales of approximately RMB5,317.6 million. For the contracted sales in the first half of 2024, Greater Bay Area, Yangtze River Delta Region, Southwest Region and other regions accounted for approximately 50.9%, 17.2%, 7.6% and 24.3%, respectively.

Region	Amount (RMB million)	Contracted sales in the first half of 2024			ASP ¹ (RMB/ sq.m.)
		Percentage	GFA ¹ (sq.m.)	Percentage	
Greater Bay Area	2,705	50.9%	104,546	31.4%	25,085
Yangtze River Delta Region	916	17.2%	45,329	13.6%	19,797
Southwest Region	403	7.6%	34,155	10.3%	11,219
Other regions	1,294	24.3%	149,078	44.7%	8,242
Total	<u>5,318</u>	<u>100.0%</u>	<u>333,108</u>	<u>100.0%</u>	<u>15,406</u>

Note:

1. Excluding car parking spaces

Newly commenced projects

In the first half of 2024, the Group had newly commenced projects with a total planned GFA of approximately 0.27 million sq.m..

Completed projects

In the first half of 2024, the Group had completed projects with a total planned GFA of approximately 2.28 million sq.m..

Developing projects

As at 30 June 2024, the Group had developing projects with a total planned GFA of approximately 8.77 million sq.m..

Land Reserves

For the six months ended 30 June 2024, the Group did not acquire any new projects through public tendering, auction or listing.

As at 30 June 2024, the total GFA of the land reserves of the Group amounted to approximately 24,121,574 sq.m., in which Greater Bay Area and Yangtze River Delta Region accounted for about 77%, if calculated by land value.

Land reserves as at 30 June 2024

	GFA <i>(sq.m.)</i>	Percentage
Greater Bay Area	12,012,075	49.8%
Yangtze River Delta Region	1,724,498	7.2%
Southwest Region	6,056,022	25.1%
Other Regions	4,328,979	17.9%
Total	<u>24,121,574</u>	<u>100.0%</u>

FINANCIAL REVIEW

Performance Highlights

	For the six-month period ended 30 June		
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	Changes %
Revenue	14,053,364	13,859,041	1.4
Among which: Property development	13,875,253	13,698,810	1.3
Property operation income	178,111	160,231	11.2
Gross loss	(1,673,872)	(865,513)	93.4
Loss for the year			
— Attributable to equity shareholders	(1,536,487)	(1,912,641)	-19.7
— Attributable to non-controlling shareholders	(263,628)	152,744	-272.6
— Total	(1,800,115)	(1,759,897)	2.3
	30 June 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>	Changes %
Total assets	226,488,385	248,382,061	-8.8
Cash and bank balances	9,500,074	13,171,546	-27.9
Total equity	30,512,967	32,733,411	-6.8
Total equity attributable to equity shareholders	25,750,111	27,482,946	-6.3

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2024 amounted to approximately RMB14,053.4 million, representing an increase of approximately RMB194.3 million, or approximately 1.4%, as compared with the corresponding period of 2023, primarily due to the increase in revenue from property development as compared to the corresponding period of 2023. Revenue from property development for the six-month period ended 30 June 2024 amounted to approximately RMB13,875.3 million, representing an increase of approximately 1.3% as compared to RMB13,698.8 million in the corresponding period of 2023. Greater Bay Area, Yangtze River Delta Region, Southwest Region and other regions contributed to the revenue from property development in the first half of 2024, accounting for 42.1%, 49.5%, 6.4% and 2.0%, respectively.

	Revenue from property development as at 30 June 2024	
	Amount <i>(RMB Million)</i>	<i>Percentage</i>
Greater Bay Area	5,847	42.1%
Yangtze River Delta Region	6,872	49.5%
Southwest Region	881	6.4%
Other regions	275	2.0%
	<hr/>	<hr/>
Total	<u>13,875</u>	<u>100.0%</u>

(II) Cost of sales

The cost of sales of the Group for the six-month period ended 30 June 2024 increased by approximately RMB1,002.7 million to RMB15,727.2 million, or approximately 6.8%, as compared with the corresponding period of 2023, primarily due to the increase in the settlement unit price as compared with the corresponding period of 2023. Key components of costs are as follows:

	For the six-month period ended 30 June		
	2024	2023	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	%
Total cost of sales	15,727,236	14,724,554	6.8%
— Property development	15,688,885	14,710,871	6.6%
— Property operation	38,351	13,683	180.3%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six-month period ended 30 June 2024 amounted to approximately RMB394.5 million (the corresponding period of 2023 was approximately RMB480.5 million). The relevant selling and marketing expenses decreased by approximately 17.9% as compared with the corresponding period of 2023.

The administrative expenses of the Group for the six-month period ended 30 June 2024 amounted to approximately RMB367.7 million (the corresponding period of 2023 was approximately RMB437.6 million), representing a decrease of approximately 16.0% as compared with the corresponding period of 2023. 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 2024 increased to approximately RMB1,126.4 million (the corresponding period of 2023 was approximately RMB586.8 million).

(V) Tax

Taxes of the Group for the six-month period ended 30 June 2024 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 represented a reversal of RMB320.6 million, while the net CIT represented a reversal of RMB1,346.5 million.

(VI) Liquidity and financial resources

As at 30 June 2024, total assets of the Group amounted to approximately RMB226,488.4 million (31 December 2023: approximately RMB248,382.1 million), of which current assets amounted to approximately RMB171,619.1 million (31 December 2023: approximately RMB192,495.1 million). Total liabilities amounted to approximately RMB195,975.4 million (31 December 2023: approximately RMB215,648.7 million), of which non-current liabilities amounted to approximately RMB36,578.7 million (31 December 2023: approximately RMB52,259.0 million). Total equity amounted to approximately RMB30,513.0 million (31 December 2023: approximately RMB32,733.4 million), of which total equity attributable to owners of the parent amounted to RMB25,750.1 million (31 December 2023: approximately RMB27,483.0 million).

As at 30 June 2024, 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 has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

As at 30 June 2024, the Company did not hold any treasury shares.

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 C1 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 2024.

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 2024 interim results announcement and the unaudited interim financial information of the Group for the six months ended 30 June 2024.

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 C3 to the Listing Rules. Having made specific enquiries, the Company confirmed that all the directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PUBLICATION OF INTERIM REPORT

The 2024 interim report of the Company containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.logangroup.com>) in due course.

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

Hong Kong, 29 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Ms. Huang Xiangling, Mr. Chen Yong and Mr. Zhou Ji; 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.