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LOGAN

龙光集团

Logan Group Company Limited

龍光集團有限公司

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 3380 and Debt Stock Codes: 40754, 40642,
40527, 40508, 40411, 40385, 40114, 5732)**

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS HIGHLIGHTS

- Contracted sales amounted to RMB19.05 billion.
- Revenue amounted to RMB47.17 billion.
- Net loss for the year amounted to RMB8.86 billion. The loss is mainly due to (i) the decrease in gross profit margin resulting from the continuing downturn of the real estate industry; and (ii) provision for impairment of inventories.
- Total asset amounted to RMB248.38 billion, while current assets amounted to RMB192.50 billion; and the current ratio was 1.18.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) announces the Group’s audited consolidated results for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB’000</i>	2022 <i>RMB’000</i> (Represented)
REVENUE	5	47,166,787	41,622,653
Cost of sales		<u>(51,676,220)</u>	<u>(46,405,069)</u>
Gross loss		(4,509,433)	(4,782,416)
Other income and gains	5	284,524	468,745
Other expenses		(168,839)	(344,388)
Selling and marketing expenses		(1,452,599)	(1,755,838)
Administrative expenses		(892,507)	(1,267,890)
Fair value gains on investment properties, net		1,287,851	1,568,242
Fair value losses on derivative financial instruments, net		—	(4,238)
Share of (losses)/profits of associates and joint ventures, net		<u>(105)</u>	<u>261,725</u>
LOSS FROM OPERATIONS		(5,451,108)	(5,856,058)
Finance costs	6	<u>(1,620,802)</u>	<u>(1,831,848)</u>
LOSS BEFORE TAX	7	(7,071,910)	(7,687,906)
Income tax expense	8	<u>(1,786,202)</u>	<u>(1,181,677)</u>
LOSS FOR THE YEAR		<u>(8,858,112)</u>	<u>(8,869,583)</u>
Attributable to:			
Owners of the parent		(8,934,542)	(8,524,081)
Non-controlling interests		<u>76,430</u>	<u>(345,502)</u>
		<u>(8,858,112)</u>	<u>(8,869,583)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (<i>RMB cents</i>)	10		
Basic		<u>(161.65)</u>	<u>(155.69)</u>
Diluted		<u>(161.65)</u>	<u>(155.69)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	<u>(8,858,112)</u>	<u>(8,869,583)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	<u>(303,555)</u>	<u>(2,096,060)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(9,161,667)</u>	<u>(10,965,643)</u>
Attributable to:		
Owners of the parent	<u>(9,238,097)</u>	(10,620,141)
Non-controlling interests	<u>76,430</u>	<u>(345,502)</u>
	<u>(9,161,667)</u>	<u>(10,965,643)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT ASSETS			
Investment properties		39,291,659	37,579,008
Other property, plant and equipment		297,232	197,665
Deferred tax assets		1,517,135	2,085,963
Investments in associates		3,798,204	3,779,486
Investments in joint ventures		10,982,752	18,854,096
Trade and other receivables, prepayments and other assets	<i>11</i>	<u>—</u>	<u>572,829</u>
Total non-current assets		<u>55,886,982</u>	<u>63,069,047</u>
CURRENT ASSETS			
Inventories		149,905,175	148,123,695
Trade and other receivables, prepayments and other assets	<i>11</i>	25,567,080	44,981,837
Tax recoverable		3,851,278	4,405,810
Assets under cross-border guarantee arrangements	<i>12</i>	—	3,639,473
Cash and bank balances		<u>13,171,546</u>	<u>14,101,705</u>
Total current assets		<u>192,495,079</u>	<u>215,252,520</u>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	63,172,411	50,807,546
Contract liabilities		26,286,356	56,844,029
Liabilities under cross-border guarantee arrangements	<i>12</i>	829,074	4,755,373
Bank and other loans		34,068,321	30,382,995
Senior notes		11,134,222	7,976,225
Other current liabilities		19,409,908	21,910,680
Tax payable		<u>8,489,362</u>	<u>8,341,615</u>
Total current liabilities		<u>163,389,654</u>	<u>181,018,463</u>
NET CURRENT ASSETS		<u>29,105,425</u>	<u>34,234,057</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>84,992,407</u>	<u>97,303,104</u>

	2023	2022
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Bank and other loans	28,546,307	21,710,828
Corporate bonds	16,154,520	17,694,157
Deferred tax liabilities	7,558,169	6,028,469
	<u>52,258,996</u>	<u>45,433,454</u>
Total non-current liabilities	52,258,996	45,433,454
Net assets	32,733,411	51,869,650
	<u>32,733,411</u>	<u>51,869,650</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	24,669,373	33,969,155
	<u>27,482,946</u>	<u>36,782,728</u>
Non-controlling interests	5,250,465	15,086,922
	<u>5,250,465</u>	<u>15,086,922</u>
Total equity	32,733,411	51,869,650
	<u>32,733,411</u>	<u>51,869,650</u>

NOTES

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in property development and property operation in the People’s Republic of China (the “**PRC**” or “**Mainland China**”) during the year.

In the opinion of the directors, Junxi Investments Limited which is incorporated in the British Virgin Islands is the immediate holding company of the Company.

2. BASIS OF PRESENTATION

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the “**USD Senior Notes**”) and HKD denominated equity-linked securities (the “**HKD ELS**”). In addition, since 25 August 2022 and until the date of approval of the financial information, the Group had suspended the repayment of the principal amount of US\$300 million of 7.5% senior notes due 2022 issued on 25 February 2019, the principal amount of US\$450 million of 5.25% senior notes due 2023 issued on 23 May 2017 and the principal amount of US\$400 million of 6.50% senior notes due 2023 issued on 16 July 2019. As of 31 December 2023, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,518 million) and the aggregate unpaid relevant interest amounted to US\$368 million (RMB2,597.9 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 consolidated financial statements, over 90% 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 16 February 2024, on 15 February 2024 (Cayman Islands time) and 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 respectively. The relevant winding-up petitions matter can be referred to the Group’s announcement dated 7 November 2022.

As of 31 December 2023, the total value of current assets of the Group amounted to RMB192,495 million, of which cash and cash equivalents amounted to RMB13,172 million. The total value of current liabilities of the Group amounted to RMB163,390 million. In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In 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.
- (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 31 December 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 Group is satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful renewal of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution (as defined in the announcement of the 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 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, providing for provisions that may be further incurred, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

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

HKFRS 17	<i>Insurance Contracts</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>

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide nonmandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 3 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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 leases office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties’ values in the long term.

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

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

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

Information regarding the reportable segments is presented below.

	Property development RMB'000	Property operation RMB'000	Total RMB'000
Year ended 31 December 2023			
Revenue from external customers	46,781,883	384,904	47,166,787
Inter-segment revenue	—	48,056	48,056
Reportable segment revenue	<u>46,781,883</u>	<u>432,960</u>	<u>47,214,843</u>
Reportable segment (losses)/profit	<u>(6,974,561)</u>	<u>345,068</u>	<u>(6,629,493)</u>
	Property development RMB'000	Property operation RMB'000	Total RMB'000
Year ended 31 December 2022 (Represented)			
Revenue from external customers	41,334,433	288,220	41,622,653
Inter-segment revenue	—	37,965	37,965
Reportable segment revenue	<u>41,334,433</u>	<u>326,185</u>	<u>41,660,618</u>
Reportable segment (losses)/profit	<u>(7,712,925)</u>	<u>178,893</u>	<u>(7,534,032)</u>

Information about major customers

During the years ended 31 December 2023 and 2022, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Represented)
Revenue		
Reportable segment revenue	47,214,843	41,660,618
Elimination of inter-segment revenue	<u>(48,056)</u>	<u>(37,965)</u>
Consolidated revenue	<u><u>47,166,787</u></u>	<u><u>41,622,653</u></u>
Loss		
Reportable segment losses	(6,629,493)	(7,534,032)
Elimination of inter-segment losses	<u>(8,605)</u>	<u>—</u>
Reportable segment losses derived from the Group's external customers	(6,638,098)	(7,534,032)
Other income and gains	284,524	468,745
Other expenses	(168,839)	(344,388)
Depreciation	(53,502)	(40,234)
Finance costs	(1,620,802)	(1,831,848)
Share of (losses)/profits of associates and joint ventures, net	(105)	261,725
Fair value gains on investment properties, net	1,287,851	1,568,242
Fair value losses on derivative financial instruments, net	—	(4,238)
Unallocated head office and corporate expenses	<u>(162,939)</u>	<u>(231,878)</u>
Consolidated loss before tax	<u><u>(7,071,910)</u></u>	<u><u>(7,687,906)</u></u>

Geographical information

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

5. REVENUE, OTHER INCOME AND GAINS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers		
Sale of property*	46,437,598	38,353,128
Development management income	550,287	3,124,860
Revenue from other source		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	387,124	294,138
	<u>47,375,009</u>	<u>41,772,126</u>
Less: Sales related taxes	(208,222)	(149,473)
	<u><u>47,166,787</u></u>	<u><u>41,622,653</u></u>

* *The invoiced amount billed to buyers of properties was RMB50,569,038,000 (2022: RMB41,451,990,000), including value-added tax of RMB4,131,440,000 (2022: RMB3,098,862,000).*

Other income and gains

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank interest income	200,216	171,415
Interest income on amounts due from associates and joint ventures	168,475	779,560
Forfeiture income on deposits received	121,436	66,452
Government subsidies	16,859	51,526
Gain on disposal of subsidiaries, net	51,418	92,910
Gain/(loss) on disposal of joint ventures, net	10,155	(432,415)
Loss on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition, net	(265,420)	(336,725)
Others	(18,615)	76,022
	<u><u>284,524</u></u>	<u><u>468,745</u></u>

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2023

	Property development RMB'000
<i>Timing of revenue recognition:</i>	
Goods transferred at a point in time	45,699,203
Goods transferred over time	532,706
Services transferred over time	549,974
	<hr/>
Total revenue from contracts with customers	46,781,883

For the year ended 31 December 2022 (Represented)

	Property development RMB'000
<i>Timing of revenue recognition:</i>	
Goods transferred at a point in time	34,296,588
Goods transferred over time	3,921,325
Services transferred over time	3,116,520
	<hr/>
Total revenue from contracts with customers	41,334,433

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	3,322,565	3,058,259
Interest on senior notes	1,349,702	1,370,985
Interest on corporate bonds	842,146	869,434
	<hr/>	<hr/>
	5,514,413	5,298,678
Less: Interest capitalised	(3,893,611)	(3,466,830)
	<hr/>	<hr/>
	1,620,802	1,831,848

7. LOSS BEFORE TAX

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

	2023	2022
	RMB'000	RMB'000
Cost of properties sold	45,196,633	34,626,892
Cost of services provided	425,437	2,508,997
Depreciation of other property, plant and equipment	59,768	106,797
Less: Amount capitalised	(6,266)	(66,563)
	53,502	40,234
Lease payments not included in the measurement of lease liabilities	18,816	21,680
Auditor's remuneration	3,040	3,040
Employee benefit expenses (including directors' remuneration):		
Directors' fee	1,694	1,916
Salaries and other staff costs	727,803	995,106
Equity-settled share option expense	3,959	15,791
Pension scheme contributions	140,000	192,503
Less: Amount capitalised	(182,343)	(226,449)
	691,113	978,867
Foreign exchange differences, net	118,146	227,497
Write-down of inventories to net realisable value*	6,030,000	9,230,000
Net loss on disposal of items of other property, plant and equipment	339	178
Direct operating expenses arising on rental-earning investment properties	48,440	109,327

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

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax ("CIT")	126,070	1,002,549
PRC land appreciation tax ("LAT")	1,078,346	477,159
Overprovision in prior years, net:		
PRC CIT	<u>(264,903)</u>	<u>(149,434)</u>
	939,513	1,330,274
Deferred	<u>846,689</u>	<u>(148,597)</u>
Total tax charge for the year	<u><u>1,786,202</u></u>	<u><u>1,181,677</u></u>

9. DIVIDENDS

The board of directors did not recommend the payment of a dividend for the years ended 31 December 2023 and 2022.

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

The calculation of the basic loss per share amount for the year ended 31 December 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 year ended 31 December 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.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss		
Loss attributable to owners of the parent	(8,934,542)	(8,524,081)
Distribution related to perpetual capital securities	—	(82,228)
	<u> </u>	<u> </u>
Loss used in the basic and diluted loss per share calculations	<u>(8,934,542)</u>	<u>(8,606,309)</u>

	Number of shares	
	2023 <i>'000</i>	2022 <i>'000</i>
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic earnings per share calculation	5,527,178	5,527,720
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 year, used in the diluted loss per share calculation	<u>5,527,178</u>	<u>5,527,720</u>

No adjustment for dilution has been made to the basic loss per share presented for the year ended 31 December 2023 and 2022 as the Company's share options has anti-dilutive effect on the basic loss per share presented.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of development management 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 development management services is payable by the customers in accordance with the terms of the related development management agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

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

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	137,944	145,021
31 to 90 days	142,868	89,172
91 to 180 days	205,758	353,956
181 to 365 days	875,114	1,178,178
	<u>1,361,684</u>	<u>1,766,327</u>

12. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the years ended 31 December 2023 and 2022, the Group had some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Assets under cross-border guarantee arrangements	—	3,639,473
Portion classified as current assets	—	<u>(3,639,473)</u>
Non-current portion	<u>—</u>	<u>—</u>
Liabilities under cross-border guarantee arrangements	829,074	4,755,373
Portion classified as current liabilities	<u>(829,074)</u>	<u>(4,755,373)</u>
Non-current portion	<u>—</u>	<u>—</u>

13. TRADE AND OTHER PAYABLES

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	9,367,710	3,381,902
31 to 90 days	2,140,319	1,533,453
91 to 180 days	2,658,302	3,010,307
181 to 365 days	5,913,701	7,893,801
Over 365 days	9,715,583	6,877,054
	<u>29,795,615</u>	<u>22,696,517</u>

14. COMPARATIVE INFORMATION

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

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2023.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

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

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Logan Group Company Limited, I hereby present the annual results of the Group for the year ended 31 December 2023.

BUSINESS REVIEW

In 2023, China’s real estate industry remained in an adjustment cycle. Investment in real estate development in the country decreased by 9.6% year-on-year to RMB11,091.3 billion; among which, investment in residential properties amounted to RMB8,392.0 billion, representing a year-on-year decrease of 9.3%. The sales area of commercial properties was 1,117.35 million square meters, representing a year-on-year decrease of 8.5%, with the sales area of residential properties decreasing by 8.2%. The sales revenue of commercial properties was RMB11,662.2 billion, down 6.5% from the previous year, with the sales of residential properties decreasing by 6.0%.

In the face of a tough year, the Group proactively responded to the challenges by timely adjusting its business strategies, continuously strengthening refined management, implementing measures to bolster project sales and recoup capital for ensuring the development and operation of the projects. The Group made all efforts to achieve the goal of “stabilizing operations and ensuring property deliveries”. Throughout 2023, the Group successfully completed a total delivery of 99 batches of projects and over 53,000 units, fulfilling its corporate commitments and demonstrating its sense of responsibility.

During the year under review, the Group continued to focus on differentiated high-quality products, with continuous improvements in product innovation. Several projects received international and local design awards, including the Idea-Tops Award — the Community Landscape Design Global Top 5 Award received by Shantou Logan • Fairyland Coastal Garden (汕頭龍光 • 天境海岸花園), the Berlin Design Awards 2023 — Interior Design — International Residential — Villa (Silver Award) received by Chengdu Logan • Tianying Villa (成都龍光 • 天瀛別墅合院) and the MUSE Design Awards 2023 — Platinum Winner received by Hainan Logan • Coastal Skyline (海南龍光 • 天境海岸).

In relation to the offshore debt management proposal, the Group has been actively communicating with all creditors and treats all creditors adhering to the principle of fairness. In January of this year, the Group made significant progress by reaching an agreement on the terms of the restructuring of the notes with the ad hoc group (“**AHG**”) of certain holders of the existing US\$ senior notes and their advisors, and the AHG signed a creditor support agreement (“**CSA**”), to which such terms are appended. Subsequently, the Group also actively invited other noteholders to accede to the CSA, and to date, noteholders holding over 90% of the total outstanding principal amount of the US\$ senior notes have acceded the CSA.

In addition, the Group received an “A” rating in 2023 from MSCI ESG Ratings, which is one of the environmental, social and governance evaluation systems highly recognized by global investment institutions.

FUTURE PROSPECTS

China’s Central Government has introduced various policies to support the real estate industry over the past year, which will help the industry to gradually recover and stabilize. However, the effects of these policies will take time to materialize. The Group will continue to focus on both operation and debt management. On one hand, the Group will continue to implement proactive measures to “ensure stable operations and quality deliveries”, and will also persistently focus on stabilizing its core operations, reducing costs and strengthening risk management and control.

On the other hand, the Group is actively engaged in ongoing constructive negotiations with creditors across different classes of the offshore debt restructuring, making every effort to expedite the completion of offshore holistic debt management work at the earliest. The proposal aims to alleviate the pressure of the Group’s debt repayment, restore capital structure, pave the Group’s steady return to the path of healthy development, unlock the potential value of its assets, and to ensure the long-term business development of the Group, so as to safeguard the interests of the Group’s stakeholders.

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 contributions to the sustainable and steady development of the Group. The Group will continue to strive for sustainable development by upholding its long established transparent, healthy and impartial development value.

Kei Hoi Pang

Chairman

Hong Kong

28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

During the first quarter in 2023, the real estate market saw slight recovery, as the domestic pandemic control was lifted. In the second quarter, however, the industrial confidence was further dampened, as the market rapidly lost its recovery momentum in the wake of a number of adverse factors, such as supply contraction and weaker demand. Despite stronger policy intervention in the second half of the year, the market found it challenging to turn the table. Against this backdrop, the Company saw an inevitable decline in its sales for 2023 in line with lower industrial confidence. However, by exercising the flexibility in adjusting its marketing strategies and rationalizing the allocation of saleable resources, the Company strived to minimize the adverse impacts.

Contracted sales

For the year ended 31 December 2023, the Group achieved contracted sales of approximately RMB19.05 billion. For the contracted sales in 2023, Greater Bay Area, Yangtze River Delta region, Southwest region and other regions accounted for approximately 36.0%, 23.2%, 16.9% and 23.9%, respectively.

Region	Contracted sales in 2023				ASP (RMB/ sq.m.)
	Amount (RMB million)	Percentage	GFA ¹ (sq.m.)	Percentage	
Greater Bay Area	6,859	36.0%	414,359	31.0%	16,214
Yangtze River Delta region	4,414	23.2%	195,736	14.6%	22,452
Southwest region	3,215	16.9%	245,606	18.3%	12,889
Other regions	4,558	23.9%	482,860	36.1%	9,051
Total	<u>19,046</u>	<u>100.0%</u>	<u>1,338,561</u>	<u>100.0%</u>	<u>13,932</u>

1. Excluding car parking spaces

Newly commenced projects

For the year ended 31 December 2023, the Group had a total planned GFA of approximately 0.45 million sq.m..

Completed projects

For the year ended 31 December 2023, the Group had a total planned GFA of approximately 11.46 million sq.m..

Developing projects

As at 31 December 2023, the Group had a total planned GFA of approximately 10.78 million sq.m..

Land Reserves

For the year ended 31 December 2023, The Group did not acquire any new projects by means of “tender, auction and listing (招拍掛)” in the open market.

As at 31 December 2023, the total GFA of the Group's land reserves was approximately 25,614,566 sq.m.*. Based on project value, the Greater Bay Area and Yangtze River Delta Region accounted for approximately 76% of the total land reserves.

Land reserves as at 31 December 2023

	GFA <i>(sq.m.)</i>	Percentage
Greater Bay Area	12,332,941	48.1%
Yangtze River Delta Region	2,005,960	7.8%
Southwest Region	6,217,865	24.3%
Other Regions	<u>5,057,800</u>	<u>19.8%</u>
Total	<u>25,614,566*</u>	<u>100.0%</u>

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

FINANCIAL REVIEW

Performance Highlights

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Changes %
Revenue	47,166,787	41,622,653	13.3%
Among which: Property development	46,781,883	41,334,433	13.2%
Property operation income	384,904	288,220	33.5%
Gross loss	(4,509,443)	(4,782,416)	-5.7%
(Loss)/profit for the year			
— Attributable to equity shareholders	(8,934,542)	(8,524,081)	4.8%
— Attributable to non-controlling shareholders	76,430	(345,502)	122.1%
— Total	(8,858,112)	(8,869,583)	-0.1%
Total assets	248,382,061	278,321,567	-10.8%
Cash and bank balances	13,171,546	14,101,705	-6.6%
Total equity	32,733,411	51,869,650	-36.9%
Total equity attributable to equity shareholders	27,482,946	36,782,728	-25.3%

(I) Revenue

Total revenue of the Group for the year ended 31 December 2023 increased by approximately RMB5,544.1 million, or approximately 13.3% to RMB47,166.8 million, as compared with 2022. The increase was mainly due to the increase in revenue from property development as compared to 2022. Revenue from property development for the year ended 31 December 2023 amounted to approximately RMB46,781.9 million, representing an increase of approximately 13.2% as compared to RMB41,334.4 million in 2022. Greater Bay Area, Southwest Region, Yangtze River Delta Region and other regions contributed to the revenue from property development in 2023, accounting for 71.1%, 14.7%, 12.4% and 1.8%, respectively.

	Revenue from property development in 2023	
	Amount (RMB Million)	Percentage
Greater Bay Area	33,257	71.1%
Southwest Region	6,855	14.7%
Yangtze River Delta Region	5,793	12.4%
Other regions	877	1.8%
Total	<u>46,782</u>	<u>100%</u>

(II) Cost of sales

Cost of sales of the Group for the year ended 31 December 2023 increased by approximately RMB5,271.2 million to RMB51,676.2 million, or approximately 11.4%, as compared with 2022, primarily due to the increase in revenue recognized as compared to 2022. In addition, the Group has made an inventory impairment provision of approximately RMB6,030.0 million due to the sharp decline in the industry in 2023. Key components of costs are as follows:

	2023 RMB'000	2022 RMB'000	Change per year %
Total cost of sales	51,676,220	46,405,069	11.4%
— Property development	51,627,780	46,365,889	11.3%
— Property operation	48,440	39,180	23.6%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2023 amounted to approximately RMB1,452.6 million (2022: RMB1,755.8 million). The relevant selling and marketing expenses decreased by approximately 17.3% as compared with 2022.

The administrative expenses of the Group for the year ended 31 December 2023 amounted to approximately RMB892.5 million (2022: RMB1,267.9 million), representing a decrease of approximately 29.6% as compared with 2022, which was mainly due to the decrease in staff costs.

(IV) Finance costs

The net finance costs of the Group for the year ended 31 December 2023 decreased to approximately RMB1,620.8 million (2022: RMB1,831.8 million), primarily due to the increase in capitalized interest on projects and decrease in expensed interest.

(V) Tax

Taxes of the Group for the year ended 31 December 2023 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB707.9 million and RMB1,078.3 million, respectively (2022: approximately RMB704.5 million and RMB477.2 million).

(VI) Liquidity and financial resources

As at 31 December 2023, total assets of the Group amounted to approximately RMB248,382.1 million (2022: approximately RMB278,321.6 million), of which current assets amounted to approximately RMB192,495.1 million (2022: approximately RMB215,252.5 million). Total liabilities amounted to approximately RMB215,648.7 million (2022: approximately RMB226,451.9 million), of which non-current liabilities amounted to approximately RMB52,259.0 million (2022: approximately RMB45,433.5 million). Total equity amounted to approximately RMB32,733.4 million (2022: approximately RMB51,869.7 million), of which total equity attributable to owners of the parent amounted to RMB27,482.9 million (2022: approximately RMB36,782.7 million).

As at 31 December 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Friday, 14 June 2024. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 7 June 2024.

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 for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted, applied and complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year ended 31 December 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 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 year ended 31 December 2023.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company comprises three independent non-executive directors, namely Ms. Liu Ka Ying, Rebecca, Mr. Zhang Huaqiao and Mr. Cai Suisheng. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the 2023 annual results announcement and the consolidated financial statements for the year ended 31 December 2023, and also fully discussed with Prism Hong Kong and Shanghai Limited, the auditor of the Company on its audit work.

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Company's auditors, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

FORWARD-LOOKING STATEMENTS

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

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 28 March 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.