朗诗绿色管理
LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHT

- For the year of 2023, contracted sales of "Landsea Products" amounted to approximately RMB18.39 billion with corresponding contracted GFA of approximately 967,000 sq.m.

- For the year of 2023, new project management services contracts amounted to approximately RMB460 million.

- For the year of 2023, additional saleable value was approximately RMB29.29 billion. As of 31 December 2023, the remaining saleable value of "Landsea Products" was approximately RMB141.32 billion.

- For the year of 2023, the Group's revenue was approximately RMB9.04 billion, and its gross profit was approximately RMB1.11 billion.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Landsea Green Management Limited (the "**Company**" or "**Landsea**") would like to present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 ("**FY2023**") together with the comparative figures. The consolidated results have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**9,039,797**	14,018,521
Cost of sales and services		**(7,929,178)**	(12,664,689)
Gross profit		**1,110,619**	1,353,832
Other income	*5*	**18,685**	28,181
Selling expenses		**(547,287)**	(694,776)
Administrative expenses		**(972,727)**	(893,237)
Net impairment losses on financial and contract assets		**(194,315)**	(479,215)
Fair value losses — net		**(29,979)**	(60,110)
Other losses — net		**(53,416)**	(342,522)
Operating loss		**(668,420)**	(1,087,847)
Finance income	*6*	**18,997**	4,849
Finance costs	*6*	**(232,099)**	(391,166)
Finance costs — net	*6*	**(213,102)**	(386,317)
Share of net (loss)/profit of associates		**(94,087)**	31,507
Share of net profit/(loss) of joint ventures		**152,291**	(303,767)
Loss before income tax		**(823,318)**	(1,746,424)
Income tax expenses	*7*	**(40,001)**	(707,328)
Loss for the year		**(863,319)**	(2,453,752)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Loss for the year		**(863,319)**	(2,453,752)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
— Exchange difference on translation of foreign operations		**(8,353)**	454
Items that will not be reclassified to profit or loss:			
— Exchange difference on translation of functional currency to presentation currency of the Company		**(16,491)**	(93,577)
— Exchange difference on translation of functional currency to presentation currency of non-controlling interests		**24,948**	128,226
Other comprehensive income for the year, net of tax		**104**	35,103
Total comprehensive loss for the year		**(863,215)**	(2,418,649)
(Loss)/profit for the year attributable to:			
— The shareholders of the Company		**(860,793)**	(2,588,642)
— Non-controlling interests		**(2,526)**	134,890
		(863,319)	(2,453,752)
Total comprehensive (loss)/profit for the year attributable to:			
— The shareholders of the Company		**(885,637)**	(2,681,765)
— Non-controlling interests		**22,422**	263,116
		(863,215)	(2,418,649)
		RMB	*RMB*
Loss per share attributable to the shareholders of the Company for the year			
Basic loss per share	*8*	**(0.189)**	(0.569)
Diluted loss per share	*8*	**(0.189)**	(0.569)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	**2023** **RMB'000**	2022 RMB'000
ASSETS			
Non-current assets			
Investment properties	*10*	**321,600**	332,500
Property, plant and equipment		**251,898**	186,319
Right-of-use assets		**85,325**	113,414
Interests in associates		**1,074,737**	1,186,685
Interests in joint ventures		**2,315,077**	2,194,260
Trade and other receivables, prepayments and deposits	*12*	**29,603**	34,164
Deferred income tax assets		**409,501**	283,051
Goodwill		**486,148**	478,041
		4,973,889	4,808,434
Current assets			
Properties held for sale		**605,541**	699,332
Properties under development	*11*	**9,095,550**	8,959,234
Inventories		**30,448**	30,059
Contract assets		**280,720**	278,697
Trade and other receivables, prepayments and deposits	*12*	**3,279,961**	3,891,475
Restricted cash	*15*	**99,315**	67,505
Cash and cash equivalents	*15*	**988,161**	1,252,056
		14,379,696	15,178,358
Total assets		**19,353,585**	19,986,792

	Note	2023 *RMB'000*	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	*13*	**351,662**	338,389
Financial liabilities at fair value through profit or loss		**39,047**	10,272
Lease liabilities		**73,879**	84,112
Borrowings	*14*	**5,241,915**	5,836,754
Deferred income tax liabilities		**190,497**	191,015
		5,897,000	6,460,542
Current liabilities			
Trade and other payables	*13*	**8,082,921**	8,231,904
Financial liabilities at fair value through profit or loss		**311,840**	315,931
Contract liabilities		**248,606**	201,268
Lease liabilities		**26,646**	36,659
Borrowings	*14*	**1,972,978**	1,494,321
Current income tax liabilities		**741,310**	552,809
		11,384,301	10,832,892
Total liabilities		**17,281,301**	17,293,434
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**38,702**	38,702
Reserves		**(49,729)**	678,158
		(11,027)	716,860
Non-controlling interests		**2,083,311**	1,976,498
Total equity		**2,072,284**	2,693,358
Total liabilities and equity		**19,353,585**	19,986,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 GENERAL INFORMATION

Landsea Green Management Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Room 406, 8 Queen's Road East, Wan Chai, Hong Kong respectively. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in development and sales of properties, provision of management services and leasing of properties. The Company's subsidiary, Landsea Homes Corporation ("**Landsea Homes**") was listed on Nasdaq on 7 January 2021.

The immediate holding company and the ultimate controlling company of the Company are Greensheid Corporation, a company established in the British Virgin Islands (the "**BVI**") and Landsea Group Co., Ltd. (朗詩集團股份有限公司, a company established in the People's Republic of China, the "**PRC**") ("**Landsea Group**"), respectively. The ultimate controlling shareholder of the Company is Mr. Tian Ming ("**Mr. Tian**"), a director of the Company.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**") unless otherwise stated.

The consolidated financial statements were approved for issue by the board of directors on 28 March 2024.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

*(a) Compliance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Companies Ordinance (Cap.622 of the Laws of Hong Kong) ("**HKCO**") and the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**")*

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of HKCO and Listing Rules.

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations issued by the HKICPA

(b) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities and investment properties measured at fair value.

(c) *Going concern basis*

As at 31 December 2023, excluding those balances of Landsea Homes Corporation ("**Landsea Homes**", the Company's listed subsidiary), which was managed separately for liquidity management purpose, the Group's current liabilities exceeded its current assets by RMB5,287 million and the Group's current borrowings amounted to RMB1,973 million while its cash and cash equivalents was RMB141 million only. On the same date and up to the date of approval of the consolidated financial statements, the Group was in default of a senior note (the "**Defaulted Senior Note**") with principal amount of US$34 million (equivalent to RMB241 million) and interest amount of US$1 million (equivalent to RMB7 million) because of non-payment at its due date.

Due to the slowing down of Mainland China property market since second half of 2021, the Group's China operations had experienced a decline in the business of property development and the related pre-sales volume and collection of pre-sale proceeds reduced significantly in 2022 and 2023. For the year ended 31 December 2023, the Group incurred a net loss of RMB863 million.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measure have been formulated to mitigate the liquidity pressure and to improve its cash flows which include, but not limited to, the following:

(i) The Group will continue to actively adjust sales and pre-sale activities to better respond to market needs, make efforts to achieve the latest budgeted sales and pre-sales volumes and amounts, and enhance collection;

(ii) The Group will maintain continuous communication with the major constructors and suppliers to arrange payments to these vendors and meet all of the necessary conditions to launch the pre-sale and to complete the development of properties on schedule;

(iii) The Group is actively negotiating to reaching agreements with the holders of the Defaulted Senior Note. At the same time, the Group will closely monitor and ensure compliance with financial covenants and other terms and conditions of the other borrowings, including timely repayment of principal and interests of the borrowings. In addition, the Group has been actively negotiating with certain financial institutions so that the Group can timely secure project development loans for qualified project development and secure or extend other borrowings through pledge of equity interests in certain subsidiaries;

(iv) The Group has been in contact with potential buyers to dispose of certain investment properties held by the Group's subsidiaries, and equity interests in certain joint ventures and associates which hold investment properties. In addition, the Group will continuously seek dividends and advances from certain joint ventures and associates according to those projects' pre-sale and cashflow conditions; and

(v) The Group will also continue to speed up the collection of its trade and other receivables and will also continue to take active measures to control administrative costs.

The directors have reviewed the Group's cash flow projections for a period of 12 months from 31 December 2023 and are of the opinion that, taking into account the above-mentioned plans and measures, the Group will be able to generate sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are 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 management of the Company will be able to achieve its plans and measure as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successfully adjust sales and pre-sales activities to achieve budgeted sales and pre-sales volumes and timely collection of sales proceeds;

(ii) successfully arrange payments to constructors and suppliers on schedule and meet all of the necessary conditions to launch the pre-sale and complete the development of the properties on schedule;

(iii) successfully negotiate with the holders of the Defaulted Senior Note and comply with financial covenants and other terms and conditions of the other borrowings, successfully and timely secure or extend the loans from financial institutions when necessary;

(iv) successfully dispose of certain investment properties held by the Group's subsidiaries, and equity interests in certain joint ventures and associates which hold investment properties, and timely receive the proceeds; as well as successfully receive dividends and advances from certain joint ventures and associates; and

(v) successfully generate operating cash flows through speeding up the collection of trade and other receivables and controlling administrative costs.

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

(d) *New and amended standards adopted by the Group*

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except the below amendments, the standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's financial information.

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

(e) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2023 and relevant to the Group and have not been early adopted by the Group.

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Hong Kong Interpretation 5 (Revised)	Classification by Borrower of Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined

Except the below amendments, the above standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) and Amendments to HKAS 1 Non-current Liabilities with Covenants

In August 2020, the HKICPA issued amendments to HKAS 1 ("**2020 HKSA 1 amendments**") to clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

In December 2022, the HKICPA published further amendments to HKAS 1 ("**2022 HKAS 1 amendments**") to clarify how an entity determines the current/non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

The 2020 and 2022 HKAS 1 amendments are to be applied as a package on a retrospective basis for annual reporting periods beginning on after 1 January 2024. The Group is currently assessing the impact of the amendments and based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

3 REVENUE

Revenue from contracts with customers and other source

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Revenue recognised at a point in time		
Property development and sales		
— Mainland China	**57,799**	3,888,601
— US	**8,385,216**	9,425,714
Management services *(a)*		
— Mainland China	**92,366**	95,732
— US	**2,443**	2,181
	8,537,824	13,412,228
Revenue recognised over period		
Property development and sales		
— US	**173,565**	345,982
Management services *(a)*		
— Mainland China	**325,680**	255,068
	499,245	601,050
Revenue from other source		
Rental income		
— Office investment properties	**2,728**	5,243
	9,039,797	14,018,521

(a) Breakdown of the revenue from management services is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from development management services	**248,422**	104,703
Revenue from sales management services	**92,366**	95,732
Revenue from green product integration services	**49,398**	63,516
Revenue from brand authorisation services	**30,303**	89,030
	420,489	352,981

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The reports are prepared on the same basis as consolidated financial statements.

The executive directors consider the business from services perspective and have identified the following operating segments:

- Property development and sales in US;
- Property development and sales in Mainland China;
- Management services; and
- Office property investment.

The executive directors assess the performance of operating segments based on a measure of segment revenue and segment profit.

Segment profit/(loss) represents the profit earned or loss incurred by each segment without allocation of net finance costs and corporate expenses charged in the consolidated statement of profit or loss and other comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2023 is as follows:

	For the year ended 31 December 2023				
	Property development and sales in US *RMB'000*	**Property development and sales in Mainland China** *RMB'000*	**Management services** *RMB'000*	**Office property investment** *RMB'000*	**Total** *RMB'000*
Segment revenue (from external customers) *(note 3)*					
— Revenue recognised at a point in time under HKFRS 15	**8,385,216**	**57,799**	**94,809**	**–**	**8,537,824**
— Revenue recognised over period under HKFRS 15	**173,565**	**–**	**325,680**	**–**	**499,245**
— Rental income	**–**	**–**	**–**	**2,728**	**2,728**
	8,558,781	**57,799**	**420,489**	**2,728**	**9,039,797**
Depreciation of property, plant and equipment	**(30,677)**	**(9,254)**	**(5,984)**	**–**	**(45,915)**
Depreciation of right-of-use assets	**(32,067)**	**(855)**	**(2,651)**	**–**	**(35,573)**
Fair value loss on investment properties	**–**	**–**	**–**	**(10,900)**	**(10,900)**
Fair value loss on financial liabilities at fair value through profit or loss	**(19,079)**	**–**	**–**	**–**	**(19,079)**
Share of net loss of associates	**–**	**(94,087)**	**–**	**–**	**(94,087)**
Share of net (loss)/profit of joint ventures	**(150)**	**152,441**	**–**	**–**	**152,291**
Segment profit/(loss)	**162,641**	**(582,246)**	**(104,493)**	**(17,870)**	**(541,968)**
At 31 December 2023					
Segment assets	**11,701,003**	**6,092,024**	**1,236,248**	**324,310**	**19,353,585**
Interests in associates	**–**	**1,074,737**	**–**	**–**	**1,074,737**
Interests in joint ventures	**137**	**2,314,940**	**–**	**–**	**2,315,077**
Additions/(deductions) to non-current assets (excluding financial assets, deferred income tax assets)	**(14,139)**	**63,926**	**(5,190)**	**1,000**	**45,597**
Segment liabilities	**7,759,413**	**8,480,813**	**981,835**	**59,240**	**17,281,301**

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2022 is as follows:

	For the year ended 31 December 2022				
	Property development and sales in US	Property development and sales in Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 3)*					
— Revenue recognised at a point in time under HKFRS 15	9,425,714	3,888,601	97,913	–	13,412,228
— Revenue recognised over period under HKFRS 15	345,982	–	255,068	–	601,050
— Rental income	–	–	–	5,243	5,243
	9,771,696	3,888,601	352,981	5,243	14,018,521
Depreciation of property, plant and equipment	(21,507)	(6,711)	(7,296)	–	(35,514)
Depreciation of right-of-use assets	(32,354)	(1,739)	(5,460)	–	(39,553)
Fair value loss on investment properties	–	–	–	(33,600)	(33,600)
Fair value loss on financial liabilities at fair value through profit or loss	(26,227)	–	–	–	(26,227)
Fair value loss on financial assets at fair value through profit or loss	(283)	–	–	–	(283)
Share of net profit of associates	–	31,507	–	–	31,507
Share of net profit/(loss) of joint ventures	1,400	(305,167)	–	–	(303,767)
Segment profit/(loss)	477,755	(1,403,663)	(344,488)	18,148	(1,252,248)
At 31 December 2022					
Segment assets	11,009,176	7,863,346	778,498	335,772	19,986,792
Interests in associates	–	1,186,685	–	–	1,186,685
Interests in joint ventures	283	2,193,977	–	–	2,194,260
Additions/(deductions) to non-current assets (excluding financial assets, deferred income tax assets)	346,583	(15,627)	(13,539)	(307,100)	10,317
Segment liabilities	7,467,930	9,360,984	434,700	29,820	17,293,434

The Group does not have any single customer which contributed to more than 10% of the Group's revenue. The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**478,573**	4,244,644	**4,208,012**	4,100,638
US	**8,561,224**	9,773,877	**765,426**	706,504
Hong Kong (domicile)	**–**	–	**451**	1,292
	9,039,797	14,018,521	**4,973,889**	4,808,434

The revenue information above is based on the location of the customers. Non-current assets information above is based on the location of the assets or the location of operations.

Reconciliation of segment loss to loss before income tax is as follows:

	2023	2022
	RMB'000	*RMB'000*
Segment loss	**(541,968)**	(1,252,248)
Finance costs — net *(note 6)*	**(213,102)**	(386,317)
Unallocated corporate expenses	**(68,248)**	(107,859)
Loss before income tax	**(823,318)**	(1,746,424)

5 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income from:		
— Amounts due from joint ventures and associates	**13,231**	14,504
— Loan to third parties	**14**	2,551
Government grants (a)	**5,440**	11,045
Others	**–**	81
	18,685	28,181

(a) Government grants included tax rebate with amount of RMB2,430,000 (2022: RMB8,961,000).

6 FINANCE COSTS — NET

	2023	2022
	RMB'000	*RMB'000*
Finance costs		
— Bank borrowings	**459,030**	312,215
— Loans from the ultimate controlling company	**16,815**	35,576
— Senior private notes	**80,173**	182,436
— EB-5 loans	**5,414**	4,351
— Borrowings from other financial institutions	**68,051**	77,903
— Borrowings from other non-financial institutions	**19,035**	55,216
— Amounts due to related parties	**16,870**	39,567
— Loans from non-controlling interests	**46,169**	–
— Lease liabilities	**6,275**	5,062
— Other finance charges	**35,813**	7,918
	753,645	720,244
Less: interest capitalised	**(521,546)**	(329,078)
	232,099	391,166
Finance income		
— Bank interest income	**(18,997)**	(4,849)
	213,102	386,317

The average interest rate of borrowing costs capitalised for the year ended 31 December 2023 was approximately 6.06% per annum (2022: 5.81%).

7 INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current income tax		
— Hong Kong Profits Tax (a)		
Tax expense for the year	**–**	–
— Mainland China enterprise income tax (b)		
Tax expense/(credit) for the year	**1,708**	(13,483)
— US profit tax (c)		
Tax expense for the year	**118,645**	214,835
	120,353	201,352
Mainland China land appreciation tax (b)	**8,654**	71,185
Deferred income tax	**(89,006)**	434,791
	40,001	707,328

(a) Hong Kong Profits Tax has been provided at 16.5% (2022: 16.5%) on the assessable profits arising in Hong Kong for the year. No provision for Hong Kong Profits Tax is made since the Group has no assessable profits for the years ended 31 December 2023 and 2022.

(b) For the year ended 31 December 2023, the Group's subsidiaries in Mainland China are subject to enterprise income tax at the rate of 25% (2022: 25%) except for one subsidiary which is located in western areas of Mainland China engaged in encouraged industries and is subject to a preferential tax rate of 15% in accordance with relevant regulations.

Land appreciation tax in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures. The tax is incurred upon transfer of property ownership.

(c) In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 27.30% (2022: 27.38%).

(d) Under the Law of Mainland China on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, a withholding tax at 10% is imposed for dividends distributed by a Mainland China-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding company is established in Hong Kong according to the tax treaty arrangement between Mainland China and Hong Kong. The Group controls the dividend policies of subsidiaries in Mainland China. The directors of the Company confirmed that the remaining retained earnings of the Group's subsidiaries in Mainland China as at 31 December 2023 will not be distributed to its immediate holding company in the foreseeable future. As at 31 December 2023, deferred income tax liability of RMB185,364,000 (2022: RMB520,790,000) on the remaining unremitted distributable profit generated by the Group's subsidiaries in Mainland China attributable to its immediate holding company with the amount of RMB1,853,643,000 (2022: RMB5,207,900,000) was not recognised.

    Pursuant to the requirements of the US Department of the Treasury on Withholding of Tax on Nonresident Aliens and Foreign Entities, a withholding tax at 30% is imposed for dividends distributed by a US-resident enterprise to its immediate holding company outside the US. A reduced rate, including exemption, may apply if there is a tax treaty between the country of residence and the US. The Group controls the dividend policies of subsidiaries in the US. The directors of the Company confirmed that the remaining retained earnings of the Group's subsidiaries in the US as of 31 December 2023 will not be distributed to its immediate holding company in the foreseeable future. As at 31 December 2023, deferred income tax liability of RMB79,444,000 (2022: RMB72,678,000) on the remaining unremitted distributable profit generated by the Group's subsidiaries in the US attributable to its immediate holding company with the amount of RMB294,891,000 (2022: RMB269,776,000) was not recognised.

(e) As of 31 December 2023, the Group has unused tax losses RMB1,716,950,000 (2022: RMB1,457,720,000) available for offset against future profits for certain entities in Mainland China which have not been recognised due to the unpredictability of future profit streams. The tax losses in Mainland China would expire within five years.

Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

8 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	2023	2022
Loss attributable to the shareholders of the Company *(RMB'000)*	**(860,793)**	(2,588,642)
Weighted average number of ordinary shares in issue (in thousands)	**4,543,175**	4,545,948
Basic loss per share (expressed in RMB per share)	**(0.189)**	(0.569)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding (excluding ordinary shares purchased by the Company for share award scheme) to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: restricted share award scheme. The shares granted under the restricted share award scheme are assumed to have been transferred to the grantee. The effects of restricted share award scheme were excluded from calculation of diluted loss per share as the effects would have been anti-dilutive during the years ended 31 December 2023 and 2022.

	2023	2022
Loss attributable to the shareholders of the Company *(RMB'000)*	**(860,793)**	(2,588,642)
Weighted average number of ordinary shares in issue (in thousands)	**4,543,175**	4,545,948
Adjustment for:		
— Assumed distribution of shares under restricted share award scheme (in thousands)	**–**	–
Adjusted weighted average number of ordinary shares for diluted earnings per share (in thousands)	**4,543,175**	4,545,948
Diluted loss per share (expressed in RMB per share)	**(0.189)**	(0.569)

9 DIVIDEND

The board of directors did not declare any distribution at the meeting of the Company held on 28 March 2024 (2022: nil). During the year ended 31 December 2023, dividend payable of RMBnil (2022: RMB200,000,000) were paid to the shareholders of the Company.

10 INVESTMENT PROPERTIES

As at 31 December 2023, the Group held certain properties located in Mainland China. Changes to the carrying amount of investment properties in the consolidated statement of financial position are summarised as follows:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**332,500**	687,500
Fair value losses — net	**(10,900)**	(33,600)
Disposal of subsidiaries	**–**	(321,400)
At 31 December	**321,600**	332,500

11 PROPERTIES UNDER DEVELOPMENT

	2023	2022
	RMB'000	*RMB'000*
Properties under development located in:		
— Mainland China	**2,201,764**	1,971,621
— US	**7,831,700**	7,765,426
	10,033,464	9,737,047
Less: provision for decline in the value of properties under development	**(937,914)**	(777,813)
	9,095,550	8,959,234
Amount comprises:		
— Land payments		
Leasehold land, Mainland China	**1,441,295**	992,499
Freehold land, US	**3,056,661**	2,943,111
	4,497,956	3,935,610
— Development expenditures and improvements	**3,780,047**	4,459,256
— Finance cost capitalised	**817,547**	564,368
	9,095,550	8,959,234

12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023	2022
	RMB'000	*RMB'000*
Included in non-current assets:		
Other receivables		
— Deposits for building construction	**30,000**	30,000
— Deposits for property maintenance	**5,580**	5,580
	35,580	35,580
Less: provision for loss allowance	**(5,977)**	(1,416)
	29,603	34,164
Included in current assets:		
Trade receivables (a)		
— Related parties	**172,449**	186,350
— Third parties	**471,358**	492,535
	643,807	678,885
Less: provision for loss allowance		
— Related parties	**(102,638)**	(35,612)
— Third parties	**(274,889)**	(275,999)
	(377,527)	(311,611)
	266,280	367,274

	2023	2022
	RMB'000	*RMB'000*
Prepayments		
— Prepayments for purchase of land	**442,513**	442,513
— Prepaid value added tax ("**VAT**") and other surcharges	**102,438**	69,503
— Prepaid taxes	**23,266**	29,709
— Other prepayments	**157,410**	200,090
	725,627	741,815
Amounts due from related parties	**1,325,120**	1,646,813
Less: provision for loss allowance	**(764,538)**	(756,673)
	560,582	890,140
Amounts due from non-controlling interests	**4,972**	169,012
Less: provision for loss allowance	**(1,369)**	(11,831)
	3,603	157,181
Deposits for purchase of land	**683,609**	697,074
Less: provision for loss allowance	**(20,508)**	(20,912)
	663,101	676,162
Other receivables		
— Lendings to third parties	**466,128**	366,462
— Deposits for land bidding	**45,000**	42,000
— Escrow receivable	**357,162**	426,649
— Deposits in housing fund	**6,382**	5,930
— Deposits for building construction	**16,100**	17,381
— Deposits for apartments rental	**2,004**	2,942
— Consideration receivables	**1**	25,249
— Warranty and general liability insurance receivables	**194,106**	188,804
— Others	**201,330**	107,340
	1,288,213	1,182,757
Less: provision for loss allowance	**(227,445)**	(123,854)
	1,060,768	1,058,903
	3,279,961	3,891,475

(a) Trade receivables

	2023	2022
	RMB'000	*RMB'000*
Trade receivables from property development and sales	**271,319**	271,384
Trade receivables from management services	**372,488**	407,501
	643,807	678,885
Less: provision for loss allowance	**(377,527)**	(311,611)
	266,280	367,274

The aging analysis of the current trade receivables based on the invoice dates is as follows:

	2023	2022
	RMB'000	*RMB'000*
Related parties		
— Less than one year	**10,541**	48,652
— One to two years	**44,645**	42,856
— Two to three years	**27,881**	24,803
— Three to four years	**20,709**	22,321
— Four to five years	**22,321**	39,824
— Over five years	**46,352**	7,894
	172,449	186,350
Third parties		
— Less than one year	**39,459**	40,892
— One to two years	**27,421**	45,513
— Two to three years	**39,095**	35,894
— Three to four years	**11,635**	310,954
— Four to five years	**294,466**	23,087
— Over five years	**59,282**	36,195
	471,358	492,535
	643,807	678,885

The credit terms granted to customers of purchasing properties are generally ranging from 30 days to 60 days, while for the customers to whom the Group provides management services, decoration services and sales of land, the credit terms are around one year.

As at 31 December 2023, the carrying amounts of trade and other receivables, prepayments and deposits (netting off provision for bad debt) were denominated in below currencies:

	2023	2022
	RMB'000	*RMB'000*
RMB	**1,783,273**	2,552,214
US$	**1,525,841**	1,372,979
HK$	**450**	446
	3,309,564	3,925,639

As at 31 December 2023 and 2022, the fair value of trade and other receivables approximate their carrying amounts.

13 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Included in non-current liabilities:		
— Amounts due to related parties	**–**	8,443
— Warranty accruals	**346,662**	324,946
— Other payables	**5,000**	5,000
	351,662	338,389
Included in current liabilities:		
— Amounts due to related parties	**3,097,933**	3,206,819
— Payables for construction materials and services	**1,875,348**	1,806,464
— Deposits received from rental and construction services	**822,790**	720,146
— Interest payable	**458,827**	431,185
— Amounts due to non-controlling interests	**280,871**	278,560
— Funding from third parties	**515,527**	872,116
— VAT and other tax payables	**122,295**	163,829
— Dividend payable	**13,155**	12,967
— Accruals for staff costs	**233,952**	162,668
— Notes payables	**2,513**	39,560
— Consideration payables	**4,626**	4,626
— Other payables	**655,084**	532,964
	8,082,921	8,231,904

As at 31 December 2023 and 2022, the carrying amounts of trade and other payables approximate their fair values.

As at statement of financial position date, the aging analysis of the payables for construction materials and services based on invoice dates is as follows:

	2023	2022
	RMB'000	*RMB'000*
Less than one year	**871,837**	849,874
One to two years	**243,166**	480,191
Two to three years	**332,839**	295,154
Over three years	**427,506**	181,245
	1,875,348	1,806,464

As at statement of financial position date, the carrying amounts of trade and other payables were denominated in below currencies:

	2023	2022
	RMB'000	*RMB'000*
RMB	**6,429,133**	6,412,295
US$	**1,957,085**	2,110,458
HK$	**48,365**	47,540
	8,434,583	8,570,293

14 BORROWINGS

	2023		2022	
	Current	**Non-Current**	Current	Non-Current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
— Bank borrowings	**258,385**	**2,766,863**	523,650	3,984,465
— Loans from other financial institutions	**437,930**	**–**	623,700	–
Total secured borrowings	**696,315**	**2,766,863**	1,147,350	3,984,465
Unsecured				
— Bank borrowings	**–**	**1,672,532**	–	–
— Senior notes 2020 (a)	**240,599**	**–**	257,481	–
— Senior notes 2022 (b)	**669,021**	**–**	89,490	704,436
— Loans from the ultimate controlling company	**367,043**	**–**	–	356,220
— EB-5 loans and contributions from EB-5 investors	**–**	**802,520**	–	791,633
Total unsecured borrowings	**1,276,663**	**2,475,052**	346,971	1,852,289
Total borrowings	**1,972,978**	**5,241,915**	1,494,321	5,836,754

Borrowings carry interest ranging from 0.10% to 12.30% (2022: 0.10% to 10.75%) per annum.

(a) Senior notes

Senior notes 2020 issued by the Company were listed on the Singapore Exchange Securities Trading Limited on 21 January 2020 with interest at 10.75% per annum paid semi-annually in arrears and fell mature in October 2022. Up to October 2022, the Group had repurchased US$30,600,000 (equivalent to RMB196,753,000) of the total principal amount of senior notes 2020. In October 2022, the Group successfully exchanged senior notes 2020 of US$132,216,000 (equivalent to RMB947,962,000) with a new senior note of US$118,994,400 (equivalent to RMB853,166,000) due on 20 October 2024 (the "**Maturity Date**") (the "**senior notes 2022**"), which is at 90% of the aggregate principal amount of senior notes 2020, and cash payment of US$13,883,000 (equivalent to approximately RMB99,538,000), which is at 10.5% of the aggregate principal amount of senior notes 2020 (the "**Exchange**").

As of 31 December 2023, the Group was in default of the senior notes 2020 with principal amount of US$33,970,000 (equivalent to RMB240,599,000) and interest amount of US$1 million (equivalent RMB7 million) because of non-payment at its due date. The events of default provisions under senior notes 2022 carve out any cross-default events and final judgments and orders arising directly or indirectly from any defaults of events of occurrence under senior notes 2020.

(b) Senior notes 2022 were listed on the Singapore Exchange Securities Trading Limited on 21 October 2022 with interest at 10.75% per annum paid semi-annually in arrears. Senior notes 2022 are guaranteed by certain subsidiaries of the Company. The Company shall redeem at least the 30% of principal amounts at a redemption price equal to 100% of the principal amount of senior notes 2022 with accrued and unpaid interest on 20 April 2024. The Company shall repay all remaining outstanding principal amounts of senior notes 2022 plus accrued and unpaid interest on the Maturity Date.

As at 31 December 2023, the remaining outstanding principal amount of senior notes 2022 was US$94,458,000 (equivalent to RMB669,021,000).

At end of reporting period, the carrying amounts of borrowings were denominated in the following currencies:

	2023	2022
	RMB'000	*RMB'000*
RMB	**1,368,493**	1,299,711
US$	**5,846,400**	6,031,364
	7,214,893	7,331,075

The Group's borrowings are repayable as follows as at each statement of financial position date:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**1,972,978**	1,494,321
Between one and two years	**2,234,251**	4,956,873
Between two and five years	**2,960,144**	826,861
Over five years	**47,520**	53,020
	7,214,893	7,331,075

15 CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are cash balance of US$119,554,960 (equivalent to approximately RMB846,772,000) held by the Company's listed subsidiary, Landsea Homes, which relates to the operation of the property development and sales in the US, and are not available for general use by the Company. As a result, the Group's cash and cash equivalents excluding those held by Landsea Homes which the Company cannot freely use was RMB141,390,000.

CHAIRMAN'S STATEMENT

Market Overview

In 2023, real estate sales in the PRC hit an eight-year low with a general downward trend observed in the house prices in 70 large and middle cities. The government adopted a series of supportive measures such as the gradual easing of the purchase restriction in major cities including first-tier cities, to revive the market demand that remains sluggish. At present, the supply and demand relationship of the real estate industry has been substantially reversed, and the industry is still undergoing a difficult and prolonged deep adjustment.

Operation Performance

In the face of continuous unprecedented challenges, all Landsea employees have kept their determination and morale high. We believe that our courage and professional strength will sustain the company through the hard times. In 2023, the contracted sales of "Landsea Products" amounted to approximately RMB18.39 billion with contracted GFA of approximately 967,000 sq.m. The total revenue was approximately RMB9.04 billion. During the period under review, leveraging its green technology residence construction ability and professional project management ability, the Company secured a total of 18 projects, among which 12 were in the PRC and 6 were in the United States; and achieved smooth delivery of over 12,000 houses in 24 projects in China and over 2,100 houses in the United States during the year.

Real Estate Business in the PRC

As a green development service provider, green differentiation strategy has been embedded in our heart and soul. After years of devotion, our research and construction abilities in green building has been the foundation of our success in the fierce market competition. As of the end of 2023, we have built more than 200 green residential projects across the country, with a green residential development area of more than 33 million sq.m. At present, the Company has obtained a total of 104 green building certifications in the PRC, of which more than 56 are three-star green building certifications. The first three-star green building project certification in 9 cities, including Shanghai, Nanjing, Hangzhou and Suzhou, was obtained by Landsea. Our projects with national green building certification accounted for nearly 70% of the total number of projects. In addition, we have also obtained 21 international green building certifications, including BREEAM ,LEED and DGNB.

As at the end of 2023, the accumulated saleable value in the PRC amounted to approximately RMB116.83 billion, among which first-tier, new first-tier and second-tier cities[1] accounted for approximately 90% , Yangtze River Delta and Greater Bay Area accounted for nearly 80%. During the year, Landsea secured 12 projects in Suzhou,Wuxi,Chengdu, Chongqing, Xi'an and Foshan, etc. and achieved an additional saleable value of approximately RMB28.1 billion as well as an additional saleable area of approximately 1.33 million sq.m. All newly secured projects were development and management services ("project management services") projects. In 2023, revenue from property management services projects amounted to approximately RMB420 million, representing a year-on-year increase of 19.1%, and the gross profit margin of property management services projects was 27%. As at the end of 2023, we provided a total of 102 projects with project management services and with minority interests, while the total saleable area was approximately 5.6 million sq.m. and the estimated saleable value was approximately RMB110.1 billion, representing approximately 94% of the total accumulated saleable value in the PRC.

Over the years, Landsea has upheld and adhered to its role as the revolutionist of the industry and it firmly believes that the industry will become more professional with more sophisticated division of labour and more diversified risks. Landsea has been exploring the path of transforming from a traditional asset-heavy housing model to an asset-light model with concrete action. We have insisted on the strategy over the years so that we can face the headwinds of the industry and deal with the sluggish sales with greater ease and agility. When the industry is transforming, refusing to change is like imposing shackles on ourselves. We can build a brighter future only if we actively reform and stay true to innovation.

Real Estate Business in the United States

The year 2023 is the 10th anniversary since the establishment of our real estate business in the United States. During this decade, our US company has earned a place in the real estates industry with its remarkable execution abilities and superior merger, acquisition and consolidation capabilities. The Company achieved steady growth in its results with CAGR of its revenue exceeding 28% since 2018. As the rate-rise cycle remains, and the 30-year fixed-rate mortgage remains at a high level of 6.8% in the United States, property owners' demand for acquiring a new property as replacement has been suppressed by high interest rates. The proportion of new flat supply to overall property for sale has been on the rise as a result of the lower supply of second-hand flats, therefore house prices of new flats remain at a higher level.

During the period under review, Landsea Homes had new projects in California, Florida, Texas and Colorado with saleable areas of approximately 80,000 sq.m. and the saleable value was approximately RMB1.22 billion. As at the end of 2023, the accumulated saleable value in the United States was approximately RMB24.5 billion, of which approximately 48% was for Florida and Texas together, approximately 20% was for California and approximately 30% was for Arizona.

[1] According to the 2023 Cities' Business Attractiveness Ranking (2023城市商業魅力排行榜) published by the Rising Lab of China Business Network, 15 new first-tier cities in chronological order are Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, Hefei.

OUTLOOK

The real estate industry in the PRC is under continuous in-depth adjustment, yet it is still the pillar of the national economy with its scale remaining at around RMB10 trillion. The industry switched gears from one of high-speed growth to that of inventory competition and landscape optimization, where only the fittest can survive. Landsea's competitive advantage is more prominent under the era with both challenges and opportunities. Looking back, we have insisted on our strategic transformation for product differentiation, asset-light model transformation and revenue diversification for over a decade. We position ourselves in the new development era more clearly and precisely as a healthy and sustainable green development service provider, being a green brand service provider with strong trading ability and property investment ability.

The in-depth adjustment of the industry has allowed our team to understand how to overcome obstacles and find its way out of the tough times. Facing internal and external challenges of the macro economy and the industry, we are in a battlefield with potential dangers and crises, where only the last man standing wins.

While the past cannot be rewritten, we can look forward to the future. In the new development era of the real estate industry, we will continuously enhance our understanding on the market, be respectful and grasp opportunities in a more professional and sophisticated market through enhancing product innovation and investment. We will leverage our unique advantage and abundant resources in transforming into a successful enterprise in the new development era.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall performance of the Group

The Group upheld the development strategy of "Product-differentiation, Asset-light transformation and Revenue-diversification" and leveraged its resource endowments to further achieve capability of green property products differentiation. Meanwhile, with the advantages of products diversification, the Group actively expanded various projects focusing on minority interests and Project Management Services to achieve revenue diversification.

In 2023, "Landsea Products" recorded contracted sales of approximately RMB18.39 billion (2022: approximately RMB22.32 billion). The contracted area was 967,241 sq.m. (2022: 1,162,178 sq.m.).

In 2023, the Group secured 18 projects in total, of which 12 were in the PRC and 6 were in the United States. All of the projects were under development for sale (including 6 projects in which the Group held equity interests and 12 Project Management Services projects).

In 2023, the Group recorded an increase in the new project saleable area of 1,410,517 sq.m., which were properties under development for sale, with expected new project saleable value of approximately RMB29.29 billion, in which new project saleable area of 80,784 sq.m. and expected new project saleable value of approximately RMB1.22 billion are recorded from the new projects the Group held interests respectively. Among the equity-held projects, the new project saleable area and the expected new project saleable value attributable to the Group were 80,784 sq.m and approximately RMB1.22 billion respectively. During the period under review, the Group obtained new Project Management Services projects with a GFA of 1,835,078 sq.m. (saleable area of 1,329,733 sq.m.) and expected saleable value of approximately RMB28.08 billion. By adhering to a stable and prudent investment strategy, the Group's costs for acquiring land and asset have significant advantage in resisting the market risk in the future.

In 2023, the Group had reserve projects with an aggregate saleable area of 7,454,558 sq.m. and expected saleable value of approximately RMB141.32 billion, in which saleable area of 2,100,689 sq.m. and expected saleable value of approximately RMB39.91 billion secured for the equity-held projects, with saleable area of 1,863,863 sq.m. and expected saleable value of approximately RMB32.34 billion attributable to the Group. The Group had also secured a total of 76 Project Management Services projects, with saleable area of 5,353,869 sq.m. and expected saleable value of approximately RMB101.40 billion. The Group held the leased properties with total GFA of 69,029 sq.m. and the equity-held projects with GFA of 42,887 sq.m..

Business development in the PRC

For expansion of real estate development in the PRC, Landsea continued to take a prudent and pragmatic approach. As at year ended 31 December 2023, the Group secured a total of 12 projects in cities such as Chengdu, Chongqing, Suzhou, Wuxi, Xi'an, Foshan and Taizhou with an additional saleable area of 1,330,000 sq.m. and saleable value of approximately RMB28.08 billion. Meanwhile, the new Project Management Services contracts amounted to approximately RMB460 million (2022: approximately RMB1.19 billion).

Business development in the United States

The Group's property development business covers both the PRC and the United States. Landsea Homes has successively entered Greater New York, California, Arizona, Texas and Florida. In 2023, Landsea Homes secured 6 new projects with additional saleable area of approximately 80,000 sq.m. and saleable value of approximately RMB1.22 billion.

Contracted sales in which the Group held equity interests and properties sold but not recognised

In 2023, the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB9.48 billion with contracted sales area of 484,766 sq.m., i.e. an average selling price of RMB19,561 per sq.m.. The contracted sales were mainly from the on-sale projects in Hangzhou, Wuxi, Wuhan, Jiaxing, Chengdu, Chongqing, etc. in the PRC and first tier and second tier gateway cities in the United States. As at 31 December 2023, the Group's accumulated areas of properties sold but not recognised were 1,012,870 sq.m. (as at 31 December 2022: 1,583,075 sq.m.), amounting to approximately RMB16.42 billion (as at 31 December 2022: approximately RMB24.37 billion), in which areas of properties sold but not recognised attributable to the Group were 450,238 sq.m. (as at 31 December 2022: 672,557 sq.m.), amounting to approximately RMB7.33 billion (as at 31 December 2022: approximately RMB10.40 billion).

External Contracts in 2023

No.	External contract projects in 2023	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
1	Hefei Landsea's Hi-tech Court	49%	11,174	443.00	25,223
2	Yixin Xindu Mansion	26%	524	–	
3	Suzhou Cheng Garden	100%	200	–	
4	Wuxi Xihua Mansion	40%	13,414	552	24,301
5	Hangzhou Le Mansion	50%	1,800	–	
6	Hangzhou Linglongyue	30%	338,957	18,022	18,808
7	Haining Oasis Jing Yuan	20%	526,159	33,913	15,515
8	Wuhan Xihua Mansion	30%	255,187	13,157	19,396
9	Chengdu Xihua Mansion	33%	1,320	–	
10	Chengdu Landsea Cuiyue	100%	14,384	1,182	12,169
11	Chengdu Le Mansion	76%	4,672	–	
12	Chongqin Xiyue Mansion	100%	192,901	12,026	16,040
13	Tianjin Emerald Lan Wan	75%	1,084	–	
14	Tianjin Cuiweilan Pavilion(B)	100%	2,984	–	
15	Tianjin Cuiweilan Pavilion(CD)	35%	2,734	–	
16	Shijiazhuang Future Block	26%	2,210	–	
17	Zhongshan Landsea Dezhou Shangjun	43%	100	–	
18	Changshu Shangjing Mingzhu	51%	608	–	
19	Wuxi Xiyunli	10%	241,814	7,831	30,879
20	Centerra	100%	107,121	6,671	16,058

No.	External contract projects in 2023	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
21	EllisTownCountry	100%	706,103	26,518	26,627
22	Lincoln 65 — Nolin	100%	194,296	5,291	36,722
23	Placentia Heights	100%	270,815	6,541	41,403
24	Synagogue	100%	–49,257	–332	148,364
25	Tirado	100%	662,482	16,071	41,222
26	Trinity Lakes	100%	155,114	11,571	13,405
27	Eastmark	100%	356,276	18,116	19,666
28	Estrella	100%	88,433	5,307	16,663
29	North Central Phoenix (Madison Town & Country)	100%	43,743	1,489	29,377
30	Northern Farms	100%	182,512	11,326	16,114
31	Sunrise Ranch	100%	327,949	21,564	15,208
32	Sunset Farms	100%	145,170	9,769	14,860
33	Verrado	100%	149,173	7,228	20,638
34	Ardmore	100%	54,251	3,637	14,916
35	Bargrove	100%	186,592	13,901	13,423
36	Celery Oaks	100%	35,175	2,349	14,974
37	Courtyards at Waterstone	100%	117,844	8,280	14,232
38	Cypress Hammock	100%	179,351	11,780	15,225
39	Davenport Estates	100%	4,914	365	13,463
40	Greenfield	100%	74,989	5,856	12,805
41	Halifax Plantation-Bulow	100%	90,870	5,133	17,703
42	Hammock Reserve	100%	111,989	8,709	12,859
43	Hanover Lakes	100%	104,841	7,542	13,901
44	Lake Lincoln	100%	77,368	5,558	13,920
45	Legacy Landings	100%	83,361	6,137	13,583
46	Palm Bay	100%	3,105	248	12,520
47	Palm Coast	100%	17,494	1,249	14,006
48	Preservation Pointe	100%	70,345	5,489	12,816
49	Ridgeview	100%	241,484	17,197	14,042
50	St. Johns Preserve	100%	118,609	8,106	14,632
51	Lavender	100%	445,392	5,990	74,356
52	Novato	100%	136,155	3,762	36,192
53	Ontario Vander Eyk	100%	336,370	11,423	29,447
54	Belle Oaks	100%	5,821	293	19,867
55	Saratoga Hills (Key Ranch)	100%	8,672	309	28,065
56	North Copper Canyon	100%	250,094	17,530	14,267
57	Horse Creek	100%	82,915	6,401	12,953

No.	External contract projects in 2023	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
58	Parkview at the Hills	100%	202,478	13,677	14,804
59	Preserve at Sunrise	100%	45,635	3,412	13,375
60	Heathrow Country Estate Homes	100%	4,410	233	18,927
61	Wiregrass	100%	–3,319	–196	16,934
62	Vintage Oaks	100%	15,170	770	19,701
63	Monarch Hills	100%	771,922	33,545	23,012
64	Bentridge	100%	151,452	10,438	14,510
65	Marlowe	100%	38,434	2,328	16,509
66	Gardens Waterstone	100%	25,581	1,711	14,951
67	Alameda Marina	100%	128,639	2,886	44,573
68	The Junction	100%	72,706	5,294	13,734
69	Beresford Woods	100%	102,154	8,914	11,460
70	Sky Lake	100%	57,624	4,087	14,099
71	Citrus Park	100%	26,662	1,828	14,585
72	Woods of Lake Helen	100%	11,974	2,254	5,312
73	Country Club Lakes Estates	100%	17,770	1,023	17,370
74	El Cidro	100%	6,635	360	18,431
75	Eagle Crest	100%	5,137	255	20,145
76	BrightonHomestead	100%	11,045	447	24,709
	Total		9,482,266	484,766	19,561

Project reserves

As at 31 December 2023, the Group had project reserves with total saleable area of 7,454,558 sq.m. and expected saleable value of approximately RMB141.32 billion. In terms of the equity holding, saleable area attributable to the Group was 1,863,863 sq.m. and expected saleable value was approximately RMB32.34 billion. The Group had also secured a total of 76 Project Management Services projects, with saleable area of 5,353,869 sq.m. and expected saleable value of approximately RMB101.40 billion.

Accumulated land reserve at the end of 2023

Number	City of accumulated land reserve as at the end of December 2023	Total GFA *(sq.m.)*	Developed GFA *(sq.m.)*	Developing GFA *(sq.m.)*	GFA for future development *(sq.m.)*	Value Sold *(RMB'000)*	GFA Sold *(sq.m.)*	Saleable Value *(RMB'000)*	Saleable GFA *(sq.m.)*
1	Shanghai	252,666	252,666	–	–	3,811,249	167,993	89,542	–
2	Nanjing	2,252,961	1,775,186	477,775	–	37,480,921	1,365,674	9,380,405	220,598
3	Hangzhou	381,194	219,754	161,440	–	8,181,589	199,277	1,095,875	36,419
4	Chengdu	3,373,022	2,913,644	410,204	49,174	26,995,389	1,827,659	8,402,323	816,212
5	Tianjin	495,926	299,184	178,809	17,933	3,183,209	220,528	2,874,763	136,859
6	Xi'an	171,706	–	68,284	103,422	1,144,182	57,863	1,314,936	59,307
7	Chongqing	796,789	446,236	208,806	141,747	5,380,259	409,761	3,483,440	245,319
8	Wuhan	220,143	45,600	174,543	–	2,614,595	121,365	1,116,625	32,675
9	Hefei	335,758	278,360	57,398	–	3,358,947	202,319	481,636	34,266
10	Changsha	266,216	80,301	112,098	73,817	1,035,522	162,644	3,480	–
11	Shijiazhuang	166,336	122,685	43,651	–	1,081,393	124,875	118,990	–
12	Suzhou	3,149,739	1,225,006	1,094,506	830,227	18,639,958	793,141	33,585,877	1,371,842
13	Wuxi	1,848,641	798,308	894,074	156,259	12,639,887	640,567	17,907,631	613,717
14	Changzhou	391,851	140,833	251,018	–	6,045,628	220,639	2,124,478	62,118
15	Nantong	763,709	33,950	9,431	720,328	618,298	66,754	7,522,530	494,757
16	Jinhua	576,344	–	576,344	–	2,657,014	224,418	2,222,287	146,678
17	Ningbo	216,549	–	216,549	–	560,456	47,342	1,643,814	117,856
18	Jiaxing	314,282	191,213	123,069	–	2,713,740	194,529	813,506	30,092
19	Taizhou	40,624	–	40,624	–	725,431	27,915	–	–
20	Tai'an	203,757	–	136,112	67,645	–	–	2,519,310	109,805
21	Taizhou	174,497	–	–	174,497	–	–	860,770	44,810
22	Zhongshan	843,312	302,574	66,029	474,709	2,009,334	201,684	7,675,502	407,850
23	Foshan	114,514	–	56,119	58,395	–	–	1,142,620	79,299
24	Huizhou	139,615	–	139,615	–	–	–	1,577,480	94,754
25	Kaifeng	278,468	48,422	230,046	–	1,180,366	137,649	1,038,220	74,563
26	Huaian	33,287	–	33,287	–	64,344	7,423	82,114	9,220
27	Xianyang	443,619	61,965	240,294	141,360	2,302,807	219,356	1,447,945	127,877
28	Zhangzhou	103,075	–	103,075	–	51,914	2,057	1,022,916	53,716
29	Yancheng	450,924	123,120	58,147	269,657	2,071,552	163,637	2,730,729	239,584
30	Chuzhou	157,138	–	105,138	52,000	255,260	43,968	476,420	60,416
31	Zhangjiakou	134,908	–	134,908	–	613,669	87,420	397,787	12,597
32	Mianyang	115,409	–	115,409	–	917,649	84,057	55,440	–
33	Suqian	425,143	425,143	–	–	3,071,741	299,590	90,968	–
34	Yingtan	96,139	–	96,139	–	–	–	751,560	58,839
35	Ganzi	111,000	–	–	111,000	–	–	781,816	85,427
36	the United States	2,929,705	1,200,300	336,488	1,392,917	20,002,478	1,352,619	24,481,334	1,577,086
	Total:	22,768,966	10,984,450	6,949,429	4,835,087	171,408,781	9,674,723	141,315,069	7,454,558
	Of Which: Subtotal of Equity-held Project	9,752,224	6,450,984	1,793,385	1,507,855	91,754,823	5,676,666	39,911,858	2,100,689
	Subtotal of Project Management Services projects	13,016,742	4,533,466	5,156,044	3,327,232	79,653,958	3,998,057	101,403,211	5,353,869

FINANCIAL REVIEW

Revenue and gross profit

For the year ended 31 December 2023, the Group's revenue was mainly derived from Project Management Services of approximately RMB420 million (2022: approximately RMB353 million), from sale of properties of approximately RMB8.62 billion (2022: approximately RMB13.66 billion) and rental income of approximately RMB3 million (2022: approximately RMB5 million), which in aggregate was approximately RMB9.04 billion (2022: approximately RMB14.02 billion). The gross profit of the Group was approximately RMB1.11 billion (2022: approximately RMB1.35 billion) and the gross profit margin was approximately 12.3% (2022: approximately 9.7%).

Recognised sales of properties of subsidiaries

For the year ended 31 December 2023, the Group recognised revenue of approximately RMB9.04 billion (2022: approximately RMB14.02 billion). In which, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB8.62 billion (2022: approximately RMB13.66 billion) and 442,906 sq.m. respectively, mainly attributable to Wenhui F land parcel (Xihua Mansion), Suzhou Liu Garden in the PRC, and Tirado, Ridgeview, Lavender, EllisTown Country, Eastmark etc. in the United States. The average selling price in the PRC was approximately RMB20,366 (2022: approximately RMB20,695) per sq.m., while the average selling price in the United States was approximately RMB18,828 (2022: approximately RMB18,746) per sq.m..

Income from Project Management Services

For the year ended 31 December 2023, the Group recognised Project Management Services income of approximately RMB420 million (2022: approximately RMB353 million).

Income from rental and management fee

For the year ended 31 December 2023, the Group recognised rental and management fee income of approximately RMB3 million (2022: approximately RMB5 million).

Selling expenses

For the year ended 31 December 2023, the Group recorded selling expenses of approximately RMB547 million (2022: approximately RMB695 million).

Administrative expenses

For the year ended 31 December 2023, the Group recorded administrative expenses of approximately RMB973 million (2022: approximately RMB893 million).

Net impairment losses on financial and contract assets

For the year ended 31 December 2023, net provision for impairment loss on financial assets of the Group amounted to approximately RMB194 million (2022: approximately RMB479 million). The Group's net provision for impairment losses on financial assets was provided using the expected credit loss rate for financial assets such as trade and other receivables in accordance with the standard requirement of HKFRS 9 Financial Instruments.

Fair value losses

For the year ended 31 December 2023, the fair value losses of the Group amounted to approximately RMB30 million (2022: losses of approximately RMB60 million). The fair value losses were mainly due to the combined effect of: (i) the losses on changes in fair value of warrants brought by the acquisition of SPAC in the United States during the period of approximately RMB28 million; (ii) fair value gain from redemption of liabilities in relation to credit agreement of approximately RMB9 million during the period; and (iii) the fair value losses on investment properties during the period of approximately RMB11 million (2022: losses of approximately RMB34 million). The Group's investment properties included 2/F, Building 5, Shanghai IBP International Business Park, Huafei Apartment in Nanjing, Wangjiawan Building in Nanjing and Neighbourhood Union in Wuxi located in the PRC. The fair value of the investment properties was assessed by a qualified independent valuer based on the property's current business model adopted by the Group and its expected income to be generated.

Finance cost

For the year ended 31 December 2023, the Group recorded interest expenses of approximately RMB754 million (2022: approximately RMB720 million). The capitalisation rate of interest expenses in 2023 was approximately 69.2% (2022: approximately 45.7%). For the year ended 31 December 2023, the expensed finance cost of the Group was approximately RMB232 million (2022: approximately RMB391 million). For the year ended 31 December 2023, the interest income of the Group was approximately RMB32 million (including interest income from amounts due from joint ventures and associates and loan to third parties) and the net finance cost was approximately RMB200 million (2022: approximately RMB369 million). For the year ended 31 December 2023, the weighted average finance cost was approximately 6.7% (2022: approximately 6.2%).

Share of net profit of joint ventures and associates

For the year ended 31 December 2023, the Group's share of net profit of joint ventures and associates amounted to approximately RMB58 million (2022: share of net losses of joint ventures and associates amounted to approximately RMB272 million), mainly due to an increase in our share of net losses of joint ventures during the prior period as a result of the expected project impairment of joint venture in 2022.

Taxation

Income tax expenses include enterprise income tax and land appreciation tax. For the year ended 31 December 2023, the Group recorded taxation charge of approximately RMB40 million (2022: approximately RMB707 million), mainly due to the downturn in the overall domestic real estate market in the past two years, the write off of approximately RMB373 million of deferred income tax assets in 2022 led to an increase in income tax expenses for the prior period.

Loss for the period

For the year ended 31 December 2023, the Group incurred a net loss of approximately RMB863 million (2022: net loss of approximately RMB2.45 billion).

Liquidity and Financial Resources

Cash positions

As at 31 December 2023, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB1.09 billion (as at 31 December 2022: approximately RMB1.32 billion).

As at 31 December 2023, the Group's current ratio (current assets divided by current liabilities) was approximately 1.3 times (as at 31 December 2022: approximately 1.4 times).

Indebtedness

As at 31 December 2023, the total indebtedness of the Group amounted to approximately RMB7.21 billion (as at 31 December 2022: approximately RMB7.33 billion). The indebtedness of the Group primarily consists of shareholder loans, bank borrowings, senior notes and EB-5 financing. As at 31 December 2023, total net debts# were approximately RMB6.23 billion (as at 31 December 2022: approximately RMB6.08 billion). As at 31 December 2023, the proportion of short-term debts was approximately 27.3% (as at 31 December 2022: approximately 20.4%) and long-term debts was approximately 72.7% (as at 31 December 2022: approximately 79.6%). Long-term debt of the Group accounted for a greater proportion, and the long term and short term debt continue to maintain a reasonable structure.

net debts = total debts less cash and cash equivalents (excluding restricted cash)

Gearing ratio

The Group has been striving to optimize its capital and debt structure. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 37.3% as at 31 December 2023 (as at 31 December 2022: approximately 36.7%). In addition, the debt to assets ratio of the Group net of advance payment received was approximately 89.3% as at 31 December 2023 (as at 31 December 2022: approximately 86.4%). The management will monitor the capital and debt structure of the Group on a regular basis with aim of mitigating its exposure to the risk of gearing.

Pledge of assets of the Group

As at 31 December 2023, bank borrowings of the Group were secured by one or a combination of the following items: restricted cash, property, plant and equipment, properties under development, investment properties, property held for sales, leasehold land of delivered properties, equity interests in certain subsidiaries of the Group and guarantee provided by the controlling shareholders of the Company. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans are guaranteed by a subsidiary.

Save as disclosed above, there were no charges on the group asset.

Foreign exchange and currency risk

As at 31 December 2023, the Group's cash and cash equivalents and restricted cash were mainly denominated in Renminbi, Hong Kong dollar and United States dollar. The functional currency of the Group's subsidiaries in the United States is United States dollar while that of the subsidiaries in Hong Kong is Hong Kong dollar, and that of the subsidiaries in Mainland China is Renminbi. As at 31 December 2023, the corresponding exchange rate changes in the internal funds transfer of the Group resulted in book exchange losses recorded by the Group of approximately RMB49 million (2022: exchange gains of approximately RMB189 million). As at 31 December 2023, the assets of the Group denominated in US$ was approximately 1.5 times of the liabilities denominated in US$ (2022: approximately 1.5 times). As foreign currency assets are in line with the foreign currency liabilities, no financial instrument is required for hedging purposes.

Interest rate risk

As at 31 December 2023, the debts payable borne with fixed interest rate accounted for approximately 53.8% (as at 31 December 2022: approximately 35.9%) of the total debts of the Group. The Group will continue to monitor the trend of interest rates in the market closely and seek to adopt appropriate risk management measures for mitigating the exposure to the interest rate risk. In this regard, the Group considered the exposure to interest rate risk is low.

Guarantee

The Group cooperates with various financial institutions to arrange mortgage loan facilities for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 31 December 2023, the outstanding guarantees amounted to approximately RMB726 million (as at 31 December 2022: approximately RMB994 million). As at 31 December 2023, there were certain corporate guarantees provided by the subsidiaries of the Group for each other in respect of their borrowings. The management considered that the subsidiaries had sufficient financial resources to fulfill their obligations. Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

During FY2023, the Group had the following significant investments, material acquisitions and disposals:

On 12 June 2023 (New York time), Landsea Holdings Corporation ("**LHC**"), a company incorporated under laws of the State of Delaware in the USA and an indirect wholly-owned subsidiary of the Company and B. Riley Securities, Inc. ("**B. Riley Securities**") (as representative of the underwriters) entered into an underwriting agreement (the "**Underwriting Agreement**"), pursuant to which, subject to the terms and conditions of the Underwriting Agreement, LHC agreed to sell, and B. Riley Securities and Wedbush Securities Inc. as the underwriters (the "**Underwriters**") agreed to purchase, an aggregate of 2,956,522 shares of Landsea Homes Corporation (the "**LSEA Stock**"), at a public offering price of US$7.5 for an aggregate consideration of US$22,173,915. In addition, LHC agreed to sell additional 443,478 shares of LSEA Stock (the "**Option Shares**") to the Underwriters and the Underwriters, subject to the terms and conditions of the Underwriting Agreement, have the right to purchase all or a portion of the Option Shares, at the public offering price of US$7.5 (the "**2023 Disposal**"). Subject to the terms of the Underwriting Agreement, the Underwriters agreed to sell, and Landsea Homes agreed to repurchase, an aggregate of 443,478 shares of LSEA Stock (representing approximately 1.11% of the issued and outstanding shares of LSEA Stock (the "**Share Repurchase**").

As one or more of the applicable percentage ratios in respect of the 2023 Disposal (together with the Share Repurchase) was 25% or more and all of such ratios were less than 75%, the 2023 Disposal (together with the Share Repurchase) constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Completion of the disposal of 2,513,044 shares of LSEA Stock and the Share Repurchase took place on 15 June 2023. Completion of the disposal of the Option Shares took place on 21 June 2023. 443,478 shares of LSEA Stock have been sold to the public.

EVENTS AFTER THE REPORTING PERIOD

(a) On 8 January 2024 (New York time), Landsea Homes, Tommy McAden, Lisa McAden and McAden Enterprises, Inc. (collectively, the "**Sellers**") and the Antares Acquisition, LLC ("**Target Company**") entered into the membership interest purchase agreement, pursuant to which the Landsea Homes conditionally agreed to purchase, and the Sellers conditionally agreed to sell all of the issued equity interests of the Target Company (the "**Acquisition**"). The base purchase price for the Acquisition is US$185,000,000.

    Following LHC completed the disposal of 2,434,783 shares of the common shares of Landsea Homes on 8 March 2024, Landsea Homes is no longer a subsidiary of the Company. In light of the above, the Acquisition no longer constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is no longer subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(b) On 8 March 2024, the indirect wholly-owned subsidiaries of the Company , Shanghai Langxin Property Development Limited*（上海朗信房地產開發有限公司）, Suzhou branch of Shanghai Landsea Investment Management Limited*（上海朗詩投資管理有限公司蘇州分公司）, Shanghai Langming Property Development Limited*（上海朗銘房地產開發有限公司）, Shanghai Langxu Enterprise Management Co., Ltd*（上海朗敘企業管理有限公司）and Shanghai Kunhong Co., Ltd*（上海昆宏實業有限公司）(collectively, the "**Group Members**") entered into the property transfer agreement with Nanjing Landsea Property Management Co., Ltd.（南京朗詩物業管理有限公司）("**Nanjing Landsea Property**") and Wuxi Huilin Yiju Real Estate Brokerage Co., Ltd.*（無錫匯鄰驛居房地產經紀有限公司）("**Wuxi Huilin Yiju**") (collectively, the "**Landsea Green Life Group Members**"), pursuant to which the Group Members shall transfer the target property to Landsea Green Life Group Members (the "**Property Transfer**") at a consideration of RMB9,071,671, which shall be settled by offsetting the equivalent outstanding amount payable by the Group Members to Landsea Green Life Group Members.

Nanjing Landsea Property and Wuxi Huilin Yiju are both indirect wholly-owned subsidiaries of Landsea Green Life Service Company Limited ("**Landsea Green Life**"). Landsea Green Life is indirectly held as to 40.20% by Mr. Tian. As Landsea Green Life is an associate of Mr. Tian, it is a connected person of the Company. The Property Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Property Transfer is more than 0.1% but less than 5%, the Property Transfer is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(c) On 8 March 2024 (New York Time), LHC completed the disposal of 2,434,783 shares of LSEA Stock, representing approximately 6.76% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024, via underwritten offering in respect of which B. Riley Securities and BofA Securities, Inc., were acting as joint bookrunning managers (each of them acting for itself and on behalf of other underwriters, together the "**2024 Underwriters**")), at the public offering price of US$11.6 per share of LSEA Stock (the "**2024 Disposal**").

The highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the 2024 Disposal exceed 75%, the 2024 Disposal constituted a very substantial disposal of the Company and was subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(d) In connection with the 2024 Disposal, LHC granted the 2024 Underwriters an option for a period of 30 days to purchase up to 365,217 additional shares of LSEA Stock ("**Option Shares 2024**"), at the public offering price of US$11.6 per Option Share 2024. On 8 March 2024 (New York Time), 43,362 Option Shares 2024 amounted to US$503,000, representing approximately 0.12% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024, were sold by the 2024 Underwriters to Bruce Frank, Mollie Fadule, Tom Hartfield and Murong Xinyao (the "**Connected Disposal**").

    Bruce Frank, Mollie Fadule, Tom Hartfield are the directors of Landsea Homes. Murong Xinyao is the spouse of Mr. Tian. The Connected Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. All of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Connected Disposal in the public offering are below 5%, the Connected Disposal constituted a connected transaction which is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Save for the above, there is no other material subsequent event undertaken by the Company or the Group after 31 December 2023 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2023, the Group did not have any specific plan for material investments or capital assets.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend in FY2023 (for the year ended 31 December 2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitle to attend and vote at the annual general meeting of the Company to be held on Friday, 14 June 2024, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both dates inclusive, during which period no transfer of shares will be effected. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration 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 purchased, sold or redeemed any of the Company's listed securities during FY2023, other than those purchased by the trustee for the share award scheme adopted on 2 July 2014.

MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

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 as its own code of conduct regarding directors' securities transactions.

The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for FY2023.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code during FY2023.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the external auditor of the Group for the year ended 31 December 2023:

Disclaimer of opinion

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

Basis for disclaimer of opinion

Multiple uncertainties related to going concern

As described in note 2.1(c) to the consolidated financial statements, which indicates that as at 31 December 2023, excluding those balances of Landsea Homes Corporation ("**Landsea Homes**", the Company's listed subsidiary), the Group's current liabilities exceeded its current assets by RMB5,287 million and the Group's current borrowings amounted to RMB1,973 million while its cash and cash equivalents was RMB141 million only. On the same date and up to the date of approval of the consolidated financial statements, the Group was in default of a senior note (the "**Defaulted Senior Note**") with principal amount of US$34 million (equivalent to RMB241 million) and interest amount of US$1 million (equivalent RMB7 million) because of non-payment at its due date. In addition, the Group incurred a net loss of RMB863 million.

These events or conditions, along with other matters as set forth in note 2.1(c) to the consolidated financial statements, indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been formulating a number of plans and measures to mitigate the Group's liquidity pressure and improve its financial position, which are set out in note 2.1(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group is able to (i) successfully adjust sales and pre-sales activities to achieve budgeted sales and pre-sales volumes and timely collection of sales proceeds; (ii) successfully arrange payments to constructors and suppliers on schedule and meet all of the necessary conditions to launch the pre-sale and complete the development of the properties on schedule; (iii) successfully negotiate with the holders of the Defaulted Senior Note and comply with financial covenants and other terms and conditions of the other borrowings, successfully and timely secure or extend the loans from financial institutions when necessary; (iv) successfully dispose of certain investment properties held by the Group's subsidiaries, and equity interests in certain joint ventures and associates which hold investment properties, and timely receive the proceeds; as well as successfully receive dividends and advances from certain joint ventures and associates; and (v) successfully generate operating cash flows through speeding up the collection of trade and other receivables and controlling administrative costs.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Rui Meng (as chairman), Mr. Chen Tai-yuan and Mr. Xu Xiaonian. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, control systems and interim and annual results of the Group and to review the risk management and internal control systems of the Group. The consolidated financial statements of the Group for FY2023 have been reviewed by the Audit Committee.

REVIEW OF RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited 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 Baker Tilly Hong Kong Limited on this announcement.

By order of the Board
Landsea Green Management Limited
Gao Yuan
Company Secretary

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, one non-executive Director, namely Ms. Gu Jing, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*