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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6999)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales for the year ended 31 December 2023 was RMB7,922.2 million.
- Contracted GFA sold for the year ended 31 December 2023 was 1.1 million sq.m.
- Revenue for the year ended 31 December 2023 was RMB18,493.5 million.
- Gross profit for the year ended 31 December 2023 was RMB1,765.8 million.
- Loss for the year ended 31 December 2023 attributable to owners of the Company was RMB1,319.1 million.
- Contracted average selling price for the year ended 31 December 2023 was RMB7,216.1 per sq.m.
- As at 31 December 2023, cash and bank balances⁽¹⁾ amounted to RMB2,006.6 million.

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

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Leading Holdings Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Year**”) with comparative figures for the year ended 31 December 2022. These annual results have been prepared in accordance with International Financial Reporting Standards (the “**IFRSs**”) and have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
REVENUE	4	18,493,524	13,978,807
Cost of sales		(16,727,734)	(15,978,385)
Gross profit		1,765,790	(1,999,578)
Other income and gains	4	85,091	81,138
Selling and distribution expenses		(1,013,184)	(938,068)
Administrative expenses		(294,754)	(476,564)
Fair value losses on investment properties, net		(355,900)	(433,816)
Other expenses		(39,571)	(111,299)
Finance costs	6	(262,376)	(459,326)
Share of profits and losses of:			
Joint ventures		12,200	(144,215)
Associates		(2,629)	(16,421)
LOSS BEFORE TAX	5	(105,333)	(4,498,149)
Income tax expense	7	(880,205)	(599,733)
LOSS FOR THE YEAR		<u>(985,538)</u>	<u>(5,097,882)</u>
Attributable to:			
Owners of the parent		(1,319,083)	(4,149,888)
Non-controlling interests		333,545	(947,994)
		(985,538)	(5,097,882)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
— For loss for the year		<u>RMB(1.28)</u>	<u>RMB(4.04)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	RMB'000
LOSS FOR THE YEAR	<u>(985,538)</u>	<u>(5,097,882)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(985,538)</u>	<u>(5,097,882)</u>
Attributable to:		
Owners of the parent	(1,319,083)	(4,149,888)
Non-controlling interests	<u>333,545</u>	<u>(947,994)</u>
	<u>(985,538)</u>	<u>(5,097,882)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		144,867	164,297
Investment properties		3,530,100	3,886,000
Right-of-use assets		48,099	55,711
Other intangible assets		19,034	20,788
Investments in joint ventures		397,117	430,517
Investments in associates		104,603	106,934
Deferred tax assets		779,512	1,139,039
Other non-current assets		143,730	215,073
		<hr/>	<hr/>
Total non-current assets		5,167,062	6,018,359
CURRENT ASSETS			
Properties under development		15,301,782	30,958,611
Completed properties held for sale		5,846,246	5,424,853
Trade receivables	10	41,332	40,867
Prepayments, deposits and other receivables		4,250,699	5,489,788
Due from related companies		813,325	1,167,790
Financial assets at fair value through profit or loss		900	3,000
Other current assets		119,351	723,750
Tax recoverable		499,478	540,044
Restricted cash		598,800	934,284
Pledged deposits		96,432	126,677
Cash and cash equivalents		1,311,364	2,595,964
		<hr/>	<hr/>
Total current assets		28,879,709	48,005,628

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	11	5,513,317	6,816,937
Other payables and accruals		3,767,586	3,888,814
Interest-bearing bank and other borrowings	12	4,084,147	3,821,333
Senior notes	13	860,104	845,818
Contract liabilities		11,887,470	25,943,890
Lease liabilities		3,491	6,101
Due to related companies		598,309	503,720
Tax payable		2,094,888	1,663,925
		<hr/>	<hr/>
Total current liabilities		28,809,312	43,490,538
		<hr/>	<hr/>
NET CURRENT ASSETS		70,397	4,515,090
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,237,459	10,533,449
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	2,141,350	4,391,773
Lease liabilities		8,539	12,029
Deferred tax liabilities		452,687	687,907
		<hr/>	<hr/>
Total non-current liabilities		2,602,576	5,091,709
		<hr/>	<hr/>
NET ASSETS		2,634,883	5,441,740
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EQUITY			
Equity attributable to owners of the parent			
Share capital		8,670	8,670
Reserves		2,260,427	3,735,743
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		2,269,097	3,744,413
		<hr/>	<hr/>
Non-controlling interests		365,786	1,697,327
		<hr/>	<hr/>
TOTAL EQUITY		2,634,883	5,441,740
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NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Leading Holdings Group Limited is an exempted company with limited liability incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

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

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Going concern basis

During the year ended 31 December 2023, the Group recorded a net loss of RMB985,538,000 for the year ended 31 December 2023. As at 31 December 2023, (i) the Group's total bank and other borrowings and senior notes amounted to RMB7,085,601,000, out of which RMB4,944,251,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,311,364,000; (ii) the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates; (iv) failure to repay certain senior notes and certain interest-bearing bank and other borrowings resulted in a total amount of RMB1,070,851,000 of certain interest-bearing bank and other borrowings becoming repayable on demand.

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

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

- (vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The Directors have reviewed the Group's cashflow projections prepared by management, which cover a period of twelve months from 31 December 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 meet its financial obligations as and when they fall due within the following twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

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

- (i) successfully complete the holistic restructuring of its senior notes;
- (ii) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;
- (iii) successfully secure project development loans for qualified project development;
- (iv) successfully obtain additional new sources of financing as and when needed;
- (v) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties;
- (vi) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively controlling costs and expenses; and
- (vii) successfully dispose of the Group's equity interests in project development companies when suitable.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to IAS 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 IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in notes to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Early application is permitted.

The Group has early adopted the amendment on 1 January 2019 and has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in notes to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

- (d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

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

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

Year ended 31 December 2023	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	18,329,555	110,528	53,441	18,493,524
Segment results	120,253	70,053	42,249	232,555
<i>Reconciliation:</i>				
Bank interest income				4,550
Finance costs				(262,376)
Corporate and other unallocated expenses				(80,062)
Loss before tax from continuing operations				<u>(105,333)</u>
Segment assets	23,000,820	10,693,895	140,652	33,835,367
<i>Reconciliation:</i>				
Corporate and other unallocated assets				211,404
Total assets				<u>34,046,771</u>
Segment liabilities	22,972,839	7,862,162	210,261	31,045,262
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				366,626
Total liabilities				<u>31,411,888</u>

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Sale of properties	18,315,910	13,835,248
Hotel operations	53,441	28,888
Project management	13,645	11,418
Sub-total	<u>18,382,996</u>	<u>13,875,554</u>
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	<u>110,528</u>	<u>103,253</u>
Total revenue	<u><u>18,493,524</u></u>	<u><u>13,978,807</u></u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the year ended 31 December 2023

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	18,315,910	—	—	18,315,910
Hotel operations	—	—	53,441	53,441
Project management services	—	13,645	—	13,645
Total revenue from contracts with customers	<u>18,315,910</u>	<u>13,645</u>	<u>53,441</u>	<u>18,382,996</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	18,315,910	—	—	18,315,910
Services transferred over time	—	13,645	53,441	67,086
Total revenue from contracts with customers	<u>18,315,910</u>	<u>13,645</u>	<u>53,441</u>	<u>18,382,996</u>

For the year ended 31 December 2022

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	13,835,248	—	—	13,835,248
Hotel operations	—	—	28,888	28,888
Project management services	—	11,418	—	11,418
	<u>13,835,248</u>	<u>11,418</u>	<u>28,888</u>	<u>13,875,554</u>
Total revenue from contracts with customers	<u>13,835,248</u>	<u>11,418</u>	<u>28,888</u>	<u>13,875,554</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	13,430,955	—	—	13,430,955
Services transferred over time	404,293	11,418	28,888	444,599
	<u>13,430,955</u>	<u>11,418</u>	<u>28,888</u>	<u>13,471,261</u>
Total revenue from contracts with customers	<u>13,835,248</u>	<u>11,418</u>	<u>28,888</u>	<u>13,875,554</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>14,698,528</u>	<u>11,871,865</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are sometimes required before rendering the service. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

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

	2023	2022
	RMB'000	RMB'000
Amounts expected to be recognised as revenue		
Within one year	11,051,487	24,758,347
After one year	835,983	2,893,485
Total	<u>11,887,470</u>	<u>27,651,832</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains		
Bank interest income	4,550	17,396
Interest income from third parties	7,367	7,895
Management consulting service fees charged to joint ventures and associates	7,665	7,665
Government grants	16,023	2,542
Commercial compensation	6,538	14,197
Gain on disposal of items of property, plant and equipment	5,247	18,356
Gain arising on disposal of subsidiaries	32,042	—
Gain arising on disposal of joint ventures and associates	—	8,822
Others	5,629	4,265
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Total	85,091	81,138
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5. LOSS BEFORE TAX

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold	15,551,858	12,673,470
Cost of hotel operations	11,192	25,320
Impairment losses recognised for completed properties held for sale and properties under development	802,284	3,234,945
Impairment losses recognised for other receivables	299	16,409
Loss on disposal of investment properties	—	6,626
(Gain)/Loss on disposal of subsidiaries	(32,042)	3,714
Gain on disposal of joint ventures and associates	—	(8,822)
Changes in fair value of investment properties	355,900	433,816
Depreciation of items of property, plant and equipment	31,889	43,722
Amortisation of other intangible assets	3,665	3,665
Depreciation of right-of-use assets	7,612	7,936
Gain on disposal of items of property, plant and equipment	(5,247)	(18,356)
Lease payments not included in the measurement of lease liabilities	2,257	2,257
Auditor's remuneration	2,800	2,800
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	171,326	248,760
Pension scheme contributions and social welfare	13,363	21,346

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	RMB'000
Interest on bank loans and other borrowings, and senior notes	815,348	1,074,601
Interest on lease liabilities	785	1,084
Interest on pre-sales deposits	858,180	1,303,954
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	1,674,313	2,379,639
Less: Interest capitalised	(1,411,937)	(1,920,313)
	<hr/>	<hr/>
Total	<u>262,376</u>	<u>459,326</u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2023.

Subsidiaries of the Group operating in Chinese Mainland, except for Tibet Ludi Industrial Co., Ltd. ("**Tibet Ludi**"), are subject to People's Republic of China ("**PRC**") corporate income tax at a rate of 25% for the year. Tibet Ludi enjoyed a preferential CIT rate of 15% during the year ended 31 December 2023.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC corporate income tax	380,582	408,270
PRC LAT	462,537	337,576
Deferred tax	37,086	(146,113)
	<u>880,205</u>	<u>599,733</u>
Total tax charge for the year	<u>880,205</u>	<u>599,733</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	<u>(105,333)</u>	<u>(4,498,149)</u>
At the statutory income tax rate	(26,451)	(1,124,537)
Lower tax rates for specific provinces or enacted by local authority	2,574	2,465
Profits and losses attributable to joint ventures and an associate	(2,393)	40,159
Expenses and cost not deductible for tax	107,688	209,712
Deductible temporary differences utilised from previous years	—	(1,597)
Deductible temporary differences and tax losses not recognised	451,884	1,220,349
Provision for LAT	462,537	337,576
Tax effect on LAT	<u>(115,634)</u>	<u>(84,394)</u>
Tax charge at the Group’s effective rate	<u>880,205</u>	<u>599,733</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax	1,018,119	814,637
PRC LAT	1,076,769	849,288
	<hr/>	<hr/>
Total tax payable	<u>2,094,888</u>	<u>1,663,925</u>

8. DIVIDENDS

The Board has resolved not to declare any dividend for the year ended 31 December 2023 (2022: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,945,000 (2022: 1,026,945,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2023 and 2022.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<u>Loss</u>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(1,319,083)</u>	<u>(4,149,888)</u>
	Number of shares	
	2023	2022
<u>Shares</u>		
Number of ordinary shares used in the basic loss per share calculation	<u>1,026,945,000</u>	<u>1,026,945,000</u>

10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	<u>41,332</u>	<u>40,867</u>

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

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 1 year	29,034	38,766
Over 1 year	12,298	2,101
Total	<u>41,332</u>	<u>40,867</u>

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

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

11. TRADE AND BILLS PAYABLES

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 1 year	4,584,071	6,373,813
Over 1 year	929,246	443,124
Total	<u>5,513,317</u>	<u>6,816,937</u>

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2023			31 December 2022		
	Effective	Maturity	RMB'000	Effective	Maturity	RMB'000
	interest rate			interest rate		
	(%)			(%)		
Current						
Current portion of long term bank loans — secured	4.51–9.13	2024	1,178,166	4.78–9.88	2023	2,144,621
Current portion of long term bank loans — secured	4–5.12	on demand	886,711	—	—	—
Current portion of long term other loans — secured	10.06–11.5	2024	1,123,130	8.26–13.45	2023/ on demand	1,541,712
Current portion of long term other loans — secured	11.88	on demand	<u>896,140</u>	14.01	on demand	<u>135,000</u>
Total-current			<u>4,084,147</u>			<u>3,821,333</u>
Non-current						
Bank loans — secured	4.70–8.41	2025–2035	1,954,641	5.60–9.88	2024–2035	3,156,543
Other loans — secured	8.27–9.93	2025–2026	<u>186,709</u>	8.26–13.45	2024–2026	<u>1,235,230</u>
Total-non-current			<u>2,141,350</u>			<u>4,391,773</u>
Total			<u><u>6,225,497</u></u>			<u><u>8,213,106</u></u>

Bank and other borrowings

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Analysed into:		
Repayable within one year or on-demand	4,084,147	3,821,333
Repayable in the second year	403,441	2,170,232
Repayable in the third to fifth years, inclusive	170,584	1,061,938
Repayable beyond five years	1,567,325	1,159,603
	<u>6,225,497</u>	<u>8,213,106</u>

As at 31 December 2023, an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2023, the Group was in default of certain senior notes. Pursuant to some of loan agreements of the Group, any default under the Group's senior notes or borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand, causing interest-bearing bank and other borrowing with a total principal amount of RMB1,070,851,000 becoming cross-defaulted (the “**cross-default borrowings**”) and repayable on demand if requested by lenders. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2023.

13. SENIOR NOTES

	31 December 2023			31 December 2022			
	Principal at original currency <i>US\$'000</i>	Contractual interest rate <i>(%)</i>	Maturity	Principal at original currency <i>US\$'000</i>	Contractual interest rate <i>(%)</i>	Maturity	<i>RMB'000</i>
Senior notes due 2022 ("2022 notes I")	2,966	12	June 2022	2,966	12.0	June 2022	20,657
Senior notes due 2023 ("2023 notes I")	119,430	12	June 2023	119,430	12.0	June 2023	825,161
Total Current							
			860,104				845,818
				31 December 2023		31 December 2022	
				<i>RMB'000</i>		<i>RMB'000</i>	

The Group's senior notes were repayable as follows:

Repayable within one year	860,104	845,818
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As at 31 December 2023, the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates, giving rise to certain interest-bearing bank and other borrowings with a total amount of RMB207,140,000 becoming cross-defaulted.

BUSINESS REVIEW

Having weathered numerous challenges over its more than 20-year history, the Group now values its current position and remains steadfast in its commitment to its goals. In 2023, the Group has consistently adhered to a customer-oriented strategy centred on “quality assurance and delivery guarantee,” resulting in the successful delivery of 36,044 housings with a total delivery gross floor area of 3,998,500 square metres.

OUTLOOK

With market conditions showing slow signs of improvement and the situation remaining challenging, 2024 will continue to pose difficulties for the Group. It will be a crucial year to showcase the strength of the Group’s sales and services as it seeks sustainable development opportunities. Despite the challenges, the Group maintains a solid foundation for growth and holds firm confidence in its development. The Group is fully committed to fulfilling its performance commitments in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

Contracted Sales

During the Year, the Group recorded contracted sales of RMB7,922.2 million, representing a year-over-year decrease of 42.3% from the year ended 31 December 2022 due to the industry wide downturn in China during the Year.

During the Year, total contracted gross floor area (“**GFA**”) sold amounted to approximately 1.1 million square metres (“**sq.m.**”), representing a decrease of approximately 42.8% from approximately 1.9 million sq.m. for the year ended 31 December 2022. Contracted average selling price (“**ASP**”) for the year ended 31 December 2023 was approximately RMB7,216.1 per sq.m., compared with RMB7,144.0 per sq.m. for the year ended 31 December 2022.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 1.1%, 3.8%, 77.4% and 3.9%, respectively, of the Group's total contracted sales in 2023.

The following table sets out the geographic breakdown of the Group's contracted sales in 2023.

	Contracted GFA Sold <i>(sq.m.)</i>	Contracted Sales <i>(RMB'000)</i>	Contracted ASP <i>(RMB/sq.m.)</i>	% of Contracted Sales <i>(%)</i>
Beijing-Tianjin-Hebei Region	13,203.3	84,365.4	6,389.7	1.1%
Central China	59,635.7	297,893.8	4,995.2	3.8%
Chengdu-Chongqing Economic Zone and Sichuan province	850,591.7	6,133,167.2	7,210.5	77.4%
Guangdong-Hong Kong-Macau Greater Bay Area	33,018.7	310,338.0	9,398.9	3.9%
Other Regions ⁽¹⁾	141,407.9	1,096,472.0	7,754.0	13.8%
Total	<u>1,097,857.3</u>	<u>7,922,236.4</u>	<u>7,216.1</u>	<u>100.0%</u>

Note:

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

Revenue Recognized from Sales of Properties

Revenue from sale of properties of the Group increased by 32.4% from approximately RMB13,835.2 million for the year ended 31 December 2022 to approximately RMB18,315.9 million for the year ended 31 December 2023, accounting for 99% of the Group's total revenue. The Group's recognized ASP from sales of properties decreased from approximately RMB7,770 per sq.m. for the year ended 31 December 2022 to approximately RMB7,244.3 per sq.m. for the Year.

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

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000) 2023	(RMB'000) 2022	% 2023	% 2022	sq.m. 2023	sq.m. 2022	RMB/sq.m. 2023	RMB/sq.m. 2022
Beijing-Tianjin-Hebei Region	271,571	317,825	1.5	2.3	43,370	42,222	6,262	7,528
Central China	116,130	596,742	0.6	4.3	22,732	87,107	5,109	6,851
Chengdu-Chongqing Economic Zone and Sichuan province	17,140,938	11,852,939	93.6	85.7	2,346,193	1,518,362	7,306	7,806
Guangdong-Hong Kong-Macau Greater Bay Area	613,665	670,797	3.4	4.8	79,039	61,429	7,764	10,920
Other Regions	173,605	396,945	0.9	2.9	36,971	71,588	4,696	5,545
Total	18,315,910	13,835,248	100.0	100.0	2,528,305	1,780,708	7,244	7,770

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

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000) 2023	(RMB'000) 2022	% 2023	% 2022	Sq.m. 2023	Sq.m. 2022	RMB/sq.m. 2023	RMB/sq.m. 2022
Residential	16,964,913	12,600,371	92.6	91.1	2,286,029	1,528,679	7,421	8,243
Commercial	1,052,290	877,832	5.7	6.3	88,725	90,666	11,860	9,682
Car Parks	298,708	357,045	1.6	2.6	153,551	161,363	1,945	2,213
Total	18,315,910	13,835,248	100.0%	100.0	2,528,305	1,780,708	7,244	7,770

Completed Properties Held for Sale

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

As at 31 December 2023, the Group had completed properties held for sale of RMB5,846.2 million, representing a 7.8% increase from RMB5,424.9 million as at 31 December 2022. The increase was primarily due to the sluggish sales of properties. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties under Development

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

As at 31 December 2023, the Group had properties under development of RMB15,301.8 million, representing a 50.6% decrease from RMB30,958.6 million as at 31 December 2022 as the Group has taken a more prudent approach on developing new projects after considering the current industry environment.

Property Investment

Commercial Property Operations

The Group's revenue from commercial property operations of the Group increased by 7.0% from approximately RMB103.3 million for the year ended 31 December 2022 to approximately RMB110.5 million for the year ended 31 December 2023, primarily due to the increasing occupancy rates of the commercial property following the full relaxation of domestic anti-COVID-19 policies.

Investment Properties

As at 31 December 2023, the Group had 8 investment properties with a total leasable GFA of approximately 292,552.58 sq.m. Out of such investment properties portfolio of the Group, 8 investment properties with a total GFA of approximately 221,795.5 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2023, the total GFA of land reserves of the Group was approximately 9,887,906 sq.m. The following table sets forth a summary of the Group's property interests as at 31 December 2023:

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
Properties developed by the Group and its subsidiaries								
1.	Chengdu Yipin Center	Chengdu	100%	Commercial/Carpark/ Others	20,534	February-2026	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan Province
2.	Chengdu Xishan Lantai	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	May-2021	14,677	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan Province
3.	Chengdu Yue Center	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	27,400	May-2022	12,199	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
4.	Chongqing Leading Guanyun House	Chongqing	100%	Residential/Carpark/ Ancillary/Others	40,372	November-2021	18,242	No. N23/03, N District, Jieshizutuan, Banan District, Chongqing
5.	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	98%	Residential/Commercial/ Carpark/Ancillary/ Others	159,963	August-2022	45,413	Group 2, 5, 6, Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
6.	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	November-2021	22,507	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
7.	Chengdu Haina Shidai	Chengdu	99%	Residential/Commercial/ Carpark/Ancillary/ Others	41,822	February-2017	14,283	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province
8.	Chengdu Lantai House	Chengdu	99%	Residential/Carpark/Others	40,897	October-2020	13,681	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province
9.	Chengdu Leading Tianyu	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	57,523	December-2023	26,134	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province
10.	Pengshan Guanjiang Mansion	Meishan	80%	Residential/Commercial/ Carpark/Ancillary/ Others	71,770	March-2023	78,839	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
11.	Panzhihua Leading Yanguang Flower City	Panzhihua	100%	Residential/Commercial/ Carpark/Ancillary/ Others	186,791	December-2024	123,422	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
12.	Xichang Leading Lantai House	Xichang	51%	Residential/Commercial/ Carpark/Ancillary/ Others	99,752	May-2019	3,157	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
13.	Xichang Leading Triumph International Mansion	Xichang	83%	Residential/Commercial/ Carpark/Ancillary/ Others	33,287	January-2017	917	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
14.	Xichang Leading Jinxiu Lantai Mansion	Xichang	80%	Residential/Commercial/ Carpark/Ancillary/ Others	62,578	December-2027	116,244	Near Zhonghang East Road, West New City, Xichang City, Sichuan Province
15.	Urumqi Leading Lantai House	Urumqi	95%	Residential/Commercial/ Carpark/Ancillary/ Others	103,928	December-2027	135,449	No. 616, Junggar Street, East of Suzhou Road, Urumqi, Xinjiang Uygur Autonomous Region
16.	Urumqi Leading Tianyu	Urumqi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	115,428	December-2027	256,986	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region
17.	Korla Leading Lantai House	Korla	100%	Residential/Commercial/ Carpark/Ancillary/ Others	63,624	October-2020	5,376	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region
18.	Korla Leading Triumph Mansion	Korla	85%	Residential/Commercial/ Carpark/Ancillary/ Others	87,933	December-2028	28,595	(Next to Peacock Park) No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
19.	Chengteh Lantai House	Chengteh	40%	Residential/Commercial/ Carpark/Ancillary/ Others	53,279	July-2020	1,856	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
20.	Chengteh Lantai House Yunshang & Jinyuan	Chengteh	51%	Residential/Commercial/ Ancillary/Others	62,969	December-2024	70,868	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
21.	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/Commercial/ Carpark/Ancillary/ Others	34,981	June-2023	9,206	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
22.	Jilin Triumph Mansion	Changchun	55%	Residential/Commercial/ Carpark/Ancillary/ Others	132,188	May-2020	125	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
23.	Xingyang Leading Tianyu	Xingyang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	29,396	December-2021	38,506	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xingyang City, Zhengzhou City, Henan Province
24.	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	59,698	December-2027	127,928	North of Xiwang Road, south of Nanjing Road, west of Shangqiu City Road(Planning), East of Zhenxing Road, Henan Province
25.	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	182,936	December-2021	153,022	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
26.	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	70,590	December-2030	200,882	Northeast of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
27.	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	75,863	December-2030	50,811	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
28.	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	168,489	December-2027	253,504	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
29.	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	156,270	December-2030	181,271	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
30.	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	54,070	September-2021	14,500	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
31.	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	48,399	August-2022	10,080	No.66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
32.	Leshan Haina Mansion	Leshan	51%	Residential/Commercial/ Carpark/Ancillary/ Others	36,200	January-2016	1,141	No.1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province
33.	Leshan Lantai House	Leshan	60%	Residential/Commercial/ Carpark/Ancillary/ Others	88,108	December-2021	19,008	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
34.	Leshan Tianyu	Leshan	51%	Residential/Commercial/ Carpark/Ancillary	29,796	March-2020	228	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
35.	Leshan Lanshan	Leshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	89,630	October-2021	7,654	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
36.	Leshan International Mansion	Leshan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	127,204	May-2019	884	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
37.	Meishan Triumph International Mansion	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	256,303	November-2020	24,412	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
38.	Meishan Triumph Square	Meishan	79%	Residential/Commercial/ Carpark/Ancillary	73,976	May-2015	90	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
39.	Meishan Huayu Phase II	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	9,102	June-2020	1,629	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
40.	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/Commercial/ Carpark/Ancillary/ Others	39,838	July-2019	183	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
41.	Haifeng Tianyu	Shanwei	100%	Residential/Commercial/ Carpark/Ancillary/ Others	35,774	December-2023	39,824	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province
42.	Huizhou Lantai House	Huizhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	83,840	March-2023	50,697	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
43.	Foshan Haina Longting	Foshan	51%	Residential/Commercial/ Carpark/Others	36,943	August-2017	434	The north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan City, Guangdong Province
44.	Foshan Haina Junting	Foshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	20,536	April-2017	75	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
45.	Mianyang Tianyu	Mianyang	65%	Residential/Commercial/ Carpark/Ancillary/ Others	26,140	March-2020	5,121	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
46.	Mianyang Lantai House	Mianyang	62%	Residential/Commercial/ Carpark/Ancillary/ Others	56,060	August-2020	9,858	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province
47.	Nanchong Lantai House	Nanchong	100%	Residential/Carpark/ Ancillary/Others	59,774	April-2022	67,338	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province
48.	Nanchong Tianyu	Nanchong	51%	Residential/Commercial/ Carpark/Ancillary/ Others	25,053	November-2020	15,070	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province
49.	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	30,184	November-2020	10,453	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
50.	Ya'an Guanjiang Mansion	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	39,149	November-2020	14,821	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province
51.	Ya'an Tianyu	Ya'an	53%	Residential/Commercial/ Carpark/Ancillary	18,253	September-2019	8,127	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
52.	Ya'an Lantai House	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary	43,790	February-2021	21,911	No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
53.	Ya'an Lantai House Phase III	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary/ Others	53,520	September-2021	26,571	Plot 2-12, Daxing District, Yucheng District, Ya'an City, Sichuan Province
54.	Mianyang Guanjiang House	Mianyang	100%	Residential/Commercial/ Carpark/Others	134,016	December-2027	405,308	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
55.	Mianyang Leading Dongyuan Yue Town	Mianyang	50%	Residential/Commercial/ Carpark/Ancillary/ Others	116,755	June-2023	171,466	C. Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province
56.	Ya'an Yuejiangting	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	16,674	October-2021	11,665	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
57.	Xichang Tianyu	Xichang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	26,935	November-2022	14,140	Near Section 1 of Huanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province
58.	Kaili Leading Tianyu	Kaili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	251,148	December-2027	772,495	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
59.	Chengdu Xindu Yue House	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	310,866	November-2024	393,882	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
60.	Luzhou Lantai House	Luzhou	54%	Residential/Commercial/ Carpark/Ancillary/ Others	52,767	February-2023	55,092	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province
61.	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	90,121	June-2028	230,170	East of Huanhu East Road, Shigao Town, Renshou County
62.	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	100%	Commercial/Carpark/ Ancillary/Others	60,638	June-2028	271,425	East of Huanhu East Road, Shigao Town, Renshou County
63.	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	85,773	June-2028	269,675	East of Huanhu East Road, Shigao Town, Renshou County
64.	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/Commercial/ Carpark/Ancillary/ Others	27,059	May-2024	69,802	East of Liyushan Road, High- tech Zone, Urumqi City
65.	Urumqi Tianjing Yunzhu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	30,178	January-2024	108,083	Main Road, Changchun Middle Road, Urumqi City
66.	Nanchong Jinwei Leading Yue Town	Nanchong	45%	Residential/Commercial/ Carpark/Ancillary/ Others	90,142	June-2025	154,134	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City
67.	Guangyuan Leading City	Guangyuan	100%	Residential/Commercial/ Carpark/Ancillary	290,480	December-2027	379,797	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
68.	Panzhuhua Ruxiang Flower City	Panzhuhua	51%	Commercial/Carpark/ Ancillary	10,562	March-2023	29,379	Ganbatang Area, Huacheng New District, Panzhihua City
69.	Chengdu Leading Guanjiang House	Dujiangyan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	78,475	December-2024	154,109	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
70.	Suining Taoli Jun	Suining	34%	Residential/Commercial/ Carpark/Ancillary/ Others	30,808	March-2023	52,746	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone, Sichuan Province
71.	Xichang Leading Guanyuan	Xichang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	90,531	March-2025	90,427	The southeast area of the downtown, Xichang City, Sichuan Province
72.	Luohe Lishang Lantai	Luohe	51%	Residential/Commercial/ Carpark/Ancillary/ Others	109,724	December-2027	336,507	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province
73.	Huili Xuefu No.1	Huili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	33,459	March-2023	3,480	Yingding Community of Huili No.1 Middle School, Sichuan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
74.	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	271,501	December-2027	664,121	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province
75.	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary/ Others	64,309	January-2024	88,956	Qingyang Village, Zhihe Town, Pengzhou City, Sichuan Province
76.	Chengdu Huguang Heyue	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary	41,343	November-2023	58,741	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City, Sichuan Province
77.	Leshan Biguiyuan Leading Tanyue Lantai	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	56,197	May-2024	117,444	South side of Tanmu South Street, Central District, Leshan City, Sichuan Province
78.	Mianyang Leading City	Mianyang	51%	Residential/Commercial/ Carpark/Ancillary	509,352	January-2030	1,388,128	Longmen Town, Fucheng District, Mianyang City, Sichuan Province
79.	Leshan Lanshan Yue	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	25,560	August-2023	11,983	North side of Changqing Road, west side of Ruixiang Road, Qingjiang Area, Leshan City, Sichuan Province
80.	Emei • Lotus Lake	Leshan	70%	Residential/Commercial/ Carpark/Ancillary/ Others	247,377	September-2029	216,495	Penggui Village, Guihuaqiao Town, Emeishan City; Shili Village, Shengli Town, Emeishan City, Sichuan Province
81.	Wuhan Leading Yinbao City	Wuhan	51%	Residential/Commercial/ Carpark/Ancillary	22,131	December-2025	110,233	Fangcao Road, Wuhan City
82.	Mianyang Yue Garden	Mianyang	100%	Residential/Commercial/ Carpark/Ancillary	36,411	June-2026	108,766	Science and Innovation Park, Mianyang City, Sichuan Province
83.	Pengzhou Jinxiu Tianchen	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary	23,217	November-2024	64,877	East of Binhe North Road, Tianpeng Street, north of North Section of Mudan Avenue, Pengzhou City
84.	Chengdu Yueyintai	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	35,238	March-2025	159,447	Xiaolin Village, Xindu Town
Subtotal							<u>9,466,157</u>	

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
Properties developed by the associates and joint ventures of the Company								
1.	Leshan Emei the Grand Sight	Leshan	61%	Residential/Carpark/Others	50,302	January-2021	13,500	North of Exiu Lake, Emeishan City, Sichuan Province
2.	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	34%	Residential/Commercial/ Carpark/Ancillary/ Others	170,592	December-2027	90,411	Shalingzi Town, Xuanhua District, Zhangjiakou City, Hebei Province
3.	Chengdu jinxiang lantai	Chengdu	1%	Residential/Commercial/ Carpark/Ancillary/ Others	46,473	May-2019	371	1-1, Jinxi Courtyard, middle section of Hengshan Avenue, Xipu Town, Pixian County, Chengdu City, Sichuan Province
4.	Ya'an Tianlan	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	15,530	May-2020	3,434	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province
5.	Ya'an Tianlu Bay	Ya'an	34%	Residential/Commercial/ Carpark/Ancillary	70,140	December-2021	52,818	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
6.	Shenzhen Tianyu Garden	Shenzhen	50%	Residential/Commercial/ Carpark/Ancillary/ Others	20,652	June-2024	66,746	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen City
7.	Leshan Hengbang Shuanglin Global Center	Leshan	5%	Residential/Office/ Commercial/Carpark/ Ancillary	31,632	June-2021	2,693	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
8.	Xichang Nanshan House	Xichang	2%	Residential/Commercial/ Carpark/Ancillary	66,322	May-2024	2,461	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
9.	Nantong Longteng Hua House	Nantong	3%	Residential/Commercial/ Carpark/Ancillary/ Others	125,950	December-2025	8,268	North of Dongxinghu Avenue, Longteng Road, Nantong City, Jiangsu Province
10.	Nanchong Tianjing No.1 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	51,155	December-2030	48,703	Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
11.	Nanchong Tianjing No.2 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	45,567	December-2030	35,730	No. 2021-b-9 Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
12.	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	35%	Residential/Commercial/ Carpark/Ancillary	77,783	December-2027	96,583	On the east side of Yingbin Road, on the south side of Dianda Plaza, on the north side of Binhe Road, on the west side of Huatian Phase I, Guanliping Office, Yongding District, Zhangjiajie City
Subtotal							421,749	
Total							<u>9,887,906</u>	

Note:

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

INVESTMENT PROPERTIES

The following table sets forth a summary of the Group's investment properties as of 31 December 2023:

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

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
5.	Jilin	Jilin	Jilin International Commerce Center	East of Caiyu Street, Jingyue Development Zone, Changchun City, Jilin Province	Shopping Mall	76,322	Medium term lease
Sub-total:						76,322	
6.	Sichuan	Chengdu	Chengdu Leading Center	No. 3 and No. 5, Xiyu Street, Qingyang District, Chengdu, Sichuan Province	First-floor Commercial Area in Office East and West Towers of Office Carpark Ancillary	9,954 103,042 25,611 8,658	Medium term lease
Sub-total:						147,265	
7.	Sichuan	Xindu	Gangji Hanxiangfu Preschool Gangji Famer's Market in Diexiang Manor	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province	Preschool Farmer's Market	1,799 3,438	Medium term lease
Sub-total:						5,237	
8.	Sichuan	Panzhuhua	Panzhuhua Leading Yangguang Flower City	Ganbatang Area, Huacheng New District, Panzhuhua City, Sichuan Province	Farm product market (農貿市場)	2,031	Medium term lease
Sub-total:						2,031	
Total:						340,643	

FINANCIAL REVIEW

Revenue

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

Revenue of the Group increased by 32.3% from approximately RMB13,978.8 million for the year ended 31 December 2022 to approximately RMB18,493.5 million for the year ended 31 December 2023, primarily due to the increase in the delivered GFA in 2023. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	18,315,910	99.0	13,835,248	99.0
Commercial property operations	110,528	0.6	103,253	0.7
Hotel operations	53,441	0.3	28,888	0.2
Project management	13,645	0.1	11,418	0.1
Total	<u>18,493,524</u>	<u>100.0</u>	<u>13,978,807</u>	<u>100.0</u>

Sale of Properties

Revenue from sale of properties of the Group increased by 32.4% from approximately RMB13,835.2 million for the year ended 31 December 2022 to approximately RMB18,315.9 million for the year ended 31 December 2023, primarily due to the increase in the delivered GFA in 2023.

Commercial Property Operations

Revenue from commercial property operations of the Group increased by 7.0% from approximately RMB103.3 million for the year ended 31 December 2022 to approximately RMB110.5 million for the year ended 31 December 2023, primarily due to the increasing occupancy rates of the commercial property following the full relaxation of domestic anti-COVID-19 policies.

Hotel Operations

Revenue from hotel operations of the Group increased by 84.8% from approximately RMB28.9 million for the year ended 31 December 2022 to approximately RMB53.4 million for the year ended 31 December 2023, primarily due to the unleashed demand for hotel services following the full relaxation of domestic anti-COVID-19 policies.

Project Management

Revenue from project management of the Group increased by 19.5% from approximately RMB11.4 million for the year ended 31 December 2022 to approximately RMB13.6 million for the year ended 31 December 2023, primarily due to the increase in the number of projects under management.

Cost of Sales

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

The cost of sales of the Group increased by 4.7% from approximately RMB15,978.4 million for the year ended 31 December 2022 to approximately RMB16,727.7 million for the year ended 31 December 2023, which was mainly due to the increase in delivered GFA.

Gross Profit and Gross Profit Margin

As the result of the foregoing, the Group recorded a gross profit of RMB1,765.8 million for the Year, as compared with the gross loss of RMB1,999.6 million for the year ended 31 December 2022.

Gross profit margin of the Group is approximately 9.5% for the year ended 31 December 2023.

Other Income

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

Other income of the Group increased by 4.9% from approximately RMB81.1 million for the year ended 31 December 2022 to approximately RMB85.1 million for the year ended 31 December 2023, primarily due to the increase in gains from disposal of subsidiaries during the Year.

Selling and Marketing Expenses

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

Selling and marketing expenses of the Group increased by 8.0% from approximately RMB938.1 million for the year ended 31 December 2022 to approximately RMB1,013.2 million for the year ended 31 December 2023, which was primarily due to the increase in the sales channel fees for the marketing and promotion of sales of the properties.

Administrative Expenses

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

Administrative expenses of the Group decreased by 38.1% from approximately RMB476.6 million for the year ended 31 December 2022 to approximately RMB294.8 million for the year ended 31 December 2023, primarily due to the decrease in the number of the Company's staff from 802 as at 31 December 2022 to 418 as at 31 December 2023.

Fair Value Gain/Losses on Investment Properties

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

The Group recorded fair value losses on investment properties in the amount of approximately RMB355.9 million for the year ended 31 December 2023, as compared to fair value losses on investment properties in the amount of approximately RMB433.8 million for the year ended 31 December 2022. The change is primarily due to the decrease in property rentals as a result of the domestic economic downturn.

Finance Costs

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

Finance costs of the Group decreased by 42.9% from approximately RMB459.3 million for the year ended 31 December 2022 to approximately RMB262.4 million for the year ended 31 December 2023, primarily due to the further reduction of interest-bearing debts.

Share of Profits and Losses of Joint Ventures and Associates

The Group recorded share of profits of joint ventures in the amount of approximately RMB12.2 million for the year ended 31 December 2023, as compared to share of losses of joint ventures in the amount of approximately RMB144.2 million for the year ended 31 December 2022. The change is primarily due to the increase in profit of joint ventures during the Year.

The Group recorded share of losses of associates in the amount of approximately RMB2.6 million for the year ended 31 December 2023, as compared to share of losses of associates in the amount of approximately RMB16.4 million for the year ended 31 December 2022. The change is primarily due to the decrease in loss of associates.

Income Tax Expense

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

Income tax expenses of the Group increased by 46.8% from approximately RMB599.7 million for the year ended 31 December 2022 to approximately RMB880.2 million for the year ended 31 December 2023, primarily due to significant LAT arising from certain profitable projects, which were delivered during the Year.

Profit/(Loss) for the Year

As a result of the foregoing, the Group recorded a net loss for the year of approximately RMB985.5 million for the year ended 31 December 2023, as compared to a net loss of approximately RMB5,097.9 million for the year ended 31 December 2022.

Liquidity, Financial and Capital Resources

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

The Group intends to continue to monitor its development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds.

Cash Position

As at 31 December 2023, the Group had cash and bank balances of approximately RMB2,006.6 million (31 December 2022: RMB3,656.9 million), pledged deposits of approximately RMB96.4 million (31 December 2022: RMB126.7 million) and restricted cash of approximately RMB598.8 million (31 December 2022: RMB934.3 million).

Indebtedness

As at 31 December 2023, the Group had total indebtedness, including interest-bearing bank and other borrowings, senior notes and lease liabilities, amounted to approximately RMB7,097.6 million (31 December 2022: approximately RMB9,077.1 million), of which RMB5,582.2 million was carried at fixed rates.

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

	As at 31 December	
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current		
Bank loans — secured	1,954,641	3,156,543
Other loans — secured	186,709	1,235,230
Non-current portion of lease liabilities	8,539	12,029
	<hr/>	<hr/>
Current		
Senior notes — unsecured	860,104	845,818
Current portion of lease liabilities	3,491	6,101
Current portion of long term bank loans — secured	2,064,877	2,144,621
Current portion of long term other loans — secured	2,019,270	1,676,712
	<hr/>	<hr/>
Total indebtedness	<u>7,097,631</u>	<u>9,077,054</u>

Note:

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

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

	As at 31 December	
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Repayable within one year or on demand	4,084,147	3,821,333
Repayable in the second year	403,441	2,170,232
Repayable in the third to fifth years, inclusive	170,584	1,061,938
Repayable beyond five years	1,567,325	1,159,603
	<hr/>	<hr/>
Total	<u>6,225,497</u>	<u>8,213,106</u>

Net Gearing Ratio

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 1.93 times as at 31 December 2023 (31 December 2022: approximately 0.99 times). The increase in the net gearing ratio as at 31 December 2023 was mainly due to the decrease in net assets.

Credit Risk

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

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

Liquidity Risk

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

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

Foreign Exchange Risks

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 31 December 2023, among the Group's cash at bank and on hand and senior notes, RMB0.1 million and RMB860.1 million, was denominated in US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

Interest Rate Risk

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

Pledge of Assets

As at 31 December 2023, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB12,349.91 million (31 December 2022: approximately RMB16,119.1 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

Contingent Liabilities

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

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

	As at 31 December	
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	11,576,527	15,170,056
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties	<u>120,000</u>	<u>124,980</u>
Total	<u>11,696,527</u>	<u>15,295,036</u>

Note:

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

Commitment

As at 31 December 2023, the Group's capital commitment it had contracted but yet provided for was RMB12,146.0 million, compared with RMB11,677.6 million as at 31 December 2022.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2023, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

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

During the Year, the Company has conducted disposal and/or restructuring of its subsidiaries in order to strengthen its cash flow, for details of which, please refer to announcements of the Company dated 21 August 2023 and 22 December 2023 respectively.

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group had 928 employees (31 December 2022: 1,177 employees). For the year ended 31 December 2023, the staff cost recognised as expenses of the Group amounted to RMB197.5 million (31 December 2022: RMB335.8 million).

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

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

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

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2023 and up to the date of this announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “**AGM**”) will be convened and held on Thursday, 30 May 2024. A notice convening the AGM will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) in due course. For the purpose of determination of eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Thursday, 30 May 2024, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 24 May 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions stated in Part 2 of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules. Except for the deviation from code provision C.2.1 of the CG Code, the Company has complied with the code provisions as set out in the CG Code. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance.

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

Save for the deviation from code provision C.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with the CG Code for the year ended 31 December 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2023.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the year ended 31 December 2023.

REVIEW OF THE ANNOUNCEMENT BY THE AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Ms. Luo Ying, Ms. Liang Yunxing and Mr. Fang Min. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2023.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2023. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the announcement have been agreed with the auditor of the Company, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Leading Holdings Group Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB985,538,000 for the year ended 31 December 2023. (i) As at 31 December 2023, the Group's total bank and other borrowings and senior notes amounted to RMB7,085,601,000, out of which RMB4,944,251,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,311,364,000; (ii) the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates; (iv) failure to repay certain senior notes and certain interest-bearing bank and other borrowings resulted in a total amount of RMB1,070,851,000 of certain interest-bearing bank and other borrowings becoming repayable on demand. These conditions, together with other matters disclosed in note 2.1 to the financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

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

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.leading-group.com). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be published on the same websites in due course.

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

Hong Kong, 28 March 2024

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