LANDSEA 朗诗
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LANDSEA GREEN PROPERTIES CO., LTD.
朗 詩 綠 色 地 產 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

ANNUAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

The board (the "Board") of directors (the "Directors") of Landsea Green Properties Co., Ltd. (the "Company") would like to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2013 together with the comparative figures. The audited consolidated results have been reviewed by the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Notes	**2013** ***RMB'000***	2012 *RMB'000* (Restated)
Continuing operations			
Revenue	*3, 4*	**22,067**	44,060
Cost of sales and services	*7*	**(7,615)**	(12,527)
Gross profit		**14,452**	31,533
Other income	*5*	**4,296**	19,593
Selling expenses	*7*	**(769)**	(524)
Administrative expenses	*7*	**(16,602)**	(20,363)
Fair value gain on investment properties	*11*	**38,426**	3,240
Other gains, net	*5*	**1,712**	22,089
Operating profit		**41,515**	55,568
Finance costs	*6*	**(2,561)**	–
Profit before income tax		**38,954**	55,568
Income tax expense	*8*	**(10,494)**	(5,913)
Profit for the year from continuing operations		**28,460**	49,655
Discontinued operation			
Profit for the year from a discontinued operation		**9,922**	28,273
Profit for the year		**38,382**	77,928

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
Other comprehensive income			
Exchange differences:			
— translation differences which will not be recycled to profit or loss		**(9,077)**	–
— reserve released upon disposal of a subsidiary		**–**	(13)
Other comprehensive income for the year, net of tax		**(9,077)**	(13)
Total comprehensive income for the year		**29,305**	77,915
Profit for the year attributable to:			
Owners of the Company		**38,382**	77,928
Non-controlling interest		**–**	–
		38,382	77,928
Total comprehensive income for the year attributable to:			
Owners of the Company		**29,305**	77,915
Non-controlling interest		**–**	–
		29,305	77,915
		RMB	*RMB* (Restated)
Basic and diluted earnings per share from continuing operations attributable to the owners of the Company	*10*	**0.014**	0.025
Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company	*10*	**0.019**	0.039

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2013

	Notes	As at 31st December 2013 RMB'000	As at 31st December 2012 RMB'000 (Restated)	As at 1st January 2012 RMB'000 (Restated)
Non-current assets				
Investment properties	11	**154,256**	115,830	534,357
Property, plant and equipment		**2,049**	2,668	6,086
Loans and receivables	15	**–**	–	108,135
Available-for-sale financial assets		**–**	–	310
		156,305	118,498	648,888
Current assets				
Properties held under development	13	**883,661**	–	–
Properties held for sale	12	**17,323**	17,761	242,516
Deposits for purchase of land	14	**455,200**	–	–
Trade and other receivables, prepayments and deposits	14	**14,386**	2,087	8,958
Loans and receivables	15	**–**	105,300	15,390
Financial assets at fair value through profit or loss	16	**–**	7,398	46,263
Cash and cash equivalents		**948,658**	496,946	582,415
		2,319,228	629,492	895,542
Current liabilities				
Other payables, deposits received and accrued charges	17	**57,490**	10,084	16,106
Dividend payable		**–**	294,767	–
Borrowings	18	**1,345,600**	–	–
Taxation payable		**1,594**	5,567	7,744
		1,404,684	310,418	23,850
Net current assets		**914,544**	319,074	871,692
Total assets less current liabilities		**1,070,849**	437,572	1,520,580
Non-current liabilities				
Deferred tax liabilities		**18,685**	9,178	17,949
Net assets		**1,052,164**	428,394	1,502,631
Equity				
Capital and reserves attributable to the owners of the Company				
Share capital		**23,939**	16,091	321,830
Reserves		**1,018,225**	412,303	1,180,801
		1,042,164	428,394	1,502,631
Non-controlling interest		**10,000**	–	–
Total equity		**1,052,164**	428,394	1,502,631

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Landsea Green Properties Co., Ltd. (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Unit 5103, 51st Floor, The Center, 99 Queen's Road Central, Hong Kong respectively. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK").

By a special resolution passed by the shareholders of the Company on 31st July 2013, the Company changed its name from Shenzhen High-Tech Holdings Limited to Landsea Green Properties Co., Ltd. with effect from 5th August 2013.

The Company is an investment holding company. The Group is principally engaged in property investment, property development and trading, and securities investment and trading. During the year, the Group discontinued its financial service operation.

In the opinion of the directors, the ultimate holding company of the Company is 朗詩集團股份有限公司 (Landsea Group Co., Ltd.), a company established in the People's Republic of China (the "PRC").

Change in presentation currency

After the completion of the takeover by Landsea Group Co., Ltd. and the change of key management of the Company in July 2013, the current board of directors has revisited the business plan and strategy of the Group. Since most of the subsidiaries of the Group are operating in the PRC and their business transactions in terms of operating, investing and financing activities are mainly denominated in Renminbi ("RMB"), the directors decided to change the presentation currency of the Group from Hong Kong dollar (HK$) to RMB for a more appropriate presentation. The change in presentation currency of the Group has been applied retrospectively. All assets and liabilities are translated from their functional currency into the new presentation currency at the beginning of the comparative period (i.e. 1st January 2012) using the opening exchange rate and retranslated at the respective closing rates at each balance sheet date. Statements of comprehensive income are translated at an average rate in each financial year presented.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000") and were approved for issue by the board of directors on 7th March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note to the consolidated financial statements.

(i) Effect of adopting new standards and amendments to standards

In the current year, the Group has applied for the first time the following new standards and amendments to standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1st January 2013:

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements

The adoption of the above new standards and amendments to standards has no significant impact on the Group's consolidated financial statements.

(ii) New standard and amendments to standards that have been issued but are not yet effective

The following new standard and amendments to standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 10	Consolidation for Investment Entities[1]
Amendments to HKFRS 19	Employee Benefits — Defined Benefits Plan[2]
Amendments to HKAS 27	Consolidation for Investment Entities[1]
Amendments to HKAS 32	Financial Instruments Presentation — Affecting Financial Assets[1]
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives[1]
Annual Improvements Project (2012–2013 cycle)	Improvements to HKAS and HKFRS[2]

1 Effective for annual periods beginning on or after 1st January 2014
2 Effective for annual periods beginning on or after 1st January 2015
3 Effective date is still open and pending the finalisation of impairment and classification and measurement requirements.

The directors anticipate that the adoption of the above new standards and amendments to standards will not result in a significant impact on the Group's results and financial position.

3. REVENUE

Revenue recognised during the year is as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Rental and management fee income	**22,067**	44,060

4. SEGMENT INFORMATION

The executive directors have identified the following operating segments:

(i) Property investment

(ii) Property development and trading

(iii) Securities investment and securities trading

(iv) Provision of financial services

During the year, the Group discontinued its financial service operation.

The segment information for the reportable segments for the year is as follows:

Continuing operations:

	2013			
	Property investment *RMB'000*	**Property development and trading** *RMB'000*	**Securities investment and securities trading** *RMB'000*	**Total** *RMB'000*
Segment revenue (external)	**22,067**	**–**	**–**	**22,067**
Reportable segment profit/(loss)	**51,755**	**(3,049)**	**(804)**	**47,902**
Depreciation of property, plant and equipment	**(352)**	**–**	**–**	**(352)**
Fair value gain on investment properties	**38,426**	**–**	**–**	**38,426**
Fair value loss on financial assets at fair value through profit or loss	**–**	**–**	**(1,374)**	**(1,374)**
Finance costs	**–**	**(2,561)**	**–**	**(2,561)**
Segment assets	**155,851**	**1,366,338**	**–**	**1,522,189**
Segment liabilities	**2,610**	**1,361,979**	**–**	**1,364,589**
Additions to non-current assets	**1,074**	**–**	**–**	**1,074**

	2012			
	Property investment *RMB'000* (Restated)	Property development and trading *RMB'000* (Restated)	Securities investment and securities trading *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue (external)	44,060	–	–	44,060
Reportable segment profit/(loss)	32,098	(245)	19,554	51,407
Depreciation of property, plant and equipment	(501)	–	–	(501)
Fair value gain on investment properties	3,240	–	–	3,240
Fair value gain on financial assets at fair value through profit or loss	–	–	15,264	15,264
Interest income on financial assets at fair value through profit or loss	–	–	1,422	1,422
Segment assets	117,519	17,762	7,398	142,679
Segment liabilities	6,201	–	–	6,201
Additions to non-current assets	–	–	–	–

Discontinued operation:

	Provision of financial services	
	2013 ***RMB'000***	2012 *RMB'000* (Restated)
Segment revenue	**10,975**	46,632
Inter-segment revenue *(Note)*	**–**	(18,160)
External revenue	**10,975**	28,472
Reportable segment profit	**9,922**	28,273
Segment assets	**–**	106,142
Segment liabilities	**201**	1,545

Note: Inter-segment revenue is charged at prevailing market interest rates for the advance from the subsidiary in provision of financial services segment to the subsidiaries engaged in property investment as well as property development and trading.

Reconciliations of segment profit to profit before income tax and discontinued operation are as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Segment profit	**47,902**	51,407
Bank interest income	**3,163**	14,338
Gain on disposal of property, plant and equipment	**2,062**	–
Gain on disposal of available-for-sale financial assets	**1,024**	–
Gain on disposals of subsidiaries	**–**	7,135
Impairment losses on available-for-sale financial assets	**–**	(310)
Unallocated corporate income	**563**	479
Unallocated corporate expenses	**(15,760)**	(17,481)
Profit before income tax	**38,954**	55,568

Reconciliations of segment assets/liabilities to total assets/liabilities are as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Segment assets — continuing operations	**1,522,189**	142,679
Segment assets — discontinued operation	**–**	106,142
Unallocated assets	**953,344**	499,169
Total assets	**2,475,533**	747,990

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Segment liabilities — continuing operations	**1,364,589**	6,201
Segment liabilities — discontinued operation	**201**	1,545
Unallocated liabilities	**58,579**	311,850
Total liabilities	**1,423,369**	319,596

Revenues are derived from a large number of customers and no single customer contributes more than 10% of the Group's revenues.

Unallocated expenses mainly represent corporate expenses. Unallocated assets mainly comprise cash at bank.

The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

Continuing operations:

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Hong Kong (domicile)	**1,000**	15,784	**720**	1,589
Mainland China	**21,067**	28,276	**155,585**	116,909
	22,067	44,060	**156,305**	118,498

Discontinued operation:

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Hong Kong (domicile)	**10,975**	28,472	**–**	–

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

5. OTHER INCOME AND OTHER GAINS, NET

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Other income		
Continuing operations		
Bank interest income	**3,163**	14,338
Dividend income	**570**	2,870
Interest income on financial assets at fair value through profit or loss	**–**	1,422
Sundry income	**563**	963
	4,296	19,593

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Other gains, net		
Continuing operations		
Gain on disposal of property, plant and equipment	**2,062**	–
Gain on disposal of available-for-sale financial assets	**1,024**	–
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,374)**	15,264
Gain on disposals of subsidiaries	**–**	7,135
Impairment loss on available-for-sale financial assets	**–**	(310)
	1,712	22,089

6. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Continuing operations		
Interest expense on borrowings	**15,236**	–
Less: Interest capitalised	**(12,675)**	–
	2,561	–

7. EXPENSES BY NATURE

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Directors' remuneration	**4,245**	2,622
Other staff cost	**3,368**	3,188
	7,613	5,810
Outgoings in respect of investment properties	**7,193**	12,527
Exchange losses	**–**	10,686
Legal and professional fees	**5,788**	1,833
Minimum lease payments in respect of properties under operating leases	**1,289**	8
Auditor's remuneration	**640**	405
Depreciation of property, plant and equipment	**466**	583
Others	**1,997**	1,562
Total	**24,986**	33,414

8. INCOME TAX EXPENSE

	2013 *RMB'000*	2012 *RMB'000* (Restated)
Continuing operations		
Current tax		
— Hong Kong profits tax		
Over provision in prior years	**(1,646)**	–
— PRC enterprise income tax		
Tax for the year	**2,594**	5,390
Under/(over) provision in prior years	**39**	(251)
	987	5,139
Deferred tax	**9,507**	774
Total income tax expense	**10,494**	5,913

Hong Kong profits tax has not been provided for as the Group had no assessable profits arising in Hong Kong for the year (2012: Nil).

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

Reconciliation between profit before income tax and income tax expense is as follows:

	2013 *RMB'000*	2012 *RMB'000* (Restated)
Continuing operations		
Profit before income tax	**38,954**	55,568
Tax on profit before income tax, calculated at the statutory rate of 16.5% (2012: 16.5%)	**6,427**	9,169
Effect of different tax rates of group companies operating in other jurisdictions	**3,852**	1,877
Tax effect of non-deductible expenses	**92**	–
Tax effect of unused tax losses	**2,051**	58
Utilisation of tax losses previously not recognised	**–**	(4,809)
Over provision in prior years	**(1,607)**	(251)
Others	**(321)**	(131)
Income tax expense	**10,494**	5,913

9. DIVIDENDS

(a) Dividend approved during year but not yet paid

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Special dividend of Nil (2012: HK$0.62) per ordinary share	**–**	997,674

The special dividend for the year ended 31st December 2012 comprises (i) RMB702,907,000 which was offset with the promissory note receivable of the same amount as issued by Thing On Group Limited ("Thing On"), the former ultimate holding company, relating to the disposals of subsidiaries; and ii) cash dividends of totalling RMB294,767,000 which were recognised as a liability at the reporting date. The cash dividends were paid on 11th January 2013.

(b) Proposed dividend

The directors did not recommend a final dividend for the years ended 31st December 2012 and 2013.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculations of basic earnings per share, after taking into account the effect of the rights issue made during the year, attributable to the owners of the Company are based on the following data:

	2013	2012
Weighted average number of ordinary shares *('000)*	**1,989,327**	1,986,606
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to the owners of the Company		
— Continuing operations	**28,460**	49,655
— Discontinued operation	**9,922**	28,273
	38,382	77,928
	RMB	*RMB*
		(Restated)
Basic earnings per share attributable to the owners of the Company		
— Continuing operations	**0.014**	0.025
— Discontinued operation	**0.005**	0.014
	0.019	0.039

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share since the Group has no dilutive potential ordinary share as at 31st December 2012 and 2013.

11. INVESTMENT PROPERTIES

As at 31st December 2013, the Group only held one block of commercial building located in Shenzhen, the PRC. Changes to the carrying amounts of investment properties in the consolidated statement of financial position are summarised as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Carrying amounts at 1st January	**115,830**	534,357
Disposals of subsidiaries	**–**	(421,767)
Fair value gain	**38,426**	3,240
Carrying amounts at 31st December	**154,256**	115,830

The Group's interests in investment properties at their carrying amount are analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Outside Hong Kong, held on:		
Medium-term lease of between 10 to 50 years	**154,256**	115,830

Investment properties were valued at 31st December 2013 by an independent professional qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

12. PROPERTIES HELD FOR SALE

	As at 31st December 2013	As at 31st December 2012	As at 1st January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Cost	**17,323**	17,761	252,681
Less: provision	**–**	–	(10,165)
	17,323	17,761	242,516
In Hong Kong, held on long-term lease	**17,323**	17,761	242,516

During the year ended 31st December 2012, certain of the properties held for sale of the Group had been disposed of.

On 19th December 2013, the Group entered into a provisional sale and purchase agreement with a third party to dispose of its property held for sale at a consideration of RMB31,442,000 (equivalent to HK$39,800,000). This transaction is expected to complete on or before 3rd April 2014.

13. PROPERTIES UNDER DEVELOPMENT

	2013
	RMB'000
Land use right	**845,000**
Development expenditure	**25,986**
	870,986
Interest capitalised	**12,675**
	883,661

All properties under development are located in the PRC. The relevant land use right has a term of 70 years.

The capitalisation rate of borrowings is 5.5%.

14. DEPOSITS FOR PURCHASE OF LAND, TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31st December 2013	As at 31st December 2012	As at 1st January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Deposits for purchase of land	**455,200**	–	–
Trade receivables	**–**	160	1,798
Other receivables, prepayments and deposits	**14,386**	1,927	7,160
	14,386	2,087	8,958

The directors considered that the fair values of trade and other receivables were not materially different from their carrying amount because these amounts had short maturity periods on their inception.

Ageing analysis of the Group's trade and other receivables as at the reporting date, based on due date is as follows:

	As at 31st December 2013	As at 31st December 2012	As at 1st January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Trade receivables:			
Neither past due nor impaired	**–**	160	1,798
Other receivables:			
Neither past due nor impaired	**14,097**	1,590	6,688

Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivables that are past due but not impaired.

Ageing analysis of the Group's trade and other receivables as at the reporting date, based on due date is as follows:

	As at 31st December 2013 *RMB'000*	As at 31st December 2012 *RMB'000* (Restated)	As at 1st January 2012 *RMB'000* (Restated)
Within 30 days	**–**	160	607
31 to 90 days	**–**	–	1,191
	–	160	1,798

15. LOANS AND RECEIVABLES

	As at 31st December 2013 *RMB'000*	As at 31st December 2012 *RMB'000* (Restated)	As at 1st January 2012 *RMB'000* (Restated)
Loans and receivables			
— Current portion	**–**	107,300	17,390
— Non-current portion	**–**	–	108,135
	–	107,300	125,525
Provision for impairment loss	**–**	(2,000)	(2,000)
Total loans and receivables	**–**	105,300	123,525

	As at 31st December 2013 *RMB'000*	As at 31st December 2012 *RMB'000* (Restated)	As at 1st January 2012 *RMB'000* (Restated)
Loans and receivables			
— secured	**2,000**	107,300	115,400
— unsecured	**–**	–	10,125
	2,000	107,300	125,525
Provision for impairment loss	**(2,000)**	(2,000)	(2,000)
Total loans and receivables	**–**	105,300	123,525

As at 31st December 2013, a loan of RMB2,000,000 (2012 (Restated): RMB2,000,000) is aged over one year and individually impaired since there is default in repayment upon maturity.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31st December 2013	As at 31st December 2012	As at 1st January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Listed equity securities in Hong Kong, at market value	**–**	7,398	46,263

17. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at 31st December 2013	As at 31st December 2012	As at 1st January 2012
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Proceeds received from rights issue	**29,310**	–	–
Interest payable on loans from a shareholder	**15,233**	–	–
Deposits received	**5,042**	3,191	9,245
Other payables	**7,905**	6,893	6,861
	57,490	10,084	16,106

Proceeds received from rights issue of RMB29,310,000 relate to over-subscription of shares.

18. BORROWINGS

	As at 31st December 2013
	RMB'000
Loans from the ultimate holding company *(in RMB)*	**1,235,000**
Loans from the immediate holding company *(in HK$)*	**110,600**
	1,345,600

The loans from the ultimate holding company are arranged by a bank in the PRC under entrusted loans arrangements.

These borrowings are unsecured and carried fixed interest of 5.5% per annum and are repayable within one year.

CHAIRMAN STATEMENT

I am pleased to take this opportunity to report on the business review and prospects of Landsea Green Properties Co., Ltd. (the "Company") for the year to our investors and whom who cares about the Company.

I. Review and Conclusion

1. On 19th June 2013, Landsea Group Co., Ltd. ("Landsea Group") acquired approximately 63.42% shareholding in the Company through its wholly-owned subsidiary and became the ultimate controlling shareholder of the Company.

   It is always the target of Landsea Group to become a listed company to broaden financing channels and ensure long term stability and healthy development of Landsea Group. However, since the property market in China has been under austerity control, it has not yet had an opportunity for the A share listing applications, while it also had difficulties in obtaining overseas listing due to the small amount of state-owned equity interest. As such, Landsea Group made a final decision to acquire the Company. Upon completion of acquisition, Landsea Group has openly committed to regarding the Company as its only listed platform to undertake its core business of green residential property development. Subsequently, the Company was renamed "Landsea Green Properties Co., Ltd.". The Company will become the successor of the core businesses of Landsea Group. Other pilot/innovative businesses such as technology services, aged care service, overseas business, will remain with Landsea Group.

2. Landsea Group was established in Nanjing at the end of 2001 with an initial capital of RMB10 million and is currently one of the top 100 PRC enterprises in real estate industry, and a leading enterprise engaged in property development with green technology in China. The property business of Landsea Group widely distributes in major cities such as Nanjing, Shanghai, Hangzhou, Suzhou, Wuhan, Chengdu, Wuxi, Changzhou, Shaoxing and Zhangjiagang, etc., with 40 completed and on-going property projects covering a total development area of approximately 6.5 million square meters and recorded contract sales revenue of RMB11.5 billion in 2013. The unaudited total assets of Landsea Group as at the end of 2013 amounted to approximately RMB22.8 billion.

   Landsea Group is a real estate enterprise with distinctive strategies of (1) product differentiation, (2) high turnover of assets and (3) healthy corporate culture.

   Since 2005, Landsea Group has been implementing a differentiation strategy in green technology property and established several professional institutes including Shanghai Green Construction Technology Company, Europe R&D GmbH, research center and Grade A design company. With over 130 patents in construction technology, Landsea Group is widely recognized as the leading developer and builder of green properties. By now, fourteen of Landsea Group's residential projects were awarded the Green Three-Star Identification, the highest level of national green property design certification issued by the Ministry of Housing and Urban-Rural Development of China. All residential projects of Landsea Group are developed with green and unique technology which has enhanced their competitiveness in the market.

The asset turnover rate of Landsea Group has been high. With the support of competitive edge of differentiated products, this competitive advantage is formed by a series of strategies such as diversification of project investment, standardised product replication, speedy sales launch and high proportion of pre-sale revenue. Landsea Group's profit strategy is: take the industry average in terms of profit margin, maintain an industry leading level with respect to turnover rate, maintain a higher equity multiplier than industry level, and thus continuously achieve a higher return on equity level. It also illustrates the reason why Landsea Group managed to grow rapidly without raising capital through public offering. Landsea Group pays great attention to the security of funds and has such risk control systems as stress testing, cash flow alert and emergency response mechanism in place. Landsea Group adopts a stable and prudent strategy for land investment and adheres to value-for-money investment. Landsea Group has a professional team called "Sea Wolves (海狼隊)", who are responsible for land investment work. Besides, Landsea Group has a full set of project investment forecast & estimation model and a due mechanism for land investment decisions.

For corporate culture, at the initial stage of Landsea Group, its founders pledged three codes of conduct: Integrity, Unity and Learning. Integrity: safeguarding the company's interests all the time; Unity: communication and collaboration, avoiding pointless personnel dispute; Learning: a team which is eager to learn has higher competitiveness. Adhering to the principle of Integrity, Unity and Learning, Landsea Group's team has also made a great contribution to Landsea Group's rapid growth. Landsea Group is explicitly guided by its core values of "People", "Sunshine" and "Green".

3. Upon completion of acquisition, the Company, supported by Landsea Group, has put substantial efforts to accelerate the growth of its green residential property development business.

(1) Loan from Controlling Shareholder

The Company received enormous financial support from Landsea Group. By the end of 2013, Landsea Group, being the controlling shareholder, has provided entrusted loans in aggregate of RMB4 billion to the Company at a preferential interest rate of 5.5% for domestic project investment purpose. As at the date of this announcement, the Company's investments in land acquisition amounted to approximately RMB2.21 billion.

(2) Rights Issue

On 25th November 2013, the Company proposed to raise approximately HK$740,000,000 after expenses by issuing 993,303,029 new shares of the Company at a price of HK$0.75 per share of the Company to certain qualifying shareholders by way of rights issue on the basis of one rights share for every two shares of the Company held (the "Rights Issue"). This substantially increased the Company's net assets and enhanced its capital strength, creating essential conditions for the Company to explore further funding. The Company has applied the entire net proceeds from the Rights Issue to finance land acquisitions and used as general working capital. Landsea Group, through its wholly-owned subsidiary, was interested in approximately 74.16% of the shares of the Company after the completion of Rights Issue.

(3) Property Development and Trading

Upon completion of acquisition and up to 31st December 2013, the Company has won a successful bid for the land use rights of a parcel of land in 奉賢區 (Fengxian District), Shanghai and a parcel of land in 余杭區 (Yuhang District), Hangzhou City, Zhejiang Province in China, acquiring an additional gross floor area of more than 280,000 square meters to be developed into residential properties, car parks and commercial properties for sale in the market. On 8th January 2014, the Company won another bid for the land use right of a parcel of land in 蘆潮港社區 (Luchaogang Community), 臨港新城 (Lingang New City), Shanghai City in China, acquiring an additional gross floor area of 84,754 square meters. The Company has invested three new development projects in China with development area of approximately 370,000 square meters. Meanwhile, the Company will actively seek for suitable land projects in cities like Nanjing, Hangzhou, Wuhan, Shanghai, Chengdu, Suzhou and Wuxi, etc. where Landsea Group already has presence and also endeavors to explore suitable investment projects in other target cities within the country.

As the Company regards green residential property development as its core business, a provisional sale and purchase agreement was entered into on 19th December 2013 with an independent third party to sell a commercial property located at the whole of 6th Floor, Wings Building, Nos. 110–116 Queen's Road, Central, Hong Kong for a consideration of RMB31,442,000, which is expected to be completed on or before 3rd April 2014. The proceeds will be used in the Company's core business.

(4) Discontinuance of Non-Core Business of Financial Services Business

Non-core businesses such as financial services business were discontinued in 2013 as they were not in line with the Company's new core business direction of green residential property development.

(5) On 23rd February 2014, the Company entered into the Property Development and Management Services Agreement with Landsea Group. Since the acquisition of the Company, the strategy of Landsea Group is to regard the Company as its only listed platform for undertaking the green residential property development business. To implement this strategy and to implement the integration with Landsea Group's original property business, the Company entered into the Property Development and Management Services Agreement with its controlling shareholder. After the majority of the property development and management staff of Landsea Group have been transferred to the Group, the Group will provide property development and management services for the existing property development projects of Landsea Group. The Group will benefit from such an

arrangement in terms of management income (with an expected maximum of RMB1.84 billion for the coming three years) and cash flow. As stated in the Company's announcement dated 23 February 2014, it was anticipated that the gross profit margin may exceed 50%. Meanwhile, with the transfer of strong and experienced management team, the Company will be able to proceed with its new development projects. The controlling shareholder of the Company also undertook to give priority to the Company in case of any transfer of the above entrusted management projects in the future.

(6) On 23rd February 2014, 南京朗銘房地產開發有限公司 (Nanjing Langming Property Development Co., Ltd.), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with 蘇州朗詩科技地產有限公司 (Suzhou Landsea Technology Real Estate Co., Ltd.) ("Suzhou Landsea"), a wholly-owned subsidiary of Landsea Group, pursuant to which the Company has conditionally agreed to purchase the entire shares of 無錫朗華置業有限公司 (Wuxi Langhua Development Co., Ltd.) ("Wuxi Langhua"), a wholly-owned subsidiary of Suzhou Landsea, for a total consideration of RMB50 million. Wuxi Langhua is a project company that owns the land use right of a land parcel located at the intersection between 太湖大道 (Taihu Road) and 長江北路 (Changjiang North Road) of the 無錫市新區 (Wuxi New Area). The land occupies a site area of 20,133.7 square meters and is being developed by Wuxi Langhua into a residential and commercial complex with gross floor area of 48,771.77 square meters. Landsea Group has always been seeking to inject quality assets into the Company subject to compliance with applicable legal and regulatory requirements. The acquisition of Wuxi Langhua by the Company complied with relevant regulatory requirements. This will increase the number of projects of the Company and thus enhancing the Company's profitability.

(7) On 23rd February 2014, the Company entered into a design services agreement with 上海朗詩規劃建築設計有限公司 (Shanghai Landsea Planning Construction Design Co., Ltd.) ("Landsea Design"), a wholly-owned subsidiary of Landsea Group. It is expected that the Company will further invest in new projects and therefore requires corresponding domestic design services. Landsea Design will provide schematic design services for the Company's green residential property at fair price.

(8) The Company completed a general offer in July 2013. As at the date of this announcement, the relevant business integration between the Company and Landsea Group has basically come to an end. Restructuring of the Company's executive directors and senior management and the detailed plan of transferring the development and management team was prepared, which will be implemented right after the approval process of the aforementioned three connected transactions in paragraphs (5) to (7) above. The Company is committed to engage in core business of green residential property development and will take a step forward based on its previous business.

The asset scale, number of projects and development scale of the Company has been increasing gradually, the statistics and operating results shown in the financial statements for the current reporting period only reflect the Company's status during the early acquisition and transition period.

II. Business Outlook

Macro Analysis

In contrast with its rapid growth over the past fifteen years, the development of PRC's real estate industry in the future will be characterised primarily by a slowdown in growth with stable profits and further increase on market concentration, professionalism and market segmentation. The main factors that have impact on the development of real estate industry in PRC are: (1) the economy in China will turn into a mid-speed growth gradually; (2) the urbanization of China will gradually approach a steady growth pattern; (3) the demographic structure of China changes, demographic dividend disappears, absolute number of effective workforce as well as its proportion to overall population drops. Based on the foregoing, we consider that the real estate industry will come to a turning point in growth, even a decline in total volume, over the next few years. However, it is unnecessary to become overly pessimistic because the real estate industry plays an important role in the national economy in the long run, as fully verified in developed countries and economies. Although there are uncertainties of industry fluctuation, we believe that certain outstanding enterprises will hold their ground in industry adjustment. Take Japan which experienced the burst of property bubble as an example, some successful property corporations such as Sekisui and Daiwa remain a dominant player in the market. It is always Landsea Group's operating philosophy to "equate running a business with running a marathon". We do not only pay attention to short-term market performance. Instead we concern about the formation of core capability of the corporation.

Leveraging on the long-term competitive strategy of green properties differentiation, Landsea Group has progressively established unique organisational effectiveness, product features and brand advantages in the past development. For the future operation, the Company will further enhance the professional capacity and differentiation features and continue to create shareholder value.

Business Outlook in 2014

For 2014, "enhancement of efficiency" will become the priority of the Company with the development target of quality growth after the integration with the original property business and team of Landsea Group. For financial performance, apart from managing the property projects of Landsea Group and receiving services fee and profits, the Company will receive pre-sale income and development financing under its new investment projects within the year, and commence to establish a system on its own finance generating and developing. For project investment, the Company will rapidly increase the number of projects and land reserves based on its rational analysis and decisions. Landsea Group will continue to provide shareholder's loans for supporting the Company to acquire quality land projects, if required. For establishment of core capabilities, the Company strives to make a breakthrough in land investment capability, product standardisation, product quality and costs control, etc.

1. Adhere to value-for-money investment, provide more innovation in investment methods and fine-tuning of investment strategies

   Strengthen the breakthrough innovation in investment to diversify approaches in land acquisition. Based on the original "medium-size", "medium-price", "medium-distance" and "clean" investment strategy, plan to invest in some projects which have large volume and long development cycle, with an aim to ease the operation and benefit to balance the periodic fluctuation in market.

2. Adhere to high asset turnover strategy on an on-going basis

   Pursue to improve benefit while adhere to high asset turnover strategy on an on-going basis, keep an eye on the time used from land acquisition to debut and cashflow overflow, and ensure product quality in the period from pre-sale to delivery.

3. Transform traditional marketing pattern with internet-orientation

   Review and adjust the performance of conventional marketing pattern under internet environment, regard the mobile internet as the most important factor, re-formulate marketing strategy and assessment methods and continue to monitor the opportunities and challenges arising from the changes on media environment. The Company will highly focus on target customers, improve the accuracy of information delivery, strengthen the customers' experience and enhance marketing skills.

4. Accelerate standardised construction and undergo quick replication

   Accelerate the standardised construction of each line (product, development, marketing and customer services) and enhance systematic operation for the organization. Based on the existing foundation, standardization of each of three product lines, namely, Y (first home), E (second home) and S (third or high-end housing), will complete in 2014.

5. Strengthen cost control

   Learn from manufacturing enterprises and industry benchmark enterprises, further optimize cost structure, and improve cost control level.

6. Explore financing channels

   Partially re-activate the fund-raising functions of listed companies when deemed appropriate, accomplish strategic combination for financing in domestic and foreign capital markets, and strive to gradually reduce overall financing costs.

To our respected shareholders of the Company and other readers, thank you for your attention and support to Landsea Green Properties! For 2014 and the years to come, my colleagues and I will be dedicated and committed to achieving even better operating results and return for the shareholders of the Company and the market. Thank you!

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

In 2013, the Company and its subsidiaries' (the "Group") operating income mainly derived from rental income of the existing investment property, and profits mainly derived from the above businesses and the appreciation of investment property evaluation. After Landsea Group became the Group's ultimate controlling shareholder, the Group adjusted its existing businesses. The Group's main income and profits in the future will be derived from property development.

Property Development and Trading

Having become the Company's ultimate controlling shareholder, Landsea Group regards the Company as its only listed and business platform for green residential property development and fully support the Company in terms of financial resources, human resources and technology.

- As at 31st December 2013, the controlling shareholder of the Company granted certain loans in the aggregate amount of approximately RMB1,345,600,000 to the Group for the development of property.

- On 23rd February 2014, the Group and Landsea Group, the controlling shareholder of the Company, entered into a Project Development Management Services Agreement to manage its existing green residential property projects. Moreover, by transferring a majority of the management members of the property development business to the Company, Landsea Group quickly improved its core competencies, built a strong and experienced management team and operated the Company's new development projects.

The Group complied with the established business development strategy of Landsea Group. For layout, it continued to thoroughly develop the Yangtze River region to increase its market share and gradually moved to the central region so as to expand the breadth of its coverage. As for land investment, it increased investment in Y series (first-time home buyers) products. With the guidance of the business development strategy, the Group acquired three properties located in Shanghai and Hangzhou respectively as at 28th February 2014, which are all in line with the positioning of Y series products.

- On 6th September 2013, 南京朗銘房地產開發有限公司 (Nanjing Langming Property Development Company Limited) ("Nanjing Langming"), an indirect wholly-owned subsidiary of the Company, successfully obtained the land use rights of a parcel of land ("Fengxian Land Parcel") in 奉賢區 (Fengxian District), Shanghai, the PRC in a listing for sale process organised and held by 上海市國土資源局 (Shanghai Land and Resources Bureau) and has set up 上海朗銘房地產開發有限公司 (Shanghai Langming Property Development Company Limited) for the development of the Fengxian Land Parcel. The Fengxian Land Parcel is located in Fengxian District with a site area of approximately 82,406 square meters. Its total gross floor area is expected to reach 164,811 square meters. Based on the aggregate purchase price of approximately RMB845,000,000, the land cost per square meter is approximately RMB5,127. The Fengxian Land Parcel will be developed into residential properties, car parks and commercial properties for sale in the market.

- On 6th November 2013, Nanjing Langming successfully obtained land use rights of a parcel of land in 余杭區 (Yuhang District), Hangzhou City, Zhejiang Province, the PRC (the "Yuhang Land Parcel") in a listing for sale process organised and held by 浙江省杭州市國土資源局 (Land and Resources Bureau of Hangzhou City, Zhejiang Province) and has set up 杭州朗宏置業有限公司 for the development of the Yuhang Land Parcel. The Yuhang Land Parcel is located in Yuhang District, Hangzhou City, which is only about 300 meters from 喬司站 (Qiaosi Station) of Metro Line No. 1, with a site area of 81,905 square meters and a plot ratio of 1.0–1.5. Its total gross floor area is expected to reach 122,858 square meters. Based on the aggregate purchase price of RMB808,000,000, the land cost per square meter is approximately RMB6,577. The land will be developed into residential properties, car parks and commercial properties for sale in the market.

- On 8th January 2014, 上海朗智置業有限公司 (Shanghai Lang Zhi Property Company Limited), an indirect wholly-owned subsidiary of the Company, successfully obtained land use rights of a parcel of land in 蘆潮港社區 (Luchaogang Community), 臨港新城 (Lingang New City), Shanghai City, the PRC (the "Luchao Port Land Parcel") in a listing for sale process organised and held by 上海市規劃和國土資源管理局 (Planning and Land and Resources Bureau of Shanghai City) and has set up 上海朗信房地產開發有限公司 (Shanghai Langxin Property Development Company Limited) for the development of the Luchao Port Land Parcel. The Luchao Port Land Parcel is adjacent to the Shanghai Free Trade Zone and only about 3 kilometers from Yangshan Harbor Bonded Port, with a site area of 47,085 square meters and a plot ratio of 1.8. Its total gross floor area is expected to reach 84,754 square meters. Based on the aggregate purchase price of approximately RMB560,000,000, the land cost per square meter is approximately RMB6,607. The Luchao Port Land Parcel will be developed into residential properties and commercial properties for sale in the market.

As a listed company focused on green residential property development, the Group will gradually abandon its existing non-core business modules while vigorously develop its main property development.

- As at 31st December 2013, the Group was in possession of a commercial property for sale located at the whole of 6th Floor, Wings Building, Nos. 110–116 Queen's Road, Central, Hong Kong (the "Wings Property"). For both years ended 31st December 2013 and 31st December 2012, no property held for sale was sold by the Group. However, the Group entered into a provisional sale and purchase agreement with an independent third party on 19th December 2013 to sell the Wings Property for a consideration of RMB31,442,000 (equivalent to HK$39,800,000). The transaction is expected to be completed on or before 3rd April 2014. The proceeds will be utilised for property development in the PRC.

- The financial services business mainly comprises the provision of short to medium-term loans to clients. The financial services business of the Group recorded a profit of approximately RMB9,922,000 (2012 (Restated): approximately RMB28,273,000) for the twelve months ended 31st December 2013. That business was discontinued in 2013 as it was not in line with the development plan of the Group.

Investment Properties

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. During the twelve months ended 31st December 2013, the Group recognised an income of approximately RMB21,067,000, representing an increase of approximately 5.8% over the last year of approximately RMB19,919,000 (Restated). Owing to its prime location and quality property management services, Dawning Tower managed to maintain high level occupancy rate during the year. High occupancy rate and effective cost control secured steady net operating profit for Dawning Tower.

In the year 2013, rental income from the property portfolio of the Group was approximately RMB22,067,000, a decrease of approximately 49.9% as compared to approximately RMB44,060,000 (Restated) in 2012. Such decrease was due to the Company's substantial disposal of investment properties located in Hong Kong during the fourth quarter of 2012.

For the twelve months ended 31st December 2013, the Group's gain in fair value of investment properties was approximately RMB38,426,000 (2012 (Restated): approximately RMB3,240,000). The increase in fair value gain was due to the increase in the rental income of Dawning Tower in 2013. The fair value was determined by independent valuer based on its current operation mode adopted by the Group in respect of Dawning Tower and the expected income to be generated. The Directors consider the current fair value of Dawning Tower conservatively reflects the value of Dawning Tower.

Capital Market Investment Business

The Group's investments in capital market comprise mainly investments in equity securities of listed companies in Hong Kong. During the year ended 31st December 2013, net loss on this business segment of the Group was approximately RMB804,000 (2012 (Restated): net gain on this business segment of approximately RMB19,554,000), mainly due to the unsatisfactory performance of Hong Kong capital market during the first half of 2013.

REVENUE AND GROSS PROFIT

Continuing Operations

Revenue from continuing operations of the Group for the year ended 31st December 2013 amounted to approximately RMB22,067,000, representing a decrease of approximately 49.9% as compared to approximately RMB44,060,000 (Restated) in 2012. The decrease in revenue was mainly due to the decrease in rental income resulting from the Group's substantial disposal of investment properties during the fourth quarter of 2012.

For the year ended 31st December 2013, gross profit from continuing operations of the Group was approximately RMB14,452,000 (2012 (Restated): approximately RMB31,533,000), representing a decrease of approximately 54.2%. The decrease was mainly attributable to the decrease in revenue.

Discontinued Operation

Discontinued operations represented the provision of financial services terminated by the Group in July 2013. Revenue from discontinued operations of the Group for the year ended 31st December 2013 amounted to approximately RMB10,975,000, representing a decrease of approximately 61.5% as compared to approximately RMB28,472,000 (Restated) in 2012, due to the termination of business in the second half year of 2013.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31st December 2013, the profit attributable to the owners of the Company was approximately RMB38,382,000 (2012 (Restated): approximately RMB77,928,000), representing a decrease of approximately 50.7% as compared to 2012.

Continuing Operations

Profit after tax attributable to continuing operations of the Group for the year ended 31st December 2013 mainly derived from rental income of the existing investment property and the valuation surplus of the investment property of approximately RMB28,460,000 (2012 (Restated): approximately RMB49,655,000), representing a decrease of approximately 42.7% as compared to 2012.

Discontinued Operation

Profit after tax attributable to discontinued operations of the Group for the year ended 31st December 2013 amounted to approximately RMB9,922,000 (2012 (Restated): approximately RMB28,273,000), representing a decrease of approximately 64.9% as compared to 2012.

Administrative Expenses

For the year ended 31st December 2013, administrative expenses of the Group were approximately RMB16,602,000, decreasing by approximately RMB3,761,000, representing a decrease of 18.5% as compared to that of 2012.

Finance Costs

For the year ended 31st December 2013, finance costs of the Group were approximately RMB2,561,000 and that of 2012 was nil. The finance costs were related to the loans from the controlling shareholder of the Company.

Taxation

For the year ended 31st December 2013, taxation charge of the Group was approximately RMB10,494,000, representing an increase of 77.5% from approximately RMB5,913,000 (Restated) for the previous year, mainly attributable to the year-on-year increase in taxable profit and valuation surplus of investment properties in the PRC recognised this year.

Earnings per Share

For the year ended 31st December 2013, the basic earnings per share from continuing operations attributable to the owners of the Company were RMB0.014 (2012 (Restated): RMB0.025).

For the year ended 31st December 2013, the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company were RMB0.019 (2012 (Restated): RMB0.039).

Final Dividend

The Board does not recommend the payment of 2013 final dividend (2012: Nil).

Liquidity and Capital Resources

As at 31st December 2013, the working capital (current assets less current liabilities) of the Group was approximately RMB914,544,000 (31st December 2012 (Restated): approximately RMB319,074,000). As at 31st December 2013, the cash and cash equivalents were approximately RMB948,658,000 (31st December 2012 (Restated): approximately RMB496,946,000). Liquidity ratio (current assets over current liabilities) was 1.7 times (31st December 2012: 2.0 times).

The Group's principal sources of liquidity are financial support from its controlling shareholder and derived from its operating cash flows. As at 31st December 2013, the Group was granted by its controlling shareholder certain loans in an aggregate amount of approximately RMB1,345,600,000 representing RMB1,235,000,000 denominated in RMB and RMB110,600,000 denominated in HK$, bearing interest at 5.5% per annum, to be payable within one year. The Group would also commit other financial resources to property development business, when necessary. Moreover, the Group would make use of bank borrowings and other financing methods to increase the overall profitability of the Group and monitor the gearing position from time to time to mitigate risks. As at 31st December 2013 and 31st December 2012, the Group did not have any bank loan. As at 31st December 2013, the Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was 127.9% (31st December 2012: zero).

Capital Expenditure

The expenditure for property, plant and equipment by the Group was approximately RMB1,859,000 (31st December 2012 (Restated): approximately RMB16,000) for the year.

Foreign Exchange and Currency Risk

As most of the income as well as overheads, payments for purchase of equipment and salaries are denominated in Renminbi and Hong Kong dollars, it is not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of exchange rates is minimal. During the period, the Group was not engaged in any hedging activities. As at 31st December 2013, cash and cash equivalents and financial assets of the Group were mainly denominated in Renminbi, Hong Kong dollars and US dollars.

Interest Rate Risk

The borrowings of the Group bear interest mainly at fixed rates. Accordingly, the interest rate risk is relatively low.

Commitments for Leasehold Land and Property

As at 31st December 2013, the Group had lease commitments for properties of approximately RMB2,217,000 (31st December 2012 (Restated): approximately RMB1,417,000). Save for the above, the Group had no other significant lease commitment.

Substantial Acquisition and Disposal

The Group did not participate in any substantial acquisition or disposal during the year ended 31st December 2013.

Pledge of Assets

As at 31st December 2013 and 31st December 2012, the Group had no pledge of assets and bank deposits to secure general banking facilities or short-term bank borrowings.

Contingent Liabilities

The Group had no material contingent liabilities as at 31st December 2013.

Employees and Remuneration Policy

As at 31st December 2013, the Group had 26 employees (31st December 2012: 19) responsible for management, executive, technical and general functions in Hong Kong and the PRC. The level of remuneration, promotion and remuneration increment are commensurate with the employees' job duties, performance and professional experience. All staff members in Hong Kong and executive Directors have participated in the mandatory provident fund scheme.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Thursday, 22nd May 2014, the register of members of the Company will be closed from Wednesday, 21st May 2014 to Thursday, 22nd May 2014, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20th May 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2013.

MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding director's securities transactions. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year under review.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules which came into effect on 1st January 2005 and was revised and renamed as Corporate Governance Code and Corporate Governance Report (the "CG Code") with effect from 1st April 2012, as its own code of corporate governance practices.

During the year ended 31st December 2013, the Company was in compliance with all the code provisions under the CG Code except for the deviations as explained below:

- code provision A.2.1 of the CG Code require that the responsibilities between the chairman and chief executive officer ("CEO") should be segregated. Before the appointment of Ms. Shen Leying as an executive Director and the CEO of the Company on 31st July 2013, the office of CEO was vacant and the roles and functions of the CEO were performed by the Board. Since 31st July 2013, Ms. Shen has taken up the responsibilities of CEO. Subsequently on 23rd February 2014, Mr. Xiang Jiong was appointed as CEO and Ms. Shen was redesignated as Co-CEO.

- code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. Prior to 31st July 2013, the non-executive Directors of the Company are not appointed for a specific term but they are subject to the retirement by rotation at least once every three years in accordance with the bye-laws of the Company (the "Bye-Laws"). On 31st July 2013, Mr. Xu Xiaonian, Mr. Ding Yuan and Mr. Lee Kwan Hung were appointed as independent non-executive Directors of the Company for a term of three years commencing from 31st July 2013, all of them are subject to the retirement by rotation at least once every three years in accordance with the Bye-Laws.

- code provision D.1.4 of the CG Code requires that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. Prior to 31st July 2013, the Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Bye-Laws. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. On 31st July 2013, the Company entered into (i) a service agreement with each of Mr. Tian Ming, Ms. Shen Leying, Mr. Xie Yuanjian, Mr. Liu Da and Mr. Ding Feng, all of them were appointed as executive Directors of the Company on 31st July 2013; and (ii) an appointment letter with each of Mr. Wong Chung Tak, Richard, who was re-designated as a non-executive Director of the Company on 31st July 2013, and Mr. Xu Xiaonian, Mr. Ding Yuan and Mr. Lee Kwan Hung, who were all appointed as independent non-executive Directors of the Company on 31st July 2013, which such service agreements and appointment letters set out the key terms and conditions of their respective appointments. On 18th November 2013, the Company entered into a service agreement with Mr. Xiang Jiong, in which Mr. Xiang Jiong was appointed as an executive Director and the key terms and conditions of his appointment were set out.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions set out in the CG Code during the year ended 31st December 2013.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, including Mr. Ding Yuan (as chairman), Mr. Xu Xiaonian and Mr. Lee Kwan Hung. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, internal controls and interim and annual results of the Group. The audited consolidated financial statements of the Group for the year ended 31st December 2013 have been reviewed by the Audit Committee.

By order of the Board
Landsea Green Properties Co., Ltd.
Tian Ming
Chairman

Hong Kong, 7th March 2014

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Tian Ming, Mr. Xiang Jiong, Ms. Shen Leying, Mr. Xie Yuanjian, Mr. Lu Baoxiang and Mr. Liu Da, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Ding Yuan and Mr. Lee Kwan Hung.