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 31 DECEMBER 2014

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 31 December 2014 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 31 DECEMBER 2014

	Notes	**2014** **RMB'000**	2013 RMB'000 (Restated)
Continuing operations			
Revenue	*3, 4*	**703,826**	22,067
Cost of sales and services	*7*	**(229,889)**	(7,615)
Gross profit		**473,937**	14,452
Other income	*5*	**10,862**	4,342
Selling expenses	*7*	**(32,856)**	(13,489)
Administrative expenses	*7*	**(37,676)**	(17,079)
Fair value gain on investment properties	*10*	**50,867**	38,426
Other (losses)/gains, net		**(13,938)**	1,712
Operating profit		**451,196**	28,364
Finance costs	*6*	**(20,956)**	(2,561)
Share of losses of associated companies		**(10,537)**	–
Share of loss of a joint venture		**(186)**	–
Profit before income tax		**419,517**	25,803
Income tax expense	*8*	**(119,367)**	(7,206)
Profit for the year from continuing operations		**300,150**	18,597

	Notes	**2014** *RMB'000*	2013 *RMB'000* (Restated)
Discontinued operation			
Profit for the year from a discontinued operation		**–**	9,922
Profit for the year		**300,150**	28,519
Other comprehensive income/(loss)			
Translation differences which may be subsequently recycled to profit or loss		**8,363**	(9,077)
Other comprehensive income/(loss) for the year, net of tax		**8,363**	(9,077)
Total comprehensive income for the year		**308,513**	19,442
Profit for the year attributable to:			
The owners of the Company		**301,590**	28,519
Non-controlling interests		**(1,440)**	–
		300,150	28,519
Total comprehensive income for the year attributable to:			
The owners of the Company		**309,953**	19,442
Non-controlling interests		**(1,440)**	–
		308,513	19,442
		RMB	*RMB*
Basic and diluted earnings per share from continuing operations attributable to the owners of the Company	*9*	**0.101**	0.009
Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company	*9*	**0.101**	0.014

Details of the dividend recommended to the shareholders of the Company are set out in Note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	**2014** **RMB'000**	2013 *RMB'000* (Restated)
Non-current assets			
Investment property	*11*	**205,123**	154,256
Property, plant and equipment		**3,408**	2,178
Interests in associated companies		**304,424**	–
Interests in a joint venture		**125,536**	–
Non-current deposit	*14*	**201,035**	–
Deferred tax assets		**15,548**	3,324
		855,074	159,758
Current assets			
Properties held for sale	*12*	**16,497**	17,323
Properties under development	*13*	**5,402,233**	1,098,908
Deposits for purchase of land		**618,956**	455,200
Other receivables, prepayments and deposits	*14*	**44,197**	14,676
Amount due from a fellow subsidiary		**–**	110,491
Prepaid taxes		**43,087**	12,519
Restricted cash		**1,414,062**	54,800
Cash and cash equivalents		**595,061**	956,660
		8,134,093	2,720,577
Current liabilities			
Creditors and accruals	*15*	**432,408**	93,102
Advanced proceeds received from customers		**528,011**	169,163
Amounts due to non-controlling interests		**348,314**	–
Amounts due to fellow subsidiaries		**115,245**	50,000
Borrowings	*16*	**2,456,640**	1,385,600
Taxation payable		**72,901**	1,594
		3,953,519	1,699,459
Net current assets		**4,180,574**	1,021,118
Total assets less current liabilities		**5,035,648**	1,180,876

	Notes	2014 RMB'000	2013 RMB'000 (Restated)
Non-current liabilities			
Borrowings	*15*	**3,623,002**	120,000
Deferred tax liabilities		**31,401**	18,685
		3,654,403	138,685
Net assets		**1,381,245**	1,042,191
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital		**23,939**	23,939
Reserves		**1,311,746**	1,008,252
		1,335,685	1,032,191
Non-controlling interests		**45,560**	10,000
Total equity		**1,381,245**	1,042,191

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, HM 11, 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").

The Company is an investment holding company. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in property investment and property development and trading.

During the year ended 31 December 2013, 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").

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000") and were approved for issue by the board of directors on 31 March 2015.

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 property, which is carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 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 1 January 2014:

HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment — revised 2011)	Investment entities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of derivatives
HK (IFRIC) Interpretation 21	Levies

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[4]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendment to HKAS 19 (2011)	Defined Benefit Plans — Employee Contributions[2]
HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Annual improvements Projects (2011–2013 Cycle)	Improvements to HKAS and HKFRS[1]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 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.

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2.2 MERGER ACCOUNTING RESTATEMENT

The Group acquired the entire interest in 無錫朗華置業有限公司 (Wuxi Langhua Development Co., Ltd.) from a fellow subsidiary on 23 February 2014 at a cash consideration of RMB50,000,000. The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method in accordance with the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. As a result, the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2013 have been restated to include the results of the combining entities during that year. The adoption of merger accounting for the year ended 31 December 2013 has resulted in a decrease in the Group's total comprehensive income and profit attributable to the owners of the Company for the year ended 31 December 2013 by RMB9,863,000.

The effect of the merger accounting restatement described above on the consolidated statement of comprehensive income for the year ended 31 December 2013 by line items is as follows:

	For the year ended 31 December 2013	**Merger accounting Restatement**	**For the year ended 31 December 2013**
	RMB'000	*RMB'000*	*RMB'000*
	(Originally stated and audited)		(Restated)
Continuing operations			
Revenue	22,067	–	22,067
Cost of sales and services	(7,615)	–	(7,615)
Gross profit	14,452	–	14,452
Other income	4,296	46	4,342
Other gains, net	1,712	–	1,712
Selling expenses	(769)	(12,720)	(13,489)
Fair value gain on investment properties	38,426	–	38,426
Administrative expenses	(16,602)	(477)	(17,079)
Operating profit/(loss)	41,515	(13,151)	28,364
Finance costs	(2,561)	–	(2,561)
Profit/(loss) before income tax	38,954	(13,151)	25,803
Income tax (expense)/credit	(10,494)	3,288	(7,206)
Profit/(loss) for the year from continuing operations	**28,460**	**(9,863)**	**18,597**
Discontinued operation			
Profit for the year from a discontinued operation	9,922	–	9,922
Profit/(loss) for the year attributable to the owners of the Company	**38,382**	**(9,863)**	**28,519**

	For the year ended 31 December 2013 *RMB'000* (Originally stated and audited)	Merger accounting Restatement *RMB'000*	For the year ended 31 December 2013 *RMB'000* (Restated)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
— Exchange difference arising from translation of foreign operations	(9,077)	–	(9,077)
Other comprehensive loss for the year, net of tax	(9,077)	–	(9,077)
Total comprehensive income/(loss) for the year	**29,305**	**(9,863)**	**19,442**
	RMB	RMB	RMB
Basic and diluted earnings per share from continuing operations attributable to the owners of the Company	0.014	(0.005)	0.009
Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company	0.019	(0.005)	0.014

The effect of the merger accounting restatement on the consolidated statement of financial position as at 31 December 2013 by line items is as follows:

	As at 31 December 2013 *RMB'000* (Originally stated and audited)	Merger accounting restatement *RMB'000*	As at 31 December 2013 *RMB'000* (Restated)
Non-current assets			
Investment property	154,256	–	154,256
Property, plant and equipment	2,049	129	2,178
Deferred tax assets	–	3,324	3,324
	156,305	3,453	159,758

	As at 31 December 2013 *RMB'000* (Originally stated and audited)	Merger accounting restatement *RMB'000*	As at 31 December 2013 *RMB'000* (Restated)
Current assets			
Properties held for sale	17,323	–	17,323
Properties held under development	883,661	215,247	1,098,908
Deposits for purchase of land	455,200	–	455,200
Rental and other receivables, prepayments and deposits	14,386	290	14,676
Amount due from a fellow subsidiary	–	110,491	110,491
Prepaid taxes	–	12,519	12,519
Restricted cash	–	54,800	54,800
Cash and cash equivalents	948,658	8,002	956,660
	2,319,228	401,349	2,720,577
Current liabilities			
Creditors and accruals	57,490	35,612	93,102
Advanced proceeds received from customers	–	169,163	169,163
Amounts due to fellow subsidiaries	–	50,000	50,000
Borrowings	1,345,600	40,000	1,385,600
Taxation payable	1,594	–	1,594
	1,404,684	294,775	1,699,459
Non-current liabilities			
Borrowings	–	120,000	120,000
Deferred tax liabilities	18,685	–	18,685
	18,685	120,000	138,685
Net assets	1,052,164	(9,973)	1,042,191
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	23,939	–	23,939
Reserves	1,018,225	(9,973)	1,008,252
	1,042,164	(9,973)	1,032,191
Non-controlling interests	10,000	–	10,000
Total equity	1,052,164	(9,973)	1,042,191

The effect of the merger accounting restatement on the total equity as at 1 January 2013 is as follows:

	As at 1 January 2013	**Merger accounting restatement**	**As at 1 January 2013**
	RMB'000	*RMB'000*	*RMB'000*
	(Originally stated)		(Restated)
Equity			
Share capital	16,091	–	16,091
Reserves	412,303	(110)	412,193
	428,394	(110)	428,284

3. REVENUE

Revenue recognised during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Property development and management service fee income	**528,617**	–
Rental and management fee income	**24,314**	22,067
Sale of properties in		
— Hong Kong	**31,442**	–
— The PRC	**119,453**	–
	703,826	22,067

4. SEGMENT INFORMATION

The executive directors have identified the following operating segments:

(i) Property investment; and

(ii) Property development

During the year ended 31 December 2013, the Group discontinued its financial service operation.

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

Continuing operations:

	2014			
		Property development		
	Property investment *RMB'000*	**Property development and trading** *RMB'000*	**Provision of property development and management services** *RMB'000*	**Total** *RMB'000*
Segment revenue (external)	**24,314**	**150,895**	**528,617**	**703,826**
Reportable segment profit/(loss)	**65,047**	**(26,401)**	**405,694**	**444,340**
Depreciation of property, plant and equipment	**(375)**	**(71)**	**–**	**(446)**
Fair value gain on investment properties	**50,867**	**–**	**–**	**50,867**
Share of losses of associated companies	**–**	**(10,537)**	**–**	**(10,537)**
Share of loss of a joint venture	**–**	**(186)**	**–**	**(186)**
Finance costs	**–**	**(20,956)**	**–**	**(20,956)**
Segment assets	**736,823**	**7,189,908**	**932**	**7,927,663**
Segment liabilities	**504,804**	**6,462,752**	**32,721**	**7,000,277**
Additions to non-current assets	**12**	**1,402**	**485**	**1,899**

	2013			
	Property investment *RMB'000*	Property development and trading *RMB'000* (Restated)	Others *RMB'000*	Total *RMB'000* (Restated)
Segment revenue (external)	22,067	–	–	22,067
Reportable segment profit/(loss)	51,755	(16,200)	(804)	34,751
Depreciation of property, plant and equipment	(352)	–	–	(352)
Fair value gain on investment property	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	1,759,814	–	1,915,665
Segment liabilities	2,610	1,776,754	–	1,779,364
Additions to non-current assets	1,074	923	–	1,997

Discontinued operation:

	Provision of financial services 2014 RMB'000	2013 RMB'000
Segment revenue (external)	**–**	10,975
Reportable segment profit	**–**	9,922
Segment assets	**–**	–
Segment liabilities	**–**	201

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

	2014 RMB'000	2013 RMB'000 (Restated)
Continuing operations		
Segment profit	**444,340**	34,751
Bank interest income	**8,663**	3,163
Gain on disposal of property, plant and equipment	**–**	2,062
Gain on disposal of available-for-sale financial assets	**–**	1,024
Gain on disposal of a subsidiary	**320**	–
Unallocated corporate income	**179**	563
Unallocated corporate expenses	**(33,985)**	(15,760)
Profit before income tax	**419,517**	25,803

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

	2014 RMB'000	2013 RMB'000 (Restated)
Segment assets — continuing operations	**7,927,663**	1,915,665
Unallocated assets	**1,061,504**	964,670
Total assets	**8,989,167**	2,880,335

	2014 RMB'000	2013 RMB'000 (Restated)
Segment liabilities — continuing operations	**7,000,277**	1,779,364
Segment liabilities — discontinued operation	**–**	201
Unallocated liabilities	**607,645**	58,579
Total liabilities	**7,607,922**	1,838,144

Other than providing management services to fellow subsidiaries, the Group does not have any single customer which contributes more than 10% of the Group's revenue.

Unallocated expenses mainly represent corporate expenses such as legal and professional fees and other compliance costs. 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	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
				(Restated)
Hong Kong (domicile)	**31,726**	1,000	**533**	720
Mainland China	**672,100**	21,067	**838,993**	155,714
	703,826	22,067	**839,526**	156,434

Discontinued operation:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong (domicile)	**–**	10,975	**–**	–

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 and excludes deferred tax assets.

5. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Bank interest income	**8,663**	3,209
Government grants	**2,020**	–
Dividend income	**–**	570
Sundry income	**179**	563
	10,862	4,342

6. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Interest expense on borrowings	**159,555**	18,658
Less: Interest capitalised	**(139,674)**	(16,097)
	19,881	2,561
Other finance charges	**1,075**	–
	20,956	2,561

7. EXPENSES BY NATURE

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Directors' remuneration	**13,482**	4,245
Other staff costs	**100,141**	3,374
	113,623	7,619
Outgoings in respect of investment property	**7,105**	7,193
Cost of sale of properties in		
— Hong Kong	**17,661**	–
— The PRC	**81,420**	–
Other taxes	**25,161**	–
Advertising and promotion expenses	**24,648**	11,516
Legal and professional fees	**7,022**	5,813
Stamp duty	**3,763**	115
Minimum lease payments in respect of properties under operating leases	**2,359**	1,689
Auditor's remuneration	**869**	655
Depreciation of property, plant and equipment	**644**	475
Others	**16,146**	3,108
Total	**300,421**	38,183
Representing:		
Cost of sales and services	**229,889**	7,615
Selling expenses	**32,856**	13,489
Administrative expenses	**37,676**	17,079
	300,421	38,183

8. INCOME TAX EXPENSE

	2014 *RMB'000*	2013 *RMB'000* (Restated)
Continuing operations		
Current tax		
— Hong Kong profits tax		
Tax expense for the year	**1,698**	–
Over-provision in prior years	**(203)**	(1,646)
— PRC enterprise income tax		
Tax expense for the year	**116,902**	2,593
Under-provision in prior years	**8**	39
	118,405	986
PRC land appreciation tax	**470**	–
Deferred tax	**492**	6,220
Total income tax expense	**119,367**	7,206

Hong Kong profits tax has been provided at 16.5% (2013: 16.5%) on the assessable profits arising in Hong Kong for the year.

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:

	2014 *RMB'000*	2013 *RMB'000* (Restated)
Continuing operations		
Profit before income tax	**419,517**	25,803
Add: Share of losses of associated companies	**10,537**	–
Share of loss of a joint venture	**186**	–
	430,240	25,803
Tax on profit before income tax, calculated at the statutory rate of 16.5% (2013: 16.5%)	**70,990**	4,257
Effect of different tax rates of group companies operating in other jurisdictions	**40,863**	2,734
Tax effect of non-deductible expenses	**–**	92
Tax effect of unused tax losses	**5,784**	2,051
Utilisation of tax losses previously not recognised	**(1,722)**	–
Over-provision in prior years	**(195)**	(1,607)
Others	**3,647**	(321)
Income tax expense	**119,367**	7,206

9. 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 ended 31 December 2013, attributable to the owners of the Company are based on the following data:

	2014	2013
Weighted average number of ordinary shares *('000)*	**2,979,909**	1,989,327

	RMB'000	*RMB'000* (Restated)
Profit attributable to the owners of the Company		
— Continuing operations	**301,590**	18,597
— Discontinued operation	**–**	9,922
	301,590	28,519

	RMB	*RMB* (Restated)
Basic earnings per share attributable to the owners of the Company		
— Continuing operations	**0.101**	0.009
— Discontinued operation	**–**	0.005
	0.101	0.014

(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 31 December 2013 and 2014.

10. DIVIDEND

The directors proposed a final dividend of RMB0.01 per ordinary share, totaling approximately RMB29,799,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 1 June 2015. These financial statements do not reflect this dividend payable.

11. INVESTMENT PROPERTY — GROUP

As at 31 December 2014, the Group held one block of commercial building located in Shenzhen, the PRC. Changes to the carrying amount of investment property in the consolidated statement of financial position are summarised as follows:

	2014 ***RMB'000***	2013 *RMB'000*
At 1 January	**154,256**	115,830
Fair value gain	**50,867**	38,426
At 31 December	**205,123**	154,256

The Group's interest in investment property at its carrying amount is analysed as follows:

	2014	2013
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Medium-term lease of between 10 to 50 years	**205,123**	154,256

Investment property was valued at 31 December 2014 by an independent professionally 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.

Management reviews the valuation performed by the independent valuer for financial reporting purposes on a half-yearly basis. The review includes verification of all major inputs to the valuation, assessing property valuation movements and discussions with the independent valuer. Management considers that the current use of the investment property equates the highest and best use.

The valuation of the investment property as at 31 December 2014 is determined using income approach based on significant unobservable inputs and is recognised under level 3 of the fair value hierarchy. The directors and the valuer consider that it is appropriate to use income approach since management will hold the investment property for long-term rental yield and will not dispose of the investment property in the short run.

The key unobservable inputs of the valuation include reversionary yield of 6.0% (2013: 7.5%), vacancy rate of 6.0% (2013: 8.0%) and the average daily rental per square meter of RMB2.03 (2013: RMB1.81) during reversionary period.

12. PROPERTIES HELD FOR SALE

	2014	2013
	RMB'000	*RMB'000*
Properties held for sale:		
— In Hong Kong, held on long-term lease	**–**	17,323
— In the PRC, held on leases of 70 years	**16,497**	–
	16,497	17,323

On 19 December 2013, the Group entered into a provisional sale and purchase agreement with a third party to dispose of its property held for sale in Hong Kong at a consideration of HK$39,800,000 (equivalent to RMB31,442,000). This transaction was completed in April 2014.

13. PROPERTIES UNDER DEVELOPMENT

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Land use rights	**4,366,409**	957,890
Development expenditures	**882,617**	124,921
	5,249,026	1,082,811
Interest capitalised	**153,207**	16,097
	5,402,233	1,098,908

The Group's properties under development are located in the PRC.

As at 31 December 2014, land use rights included in the properties under development with net book value of RMB2,754,646,000 (2013: RMB112,890,000) were pledged as collateral for the Group's borrowings.

The capitalisation rate of borrowing is 6.7% (2013: 5.8%).

14. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Non-current asset		
Deposit paid for acquisition of an associated company	**201,035**	–
Current assets		
Other receivables, prepayments and deposits	**44,197**	14,676

Other receivables, prepayments and deposits mainly include prepayment of bank charges and insurance premium.

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

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Other receivables:		
Neither past due nor impaired	**13,119**	13,609

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 these balances.

15. CREDITORS AND ACCRUALS

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Payables for construction materials and services — not yet due	**275,058**	34,640
Proceeds received from rights issue	**–**	29,310
Interest payable on loans	**73,028**	15,579
Deposits received	**3,431**	5,042
Advanced payments received	**21,731**	–
Accruals for staff costs	**39,120**	179
Other payables	**20,040**	8,352
	432,408	93,102

Proceeds received from rights issue of RMB29,310,000 related to over-subscription of shares and were denominated in HK$. Other balances are mainly denominated in RMB.

16. BORROWINGS

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Loans from the ultimate holding company *(in RMB)*	**2,117,000**	1,235,000
Loans from the immediate holding company *(in HK$)*	**–**	110,600
Bank borrowings		
— in RMB	**2,694,000**	160,000
— in HK$	**186,876**	–
Loan under trust financing arrangement, secured *(in RMB)*	**500,000**	–
Senior private notes *(in USD)*	**581,766**	–
	6,079,642	1,505,600
Less: current portion	**(2,456,640)**	(1,385,600)
Non-current portion	**3,623,002**	120,000

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

Loans from ultimate and immediate holding companies are unsecured and carry interest at 5.5% per annum.

Bank borrowings carry interest ranging from 2.0% to 10.8% per annum and are secured by:

(i) land use right (included in properties under development) with total carrying value of RMB2,754,646,000 (2013: RMB112,890,000);

(ii) Part of the development expenditures amounted to RMB354,103,000 (2013: RMB102,357,000);

(iii) Restricted cash of RMB1,408,450,000 (2013: Nil);

(iv) a guarantee provided by the ultimate holding company; and

(v) standby letter of credit issued by certain financial institutions.

Senior private notes carry interest at 9.56% per annum and are guaranteed by certain subsidiaries and a director of the Company.

Borrowings are repayable as follows:

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Within one year	**2,456,640**	1,385,600
Between one and two years	**1,252,000**	120,000
Over two years	**2,371,002**	–
	6,079,642	1,505,600

CHAIRMAN STATEMENT

I am pleased to present to our shareholders the business review for the year ended 31 December 2014 and the prospects for 2015 of Landsea Green Properties Co., Ltd. ("Landsea" or the "Company") and its subsidiaries (collectively, the "Group").

Review of 2014

The year 2014 was the Company's first full year of operation since the completion of acquisition by its controlling shareholder, Landsea Group Co., Ltd. ("Landsea Group"). With the strong support from Landsea Group, the Company achieved rapid growth in terms of asset size, profitability, project development and development capabilities.

The Group, as the sole listed platform undertaking the green residential property development business of Landsea Group, continued to enjoy Landsea Group's full support in terms of funding, staffing and technologies in 2014.

- For the year ended 31 December 2014, Landsea Group granted to the Group shareholder's loans in an aggregate amount of RMB 2.117 billion.

- On 23 February 2014, the Group entered into a Project Development and Management Services Agreement with Landsea Group to provide development management services for the existing projects of Landsea Group. Moreover, Landsea Group transferred a majority of the management staff of its property development business to the Group to put together a strong and experienced development and management team for the Group. Through the provision of development management services for Landsea Group, the Group recorded a total service income of approximately RMB529 million in 2014.

- Landsea Group also injected the Wuxi Tiancui project into the Group during the year. In 2014, the project contributed recognized sales revenue of approximately RMB119 million to the Group and recorded contracted sales of approximately RMB134 million.

Operating Results

In 2014, the real estate market in China has undergone a round of profound adjustment which is still going on.

The Group had a total of six projects put up for sale during the year. Save for Wuxi Tiancui project which is an ongoing sales initiative, the remaining five projects, which are new projects undertaken by the Company since the completion of acquisition, met the target of making their debuts in the fourth quarter. Thanks to its precise positioning of market and product, the Group achieved decent performance for the initial sales. In 2014, the contract sales of the Group together with its associated companies were approximately RMB1.79 billion in aggregate and the total gross floor area ("GFA") sold was 152,000 square meters. During the year, revenue of the Group was approximately RMB704 million (representing an increase of approximately 30.9 times as compared to 2013), of which income from development management services was approximately RMB529 million. Profit attributable to the owners of the Company was approximately RMB302 million, representing an increase of approximately 9.6 times as compared to 2013.

Project Development

In early 2014, the Group proposed and implemented the operation strategy of "asset-light transformation and profit diversification", leveraging on Landsea's existing technologies, brand name and development management capabilities to materialize cooperation with financial institutions, developers and other enterprises whose resources are complementary to the Group, with a view to jointly investing in and developing projects as well as putting more efforts into asset-light businesses such as joint development, projects with minority interests and entrusted development. Such businesses may generate gains on equity investments and income from management and technology services. Extra income will also be available in case of successful operation of projects. The Group has adopted this strategy to address market changes.

For the year ended 31 December 2014, the Group has a land bank of GFA of 2,104,259 square meters of which approximately 1,527,931 square meters were accounted for under the attributable interest of the Group. During the year, the Group purchased 5 parcels of land and acquired interests in 5 projects in Shanghai, Nanjing, Hangzhou, Suzhou and Wuxi, with a total GFA of approximately 1,690,000 square meters. The GFA attributable to the Group increased by approximately 1,110,000 square meters. In addition, the Group provides development, construction and management as well as a full range of green building technical services in respect of the Binhu District Project in Hefei with 合肥華侖文化產業投資有限公司 (Hefei Hualun Culture Industry Investment Company Limited*) and will charge fees for the development services provided and the technologies used. In January 2015, the Group joined forces with Shanghai Construction Group Co., Ltd., 平安不動產有限公司 (Pingan Real Estate Company Limited*) and China Merchants Property Development Co., Ltd. to invest in the development of the Nanjing Hexi CBD Project. The Group is responsible for the development, construction, management and sale of the residential properties under the project with a GFA of 150,000 square meters and will charge fees for the development management and technical services provided.

Among the projects undertaken by the Group so far, Nanjing Future Home and Suzhou Green County of Landsea are joint developments; Suzhou Science and Technology City Project and Nanjing Hexi CBD Project are projects with minority interests; and Hefei Binhu Land Parcel Project is an entrusted development. The three business models under the strategy of "asset-light transformation and profit diversification" materialized in 2014.

Financial Control

The Group maintains a prudent financial policy, closely monitoring the security of cash flow and consistently implementing such risk control measures as stress tests, capital adequacy alert and contingency mechanism. To address possible market fluctuations and meet the requirements for operation and development, the Group strives to control capital costs and optimize its debt structure by reasonably arranging the repayment schedules. As of 31 December 2014, the aggregated amount of interest-bearing liabilities of the Group was approximately RMB6.08 billion. The annual average interest rate of borrowings was 6.7%, lower than the borrowing costs of the comparable domestic developers.

During the reporting period, the Group actively developed a diversified financing channel, both domestic and overseas, and successfully issued to Great Wall Pan Asia International Investment Co., Limited (長城環亞國際投資有限公司) the 3-year private notes with a principal amount of US$100 million on conditions favourable than those obtained by the domestic property developers by way of IPO in the same period, reflecting the market recognition of the Company's influence in the industry and its brand name. It is an important move for the Company to restore its ability to raise fund.

Incentive Scheme for Staff

A share incentive scheme is in operation for Landsea's senior management and key executives with potential. The share incentive will be awarded annually subject to the operating results of the Company and performances of different units and individuals. The share incentive scheme for 2014 was completed and a total of 50 employees were awarded 17,828,000 shares of the Company in aggregate.

Corporate Culture

Landsea is a company adhering to the principle of openness and integrity. At the inception of Landsea Group, its founders set up three codes of practice, namely "Integrity", "Unity" and "Learning". Integrity: safeguarding the company's interests at all times; Unity: communication and collaboration, avoiding pointless personnel dispute; Learning: building a team with a passion to learn for the purpose of enhancing competitiveness. A team with integrity, unity and a passion to learn is essential to the organic growth of Landsea. "People-oriented", "Open" and "Green" are the core values of Landsea. Landsea's values derive from "people-orientedness". Taking people as the essential, we judge from the perspective of people and regard people as the starting point and reversion point of all initiatives. Landsea's attitude is openness, which applies internally and externally. There are four rules, namely "No Bribery", "No Tax Dodging", "No Account Default" and "No Deception to Customers" which are strictly followed by Landsea and expressly set out in the staff handbook. Green is Landsea's underlying colour as well as its symbol and essence. Landsea holds the harmonious and sustainable relationship between humanity and nature in high regard, aspiring to materialize the green concept not only at product level but also at company level so as to achieve sustainable development.

Prospects for 2015

Macro-economy

The global economy will remain deep in the post crisis consolidation in 2015. Issues in the wake of the financial crisis and the possible decline of growth rate still cast shadow over the economic growth around the world. The world economy will continue its course of uneven recovery where the US will maintain its upward momentum while Europe and Japan will stay weak. In the third quarter of 2014, the US declared its exit from the third round of quantitative easing (QE3). Such move will result in the appreciation of the US dollar and in turn increase the attractiveness of US$ assets and speed up the repatriation of offshore funds back to the US.

The original factor-driven pattern of economic growth in the PRC finds it hard to sustain and the PRC economy will bid farewell to the rapid growth period and enters a moderate growth period.

Industry Overview

The real estate industry of the PRC is not spared by the slowdown in economic growth. 2014 marked the first year of the "silver era". Judging from the demographic structure, urbanization process and the living area per capita of the urban population, the effective demand supporting the long-term development of China's real estate industry still exist, but the growth rate will gradually slow down. As the pressure on dealing with the environment increases and the problem of smog worsens, the green eco-friendly housing will expand, in terms of market share, from a small segment of the real estate industry to become a mainstream and an industry trend, drawing attention and recognition of the home buyers and developers.

The major problems currently facing China's real estate industry are high inventory level and overcapacity. We expect the dominant theme for 2015 to be "lowering inventory level and reducing capacity", which could be a painful process for the industry. In this process, the margin of the industry will further flatten and competition will intensify. As a result, some developers will wind up their businesses. Mergers and acquisitions as well as restructuring will emerge and an industry reshuffle will set in. In 2015, the government will address the situation the other way round by introducing salvage package. We expect the differentiation among developers will go further. While 1st tier cities will remain stable as a whole, deeper differentiation among the 2nd tier cities will bring about a market downturn in most of these cities and a broader downturn will continue in the 3rd tier and 4th tier cities.

Operation strategy of the Group

The industry landscape is changing significantly and the Group's operation philosophy also changes accordingly. The real estate industry has gone through the stage of extensive growth. The Group has completely given up the traditional approach for pursuing growth merely in terms of scale and rate and turned to quality growth as its future development objective. Although the Group is highly conscious of sales performance, sales figures are no longer a crucial indicator for performance assessment starting from this year, and enhancing margin as well as profitability has become the ultimate goal. At the same time, "budget management" will be the Group's primary goal of the year, placing more emphasis on achieving enhancement. In 2015, the Group will implement a comprehensive budget management by dividing functions strictly adhering to the approved budget and tightening control on costs and expenses to enhance cost-effectiveness.

In 2015, the Group will continue to pursue the full implementation of the "asset-light strategy and profit-diversification strategy", leveraging on Landsea's existing strengths in technology, brand name and management capability to materialize various forms of cooperation such as joint development with financial institutions and developers, projects with minority interests, and entrusted development. We strive to become an outstanding resource integrator in the industry. We spread the operation risks of the enterprise by lowering the asset weighting of individual project. Besides gain on equity investments, there are also gains arising from development management and technical services as well as the extra profit-sharing arrangement. Such service income will become new growth points of the enterprise's profitability. Apart from the above projects, the Group is currently negotiating a new project and expects more entrusted projects to be concluded shortly and similar service contracts may be granted in Nanjing, Suzhou, Changzhou, etc., covering management services for entrusted projects, brand licensing, design and technical services. The Group will actively develop its asset-light business so as to considerably increase the proportion of service income in the Group's revenue. Following the business models of Tishman Speyer and CapitaLand, the Group will capitalize on its existing organization strengths to build up its capabilities in effecting vertical integration of investment, development, operation of properties.

The Group will actively seek the opportunities for merger and acquisition arising amid the industry downturn to acquire property projects and equity interests of companies, expand business scale and outrun its competitors in a market downturn.

The Group will make efforts to cope with the training and incentive issues. It will establish and strengthen the training systems, both in-house and external, for human resources, focusing on enhancing the professional capabilities of vertical integration and service capabilities required for implementing the asset-light businesses. The Group will explore and devise an effective incentive mechanism corresponding to the asset-light business model. In addition to the existing share incentive scheme for senior management, the Group also considers the introduction of a number of incentive measure, such as the partnership system at project company level by allowing associated investment in the projects and the profit-sharing arrangement to facilitate the risk-sharing and mutual benefits between the Company and its staff.

The increasingly serious problem of smog in the PRC has become a nuisance to its residents. As a professional real estate developer highly conscious of green technology, the Group is committed to stepping up its efforts for energy conservation and emission reduction as well as smog prevention. The combined energy consumption of the construction and real estate sectors in the PRC that makes up 47.8% of the total energy consumption of the nation is the critical cause of smog. In 2015, the Group will continue to provide green residential properties with high energy conservation rate and high degree of comfort. Green building technologies will be further applied to various product lines. Starting from 2015, a smog prevention system will be deployed on all the Group's new products on the market. Besides, brand new home products with particular attention being paid to indoor air quality, degree of comfort, renovation-related pollution and intelligent control will be launched. Attempts will be made to provide formaldehyde-free housing by controlling formaldehyde pollution at the source. Further, the Group will adopt the "Bruck" passive house technology accredited by Deutsche Energie-Agentur and the Passivhaus Institut in Germany to expedite the application of such technology in its property development.

Working for a year and a half, the Group has largely accomplished the post-acquisition integration. The acquisition process of the Company will have exceeded 24 months by mid-2015. The Group is going to present a brand new image to the shareholders and the investors.

Acknowledgement

The continuous support from stakeholders and valuable contribution from the dedicated staff at all levels are essential to the healthy development of the Group. On behalf of the Board, I would like to take this opportunity to extend our heartfelt gratitude to our staff, shareholders, bondholders and business associates for their support. We will strive on to create value for our customers, staff, shareholders and other stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS DEVELOPMENT

For the twelve months ended 31 December 2014, the Group, as the only listed and operation platform for green residential property development business of Landsea Group, continued receiving the supports from Landsea Group in terms of financial resources, human resources and technology. As at 31 December 2014, Landsea Group has granted to the Group shareholder's loans of RMB2,117,000,000 in aggregate. On 23 February 2014, the Company entered into a property development and management services agreement with Landsea Group, pursuant to which the Group will provide the property development and management services for Landsea Group's existing projects. By transferring its own management members of the property development business to the Group, Landsea Group quickly improved the Group's core competencies, built a strong and experienced management team and laid a concrete foundation for the Group's development. Landsea Group has also injected Wuxi Tiancui project into the Group in the year.

On the full support of Landsea Group and under the endeavor of the management, the Group's green real estate development business is developing on a fast track. During the year, the Group acquired 5 parcels of land and obtained interests in 5 cooperative projects in Shanghai, Nanjing, Hangzhou, Suzhou and Wuxi, with gross floor area ("GFA") amounting to 1,688,911 square meters, GFA attributable to the Group amounting to 1,112,583 square meters. These projects are developed to different development stages, some of the projects have already established their own cash flows and begun to raise funds from banks or a trust company. As to the contracted sales, some projects, such as Shanghai Future Block, Nanjing Youth Block, Nanjing Future Home, Hangzhou Mer De Fleus, Suzhou Green County of Landsea and Suzhou Science and Technology City project, successively recognised contracted sales amounting to approximately RMB1,786,361,000. During the year, Wuxi Tiancui project concluded the contracted sales amounting to approximately RMB119,453,000.

In tackling with the downward trend in the property market in early 2014, and being an integral part of Landsea Group's "Deep Green Strategy", we proposed the coping of "asset-light strategy and profit diversification strategy". Firstly, we will involve in more projects with minority interest (normally holding less than 30% equity interests). We will leverage on Landsea's unique knowledge in green technologies to provide services such as project development management, technology and branding to these projects. By doing so, we will benefit from both capital investment and providing technology and management services. Secondly, Landsea also puts effort into asset-light businesses such as pure professional services involving construction, strategic planning and technology consultancy. Thirdly, Landsea will look forward to more opportunities to either enter equity partnerships with other organisations such as developers and financial institutions or participate in projects developed by other developers.

Involvement in projects with minority interest

(1) On 29 July 2014, 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, and 蘇州科技城科新文化旅遊發展有限公司 (Suzhou Science and Technology City Kexin Cultural and Tourism Development Company Limited*), made a successful bid jointly for the land use rights of a parcel of land at Science and Technology City, New District, Suzhou City, at purchase price of RMB268,857,000. Nanjing Langming holds 20% interest in the project and Suzhou Science and Technology City Kexin Cultural and Tourism Development Company Limited holds 80% interest in this project. The Company will be entrusted by the project company to manage the development of this project and will receive relevant project development management fee, technology system consulting fee and brand name usage fee from the project company. This is the Company's first attempt to be minority interest in a cooperation, and is also an important step towards asset-light strategy.

(2) In January 2015, (i) 南京博之鑫投資管理有限公司 (Nanjing Bozhixin Investment Management Company Limited*) ("Nanjing Bozhixin"), a wholly-owned subsidiary of the Company, (ii) 南京奧和房地產開發有限公司 (Nanjing Aohe Real Estate Development Company Limited*) ("Nanjing Aohe"), a subsidiary of Shanghai Construction Group Co., Ltd. (the shares of which are listed on the Shanghai Stock Exchange), (iii) 深圳聯新投資管理有限公司 (Shenzhen Lianxin Investment Management Company Limited*) ("Shenzhen Lianxin"), a subsidiary of 平安不動產有限公司 (Pingan Real Estate Company Limited*) and (iv) 招商局地產(南京)有限公司 (China Merchants Property (Nanjing) Company Limited*) ("China Merchants Property"), a subsidiary of China Merchants Property Development Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange) entered into a cooperation agreement ("Cooperation Agreement I"), pursuant to which, the parties set up a project company ("Project Company I") for the joint development of the project of a parcel of land at 2014G52 lot, Hexi CBD area, Nanjing City (the "Hexi CBD Land Parcel"). The equity interest of Project Company I is held as to 51%, 30%, 12.97% and 6.03% respectively by Nanjing Aohe, Shenzhen Lianxin, Nanjing Bozhixin and China Merchants Property. The Hexi CBD Land Parcel is near the venue for Nanjing Youth Olympic Game and is in the high-end residential area in Nanjing. The land parcel of project covers a site area of approximately 81,561 square meters and with the plot ratio of 2.75. The expected total GFA could reach 224,293 square meters. The land purchase price is RMB3.1 billion, and the estimated total investment will be approximately RMB5.5 billion. The use of the Hexi CBD Land Parcel is for type 2 residential land. Landsea is in charge of development, construction, management and sale of a land parcel covering a GFA of 153,083 square meters. The project is intended to build a green technology residence which is widely sought in Nanjing market, and is expected to bring in considerable income.

Project development management, technology consultancy

In December 2014, Nanjing Langming, a wholly-owned subsidiary of the Company and 合肥華侖文化產業投資有限公司 (Hefei Hualun Culture Industry Investment Company Limited*) ("Hefei Hualun") entered into an entrusted project development management and green building technology services framework agreement, pursuant to which, Hefei Hualun agreed to cooperate with Nanjing Langming in the commercial residential buildings in the north of the land parcel No. BH2014–04 (the "Hefei Land Parcel") and its underground construction located in Binhu District, Hefei owned by it. Relying on Landsea's experiences in real estate, and its professional technical capability, operating ability and brand strength in the development green property project, and will be constructed under the Three Stars Green Building standard adopted by the Ministry of Construction. Hefei Hualun entrusted Landsea, through provision of professional management and technical services, brand name and trademark licensing, to conduct development and construction management and to organize and cooperate in the entire residential green technology services of relevant project for Hefei Hualun. Landsea will charge entrusted development fees of not less than RMB330 per square meter (based on residential GFA), not including the marketing and management fees for the project. In addition, in the event that the average sales price is higher than the benchmark price agreed between the parties, Landsea will be awarded with additional earnings. The project is located in the central area of Binhu New Area, covering a residential floor area of approximately 91,840 square meters and several underground construction areas.

Collaborative development

The Group developed the Nanjing Binjiang project in joint venture. Nanjing Langming, a wholly-owned subsidiary of the Company, and Shenzhen Lianxin, a subsidiary of Pingan Real Estate Company Limited* entered into a cooperation agreement, pursuant to which, Nanjing Langming and Shenzhen Lianxin own as to 50.1% and 49.9% interests respectively in Nanjing Langrun Property Development Company Limited* (南京朗潤房地產開發有限公司), and jointly cooperate in the development of the urban mix of residential land located in the west of Jinger Road and the north of Jinwen Road in Jiangning Binjiang Development Zone, Nanjing.

OPERATION INCOME AND GROSS PROFIT

Revenue of the Group for the year ended 31 December 2014 was mainly derived from property development and management services income of approximately RMB528,617,000, property development business income and sale of a property held for sale in Hong Kong of approximately RMB150,895,000, and rental and management fee income from investment property in the amount of approximately RMB24,314,000 aggregating to approximately RMB703,826,000, representing a significant increase of approximately 30.9 times as compared to revenue of 2013. The increase in revenue was mainly due to increase in property development and management services income, property development business having begun to record sale and sale of a property held for sale in Hong Kong.

For the year ended 31 December 2014, the gross profit of the Group was approximately RMB473,937,000, as compared to gross profit of 2013, representing a significant increase of approximately 31.8 times. For the year ended 31 December 2014, the gross profit ratio of the Group was approximately 67.3%, representing an increase of approximately 2 percentage points as compared to 2013. The increase in gross profit ratio was mainly due to the income from the property development and management services business having a higher gross profit margin.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2014, the profit attributable to owners of the Company was approximately RMB301,590,000, representing a significant increase of approximately 9.6 times as compared to 2013. The increase in profit was mainly attributable to significant increase in operation income and increase of about 2 percentage points in consolidated gross profit margin.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

During the year ended 31 December 2014, the Group recorded an aggregate contracted sales of approximately RMB1,786,361,000, aggregate contracted sales GFA of 151,690 square meters, at average selling price of RMB11,776 per square meter, representing increases of 7.6 times and 10.3 times respectively as compared to contracted sales and sales GFA of 2013. 2014 contracted sales were mainly derived from Shanghai Future Block, Nanjing Youth Block, Nanjing, Future Home, Nanjing China Merchants Evian County, Hangzhou Mer De Fleus, Hangzhou Liangzhu Wanke Future Life, Suzhou Green County of Landsea, and Wuxi Tiancui. As at 31 December 2014, the accumulated area of properties sold but not recognised was 156,886 square meters, amounting to approximately RMB1,875,428,000.

DETAILS OF CONTRACTED SALES IN 2014

Projects	**Equity Holding**	**Contracted Sales**	**Contracted Sales GFA**	**Average Contracted Sales Selling price per square meter**
		(RMB'000)	*(Square Meters)*	*(RMB)*
1. Shanghai Future Block	100%	228,500	13,212	17,295
2. Nanjing Youth Block	100%	64,006	6,747	9,487
3. Nanjing Future Home	50.1%	91,733	11,712	7,832
4. Nanjing China Merchants Evian County	30%	117,137	12,399	9,447
5. Hangzhou Mer De Fleus	100%	254,672	24,395	10,440
6. Hangzhou Liangzhu Wanke Future Life	34%	785,631	63,947	12,286
7. Suzhou Green County of Landsea	55%	110,234	9,073	12,150
8. Wuxi Tiancui	100%	134,448	10,205	13,175
		1,786,361	151,690	11,776

RECOGNISED SALES

In 2014, the recognised sales of the property development business of the Group was approximately RMB119,453,000 (2013 (Restated): Nil). Recognised sales areas were approximately 8,273 square meters, mainly attributable to the Wuxi Tiancui project. The average selling price of recognised sales of the project in 2014 was approximately RMB14,439 per square meter.

SALE OF PROPERTY HELD FOR SALE

In 2014, the Group sold a property held for sale in Hong Kong, selling price was approximately RMB31,442,000, while the Group did not sell any property held for sale in Hong Kong in 2013.

PROPERTY DEVELOPMENT AND MANAGEMENT SERVICE

On 23 February 2014, the Company entered into a property development and management services agreement with Landsea Group, pursuant to which the Group provides the property development and management services to Landsea Group. In 2014, property development and management services income totaled to approximately RMB528,617,000 (2013: Nil).

PROPERTY INVESTMENT

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. For the twelve months ended 31 December 2014, the Group recognised an income of approximately RMB24,030,000, representing an increase of approximately 14.1% as compared to 2013. Owing to its prime location and quality property management services, Dawning Tower managed to maintain high level occupancy rate during the year. The high occupancy rate, being 100% at year-end 2014 and effective cost control of Dawning Tower guarantee steady net operation income from the building.

For the twelve months ended 31 December 2014, the Group's fair value gain of investment property was approximately RMB50,867,000. 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.

SELLING EXPENSES

For the year ended 31 December 2014, the selling expenses of the Group were approximately RMB32,856,000, representing a significant increase of approximately 1.4 times as compared to 2013. The increase was mainly due to the Group has 6 projects recording contracted sales and several projects at pre-sale preparatory stage, therefore selling expenses and expenses relating to the pre-sale promotional activities launched for projects increased accordingly.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2014, the administrative expenses of the Group were approximately RMB37,676,000, representing an increase of approximately 1.2 times as compared to 2013. The increase was mainly due to the number of staff of the Group increased after Landsea Group transferring its own management members of the property development business to the Group, and the adoption of performance measured bonus scheme and share award scheme by the Group to increase the loyalty and contribution of the employees; therefore, the related labour costs and expenses were increased as compared to 2013.

FINANCE COSTS

For the year ended 31 December 2014, finance costs of the Group were approximately RMB20,956,000, representing an increase of 7.2 times as compared to 2013. The finance costs were mainly related to non-capitalised interests of the loans from the Company's controlling shareholder, loan under trust financing arrangements, senior notes and short to medium term bank loans.

The average interest rate for the year of 2014 was 6.7% per annum, representing an increase of 0.9 percentage point as compared to 5.8% per annum of 2013.

TAXATION

For the year ended 31 December 2014, taxation charge of the Group was approximately RMB119,367,000, representing an increase of 15.6 times as compared to 2013, that is mainly attributable to the year-on-year increase in taxable profits and fair value gain of investment property recognised in this year.

EARNINGS PER SHARE

For the year ended 31 December 2014, the basic earnings per share from continuing operations attributable to the owners of the Company were RMB0.101.

For the year ended 31 December 2014, the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company were RMB0.101.

FINAL DIVIDEND

The Directors recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Monday, 1 June 2015 ("2015 AGM") a final dividend of RMB1 cent per share (equivalent to HK cent 1.26) for the year ended 31 December 2014 to be paid on Friday, 19 June 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 9 June 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Thursday, 28 May 2015 to Friday, 29 May 2015, both days 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 and transfer office 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 Wednesday, 27 May 2015.

For determining the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed on Tuesday, 9 June 2015, no transfer of shares will be registered on that date. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration not later than 4:30 p.m. on Monday, 8 June 2015.

ADDITIONAL ACQUISITION OF LAND RESERVE

In 2014, the Group, in Shanghai, Nanjing, Hangzhou, Suzhou and Wuxi, acquired 5 parcels of land and obtained interests in 5 projects, with land area amounting to 779,081 square meters, total GFA amounting to 1,688,911 square meters and total land costs of RMB5,162,000,000. The Group's attributable land reserve GFA was 1,112,583 square meters, average land cost was RMB3,056 per square meter.

Projects	Equity Holding	Land Area	Land GFA	Total Land Cost	Attributable land GFA	Average land cost per square meter
		(Square meters)	*(Square meters)*	*(RMB in million)*	*(Square meters)*	*(RMB)*
1. Shanghai The Course of The Future	100%	47,085	108,264	560	108,264	5,173
2. Nanjing Youth Block	100%	164,494	303,941	1,010	303,941	3,323
3. Nanjing Future Home	50.1%	50,543	133,978	200	67,123	1,493
4. Nanjing China Merchants Evian County	30%	110,872	159,700	580	47,910	3,632
5. Hangzhou Liangzhu Wanke Future Life	34%	56,286	192,536	680	65,462	3,532
6. Suzhou Renmin Road Project	100%	26,591	83,360	600	83,360	7,198
7. Suzhou Green County of Landsea	55%	163,615	424,162	980	233,289	2,310
8. Suzhou Science and Technology City Project	20%	71,886	99,670	269	19,934	2,699
9. Wuxi Tiancui	100%	20,134	48,772	110	48,772	2,255
10. Wuxi Luka Small Town	100%	67,575	134,528	173	134,528	1,286
		779,081	1,688,911	5,162	1,112,583	3,056

LAND BANK

As at 31 December 2014, the Group had land bank of GFA of 2,104,259 square meters. In terms of the attributable interest, the Group's land GFA was approximately 1,527,931 square meters.

As at 31 December 2014, details of the land bank of the Group are set out as below:

Projects	Equity Holding	GFA	Developed GFA	Developing GFA	GFA for future development
		(Square meters)	*(Square meters)*	*(Square meters)*	*(Square meters)*
1. Shanghai Future Block	100%	234,875	–	234,875	–
2. Shanghai The Course of The Future	100%	108,264	–	108,264	–
3. Nanjing Youth Block	100%	303,941	–	42,268	261,673
4. Nanjing Future Home	50.1%	133,978	–	24,757	109,221
5. Nanjing China Merchants Evian County	30%	159,700	–	37,963	121,737
6. Hangzhou Mer De Fleus	100%	180,473	–	80,000	100,473
7. Hangzhou Liangzhu Wanke Future Life	34%	192,536	–	192,536	–
8. Suzhou Renmin Road Project	100%	83,360	–	–	83,360
9. Suzhou Green County of Landsea	55%	424,162	–	82,124	342,038
10. Suzhou Science and Technology City Project	20%	99,670	–	–	99,670
11. Wuxi Tiancui	100%	48,772	12,400	36,372	–
12. Wuxi Luka Small Town	100%	134,528	–	40,495	94,033
		2,104,259	12,400	879,654	1,212,205

Developing status of major projects:

Shanghai Future Block

The land parcel of the project is at the south of Shanghai and close to the hub of 奉賢 (Fengxian), namely 南橋新城 (Nanqiao New City) and 閔行浦江鎮 (Pujiang Town of Minhang). With artery roads and public transport routes directing to the urban district and Nanqiao New City, it takes only a 45-minute drive to reach 人民廣場 (The People's Square) at the city centre which is only 33 kilometers away. The project enjoys seamless integration with the Nanqiao New City, sharing quality ancillary facilities within the district. The site area is of approximately 82,406 square meters, it is expected that the total GFA could reach 234,875 square meters with land cost of approximately RMB3,598 per square meter (based on GFA). The aggregate purchase price is approximately RMB845,000,000. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market. The project was first launched for sale in 25 October 2014, the subscription was pretty good. The aggregate subscription amounted to approximately RMB266,000,000.

Shanghai The Course of The Future

The land parcel of the project is adjacent to the 上海自貿區(Shanghai Pilot Free Trade Zone) and only 3 kilometers away from 洋山保税港區(Yangshan Harbour Bonded Zone), with a site area of 47,085 square meters and the expected total GFA could reach 108,264 square meters with land cost of approximately RMB5,173 per square meter (based on GFA). The aggregate purchase price is RMB560,000,000. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market. The sale office and sample houses were formally open to the public on 27 September 2014.

Nanjing Youth Block

The land parcel of the project is located within the planning core commercial and residential area in this district, about 18 km from the commercial center of 江甯區(Jiangning District), 百家湖(Baijiahu) district, about 5 km from Nanjing Lukou International Airport, and about 3 km from Lukou New City North station of subway line no. 6 of airport line which is in operation. The land parcel covers a site area of 164,494 square meters and the total GFA could reach 303,941 square meters. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market. The project was first launched to the market on 28 December 2014.

Nanjing Future Home

The land parcel of the project is in 江寧濱江開發板塊 (Jiangning Binjiang Development Zone), which will catch up with 江寧 (Jiangning) and 板橋(Bianqiao) and will soon become the main supply for rigid demand from first-time homebuyers in Nanjing. It is expected to have a better development. This area is an established community with good living facilities and excellent transport connections. The land parcel covers a site area of 50,543 square meters and total GFA could reach 133,978 square meters with land cost of approximately RMB1,493 per square meter (based on GFA) and with aggregate purchase price of RMB200,000,000. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market.

Hangzhou Mer De Fleus

The land parcel of the project is located within the planning area 喬司新城 (Qiaosi New City), Yuhang District, northern Hangzhou City, with 九堡 (Jiubao) to the south and 翁梅 (Wengmei) to the north, 14 kilometers from 武林廣場 (Wulin Square) at the city centre. The east of the project is right next to Hangzhou's Qiaosi Station of Metro Line No. 1, adjacent to a number of public transport routes passing through the area with good traffic accessibility. The site area is of 81,905 square meters and the total GFA could reach 180,473 square meters with land cost of approximately RMB4,477 per square meter (based on GFA). The aggregate purchase price is RMB808,000,000. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market.

Suzhou Renmin Road Project

The land parcel of the project is located in the north of 南環路(Nanhuan Road), east of 人民路(Renmin Road), near the 南門商圈(South Gate Central Business District) of old Suzhou City and planned Metro Line No. 4. It is unique location with rich surrounding living facilities. The land parcel covers a site area of 26,591 square meters, the total GFA could reach 83,360 square meters with land cost of approximately RMB7,198 per square meter (based on GFA). The aggregate purchase price is RMB600,000,000. The Land Parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market. The commercial plan is being in process.

Suzhou Green County of Landsea

The land parcel of the project is located in the connection area of new city and southern new city in Taihu, east of 松陵大道(Songling Da Dao), north of 雲龍西路(Yunlong Xi Road), being out-laying area of a high-end richly developed district, with rail transit and highway directly access to Suzhou City. The Land Parcel is 1.7 kilo meters from the Songling Da Dao Station of Metro Line 4 of Suzhou Rail System which is expected to be in operation in 2016. The land parcel covers a site area of 163,615 square meters and the total GFA could reach 424,162 square meters. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market. It was launched to the market on 27 December 2014.

Wuxi Tiancui

The land parcel of the project is centrally located at the core commercial area of the 無錫新區(Wuxi New Area), Wuxi, Jiangsu Province. The land occupies a site area of 20,134 square meters and is being developed into a residential and commercial complex with GFA of approximately 48,772 square meters, comprising 5 residential buildings and 3 commercial buildings. The project was launched to sale in August 2013, accumulated sales proceeds amounted to RMB352,000,000.

Wuxi Luka Small Town

The land parcel of the project is located at southwest of intersection of 運河西路(Yunhe West Road) and 甯嘉路(Ningjia Road), New District, Wuxi City and at the south of Wuxi Green Block project. It will be at the proximity of planed Wuxi Metro Line 4 and suitable for building residential properties for rigid demand from first-time homebuyers. The land parcel covers a site area of 67,575 square meters and the total GFA could reach 134,528 square meters at aggregate purchase price of RMB173,000,000. The land parcel will be used for construction of residential properties, car parks and commercial properties for sale in the market.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's cash and cash equivalents and restricted cash were approximately RMB595,061,000 and RMB1,414,062,000 respectively. As at 31 December 2014, the Group's working capital (current assets less current liabilities) of the Group was approximately RMB4,180,574,000. As at 31 December 2014, the Group's current ratio (current assets divided by current liabilities) was approximately 2.1 times. The Group's major sources of working capital are derived from its operating cash flows, short-term bank loans and financial support from controlling shareholder.

A rights issue was completed in December 2013, the net proceeds from the rights issue was approximately HK$739,800,000 (equivalent to approximately RMB584,465,000). In 2014, the proceeds raised were fully used to partly finance acquisitions of several land parcels at Shanghai City, Nanjing City, and Suzhou City.

INDEBTEDNESS

As at 31 December 2014, the total borrowings of the Group was approximately RMB6,079,642,000 (31 December 2013 (restated): approximately RMB1,505,600,000), mainly from shareholder's loans, secured bank loans and secured loan under trust financing arrangement aggregating to RMB5,497,876,000, and senior notes due in 2017 with carrying value of RMB581,766,000. The borrowing interest rates per annum range between Hong Kong Interbank Offered Rate plus 2% and a fixed interest rate of 10.8. The average borrowing cost of the Group was 6.7% per annum (2013 (restated): 5.8%).

On 25 September 2014, the Company issued to Great Wall Pan Asia International Investment Co., Limited the 3-year 9.56% Senior Private Notes due 2017 with an aggregate principal amount of US$100,000,000. As it is within the acquisition period of 24 months and there is no credit rating available to the Company in the capital markets, this private note issue can be viewed as an innovative financing mode and the relatively favourable interest rate reflects the market recognition of the Company's influence in the industry and brand name. It is also the Company's first debt financing and an important move for the Company to restore its ability to raise fund.

Analysis of Indebtedness:

	2014		2013	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of borrowings by currency:				
— Denominated in RMB	**5,311,000**	**87.3%**	1,395,000	92.7%
— Denominated in USD	**581,766**	**9.6%**	–	–
— Denominated in HK$	**186,876**	**3.1%**	110,600	7.3%
	6,079,642	**100.0%**	1,505,600	100.0%
Analysis of borrowings by maturity:				
Within one year	**2,456,640**	**40.4%**	1,385,600	92.0%
Between one and two years	**1,252,000**	**20.6%**	120,000	8.0%
Over two years	**2,371,002**	**39.0%**	–	–
	6,079,642	**100.0%**	1,505,600	100.0%

GEARING RATIOS

The net debts to equity ratio* was approximately 294.7% as at 31 December 2014 and approximately 47.4% (restated) as at 31 December 2013. The Group's debts to total assets ratio (total borrowings divided by total assets) was approximately 67.6% as at 31 December 2014 and 52.3% (restated) as at 31 December 2013. The management noticed that the Group's gearing ratios rose as compared to corresponding period of last year. However, the management is of the opinion that the situation is normal as the Group is now at business-developing stage, number of projects and the assets size are rapidly increasing. And approximately one-third of the total liabilities are belonging to shareholder's loans which are renewable at maturity. The management will monitor the capital and debts structure of the Group from time to time, in order to mitigate its exposure to risk of high gearing.

* *net debts to equity ratio = total borrowings less cash and cash equivalents and restricted cash divided by total equity*

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2014, the bank borrowings of the Group were secured by one or a combination of the following securities: investment property, shares in subsidiaries, land under development and part of development expenditure, standby letter of credit, cash and guarantee by controlling shareholder. Senior notes are secured by shares of related subsidiaries and guarantee by controlling shareholder and a director of the Company. The loan under trust financing arrangement is secured by the Group's land parcel and/or shares of related subsidiaries.

FOREIGN EXCHANGE AND CURRENCY RISK

As most of the income as well as direct costs, payments of equipment, salaries and majority of debts payable are denominated in Renminbi, United States dollars 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 this year, the Group was not engaged in any hedging activities. As at 31 December 2014, cash and cash equivalents, restricted cash and financial assets of the Group were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

INTEREST RATE RISK

As at 31 December 2014, the fixed rate interest bearing borrowings accounted for 96.9% of the total borrowings of the Group. Therefore, exposure to interest risks is minimal. The Group will continue to closely monitor the trend of interest rates in the market and seeks to adopt appropriate risk management measures, in order to mitigate the exposure to the interest rate risks.

SUBSTANTIAL ACQUISITION AND DISPOSAL

The Group acquired the entire interest of Wuxi Langhua Development Co., Ltd. according to an agreement dated 23 February 2014 (Please refer to details set out in the circular to the shareholders of the Company dated 14 March 2014).

The Group acquired 34% interest of 杭州萬業置業有限公司 (Hangzhou Wanye Property Co Ltd.*) according to an agreement dated 10 June 2014 (Please refer to details set out in the announcement of the Company dated 10 June 2014).

Save as above-mentioned, the Group did not participate in any substantial acquisition or disposal during the year ended 31 December 2014.

CONTINGENT LIABILITIES

The Group has in cooperation with certain financial institutions arranged mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at 31 December 2014, the outstanding guarantees amounted to approximately RMB97,347,000 (31 December 2013 (restated): approximately RMB30,843,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate; and (ii) the satisfaction of relevant mortgage loan by purchasers.

There are certain corporate guarantees provided by the subsidiaries for each other in respect of their borrowings as at 31 December 2014. The Board considers that the subsidiaries have sufficient financial resources to meet their obligation.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 647 employees (31 December 2013 (restated): 26) responsible for management, executive, technical and general functions in Hong Kong and the PRC. The increase in number of staff was mainly due to recruiting the property development management staff of Landsea Group by the Group. The level of remuneration, promotion and remuneration increment are commensurate with the employees' job duties, performance and professional experience. Other employee benefits include mandatory provident fund scheme, insurance and medical cover. According to the terms of the current Share Option Scheme and the Share Award Scheme adopted on 2 July 2014, the Company will grant awarded shares or share options to members of management and employees according to their respective performance.

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 31 December 2014, other than those purchased by the trustee for the Share Award Scheme.

MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 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 directors' securities transactions.

The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the year ended 31 December 2014, the Company was in compliance with all the code provisions under the CG Code except for the deviation as explained below:

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Ding Yuan, an independent non-executive Director, did not attend the special general meeting of the Company held on 31 March 2014 due to his prior engagement.

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 31 December 2014.

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 31 December 2014 have been reviewed by the Audit Committee.

By order of the Board
Landsea Green Properties Co., Ltd.
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 31 March 2015

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

* *for identification purpose only*