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 2015, PROPOSED SHARE PREMIUM REDUCTION, CHANGE OF COMPOSITION OF BOARD COMMITTEES AND CHANGE OF SENIOR MANAGEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board would like to present the audited consolidated results of the Group for the year ended 31 December 2015 together with the comparative figures.

PROPOSED SHARE PREMIUM REDUCTION

The Board proposes to put forward to the Shareholders a proposal of the Share Premium Reduction pursuant to the laws of Bermuda and the Bye-laws of the Company. The Board considers that the Proposed Share Premium Reduction will give the Company greater flexibility to declare dividends to the Shareholders, when the Company's financial position allows and the Directors consider appropriate.

A circular containing, among others, further details of the Share Premium Reduction together with the notice of the AGM, will be despatched to the Shareholders as soon as practicable.

CHANGE OF COMPOSITION OF THE BOARD COMMITTEES

The Board hereby announces the following changes in the composition of the Board committees with effect from 18 March 2016:

1. Mr. Zhou Yimin, a non-executive Director, ceased to act as a member of the Remuneration Committee;

2. Ms. Zhou Qin, a non-executive Director, ceased to act as a member of the Audit Committee;

3. Mr. Zhou Yimin was appointed as a member of the Nomination Committee; and

4. Ms. Zhou Qin was appointed as a member of the Remuneration Committee.

CHANGE OF SENIOR MANAGEMENT

The Board further announces that with effect from 18 March 2016:

1. Mr. Tian Jiong resigned as the Chief Financial Officer of the Company as he would like to spend more time pursuing his own business;

2. Mr. Liu Bin was appointed as the Chief Financial Officer of the Company and ceased to be the Vice President and the general manager of the finance company of the Group;

3. Ms. Shen Leying, an executive Director and Co-Chief Executive officer, took the role of the general manager of the finance company of the Group;

4. Mr. Sun Li was appointed as the Vice President and the Chief Human Resource Officer of the Group;

5. Mr. John Ho was appointed as the Vice President and the Chief Executive Officer of the Group in the United States; and

6. Mr. Zhou Qing was appointed as the Vice President and the general manager of the Beijing company of the Group.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 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 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3, 4*	**1,613,614**	703,826
Cost of sales and services	*7*	**(901,841)**	(229,889)
Gross profit		**711,773**	473,937
Other income	*5*	**28,841**	10,862
Selling expenses	*7*	**(71,891)**	(32,856)
Administrative expenses	*7*	**(51,907)**	(37,676)
Fair value gain on an investment property	*11*	**44,047**	50,867
Other gains/(losses), net	*5*	**68,868**	(13,938)
Operating profit		**729,731**	451,196
Finance costs	*6*	**(39,679)**	(20,956)
Share of losses of associated companies		**(11,085)**	(10,537)
Share of losses of joint ventures		**(10,445)**	(186)
Profit before income tax		**668,522**	419,517
Income tax expense	*8*	**(193,278)**	(119,367)
Profit for the year		**475,244**	300,150
Other comprehensive (loss)/income			
Translation differences which may not be subsequently recycled to the profit or loss		**(140,704)**	8,363
Other comprehensive (loss)/income for the year, net of tax		**(140,704)**	8,363
Total comprehensive income for the year		**334,540**	308,513

	Notes	**2015** **RMB'000**	2014 RMB'000
Profit for the year attributable to:			
The owners of the Company		**480,594**	301,590
Non-controlling interests		**(5,350)**	(1,440)
		475,244	300,150
Total comprehensive income for the year attributable to:			
The owners of the Company		**339,890**	309,953
Non-controlling interests		**(5,350)**	(1,440)
		334,540	308,513
Earnings per share attributable to owners of the company for the year (expressed in RMB per share)			
Basic earnings per share	*9*	**0.158**	0.100
Diluted earnings per share	*9*	**0.157**	0.100

Details of the dividend recommended to the shareholders of the Company (the "Shareholders") are set out in Note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Investment property	11	**249,170**	205,123
Property, plant and equipment		**10,928**	3,408
Interests in associated companies		**2,218,144**	304,424
Interests in joint ventures		**467,012**	125,536
Non-current deposit	14	**81,783**	201,035
Deferred tax assets		**67,451**	15,548
		3,094,488	855,074
Current assets			
Properties held for sale	12	**153,265**	16,497
Properties under development	13	**6,157,688**	5,402,233
Inventories		**7,123**	–
Deposits for purchase of land		**729,300**	618,956
Trade receivables	14	**43,081**	–
Other receivables, prepayments and deposits	14	**250,043**	44,197
Prepaid taxes		**140,955**	43,087
Restricted cash		**118,488**	1,414,062
Cash and cash equivalents		**990,187**	595,061
		8,590,130	8,134,093
Total assets		**11,684,618**	8,989,167

	Notes	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**4,444,186**	3,623,002
Deferred tax liabilities		**42,413**	31,401
		4,486,599	3,654,403
Current liabilities			
Creditors and accruals	*15*	**679,975**	432,408
Advanced proceeds received from customers		**2,976,207**	528,011
Amount due to a joint venture		**94,057**	–
Amounts due to associated companies		**317,947**	–
Amounts due to non-controlling interests		**45,014**	348,314
Amounts due to fellow subsidiaries		**166,875**	115,245
Borrowings	*16*	**756,117**	2,456,640
Taxation payable		**205,152**	72,901
		5,241,344	3,953,519
Total liabilities		**9,727,943**	7,607,922
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**26,665**	23,939
Convertible perpetual securities		**110,054**	–
Reserves		**1,779,746**	1,311,746
		1,916,465	1,335,685
Non-controlling interests		**40,210**	45,560
Total equity		**1,956,675**	1,381,245
Total liabilities and equity		**11,684,618**	8,989,167

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 in Hong Kong are at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Unit 5103, The Center, 99 Queen's Road Central, Hong Kong respectively. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

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.

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 on 18 March 2016.

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.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the historical cost convention, as modified by the revaluation of investment property which is carried at fair value.

The preparation of financial statements in conformity with HKFRSs 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.

During the year ended 31 December 2015, the Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on 1 January 2015:

Hong Kong Accounting Standard ("HKAS") 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

The adoption of these amendments to existing standards does not have significant impact to the Group's results of operation and financial position.

The following are new standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning after 1 January 2015, but have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016

The Group will adopt the above new standards and amendments to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3 REVENUE

Revenue recognised during the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Property development and management service fee income from		
— fellow subsidiaries	**497,835**	528,617
— associated companies and joint ventures	**87,268**	–
— third parties	**102,400**	–
Sale of properties in		
— The PRC	**865,109**	119,453
— Hong Kong	**–**	31,442
Decoration service income	**34,857**	–
Rental and management fee income	**26,145**	24,314
	1,613,614	703,826

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. These reports are prepared on the same basis as these consolidated financial statements.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from services perspective and have identified the following operating segments:

(i) Property investment; and

(ii) Property development

The executive directors assess the performance of the reportable segments based on a measure of revenue and gross profit. Segment results are calculated by offsetting segment revenue from external customers with segment cost of sales. The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2015 is as follows:

		2015		
		Property development		
	Property investment	**Property development and trading**	**Provision of property development and management services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (external)	**26,145**	**899,966**	**687,503**	**1,613,614**
Reportable segment profit	**58,763**	**129,044**	**530,573**	**718,380**
Depreciation of property, plant and equipment	**(59)**	**(324)**	**–**	**(383)**
Fair value gain on investment properties	**44,047**	**–**	**–**	**44,047**
Share of losses of associated companies	**–**	**(11,085)**	**–**	**(11,085)**
Share of losses of joint ventures	**–**	**(10,445)**	**–**	**(10,445)**
Finance costs	**–**	**(39,679)**	**–**	**(39,679)**
Segment assets	**273,251**	**11,108,214**	**164,944**	**11,546,409**
Segment liabilities	**154,541**	**9,182,326**	**66,781**	**9,403,648**
Additions to non-current assets	**16**	**294**	**2,805**	**3,115**

	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

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

	2015 *RMB'000*	2014 *RMB'000*
Segment profit	**718,380**	444,340
Bank interest income	**12,347**	8,663
Gain on disposal of property, plant and equipment	**(79)**	–
Gain on disposals of subsidiaries	**235**	320
Unallocated corporate income	**759**	179
Unallocated corporate expenses	**(63,120)**	(33,985)
Profit before income tax	**668,522**	419,517

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

	2015 *RMB'000*	2014 *RMB'000*
Segment assets	**11,546,409**	7,927,663
Unallocated assets	**138,209**	1,061,504
Total assets	**11,684,618**	8,989,167

	2015 *RMB'000*	2014 *RMB'000*
Segment liabilities	**9,403,648**	7,000,277
Unallocated liabilities	**324,295**	607,645
Total liabilities	**9,727,943**	7,607,922

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 income mainly represents sundry income.

Unallocated assets mainly comprise cash at bank. Unallocated liabilities mainly comprise borrowings for corporate use, taxation payable of deferred tax liabilities.

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

	Revenue from external customers		**Non-current assets**	
	2015 ***RMB'000***	2014 *RMB'000*	**2015** ***RMB'000***	2014 *RMB'000*
Hong Kong (domicile)	**–**	31,726	**732**	533
Mainland China	**1,613,614**	672,100	**341,149**	409,033
	1,613,614	703,826	**341,881**	409,566

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. It excludes deferred tax assets and interests in associated companies and joint ventures.

5 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2015	2014
	RMB'000	*RMB'000*
Bank interest income	**12,347**	8,663
Interest income from amounts due from joint ventures and associated companies	**8,063**	–
Government grants	**8,280**	2,020
Sundry income	**151**	179
	28,841	10,862

	2015	2014
	RMB'000	*RMB'000*
Net exchange gains/(losses) *(Note)*	**68,712**	(14,258)
Gain on disposals of subsidiaries	**235**	320
Loss on disposal of property, plant and equipment	**(79)**	–
	68,868	(13,938)

Note: The exchange difference mainly arises from the year end re-translation of RMB-denominated borrowings from foreign currency (i.e. RMB) to functional currency (i.e. Hong Kong dollar ("HK$")) on the financial position of the Company. Subsequently, when the consolidated financial statements were prepared, a corresponding currency translation difference arising from the translation of similar balances from functional currency (i.e. HK$) to presentation currency (i.e. RMB) has been debited or credited to the Group's exchange reserve.

6 FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest expense on borrowings	**416,399**	159,555
Less: Interest capitalised	**(382,720)**	(139,674)
	33,679	19,881
Other finance charges	**6,000**	1,075
	39,679	20,956

7 EXPENSES BY NATURE

	2015 *RMB'000*	2014 *RMB'000*
Employee benefit expenses		
Directors' remuneration		
— fees	**982**	711
— salaries and allowances	**9,324**	11,400
— retirement benefit scheme contributions	**272**	293
— restricted share award	**2,342**	1,078
	12,920	13,482
Other staff costs		
— wages, salaries and allowances	**119,414**	89,871
— retirement benefit scheme contributions	**10,932**	3,690
— other staff benefit	**5,776**	4,562
— restricted share award	**4,117**	2,018
	153,159	113,623
Outgoings in respect of investment property	**7,550**	7,105
Cost of sale of properties in		
— the PRC	**688,561**	81,420
— Hong Kong	**–**	17,661
Other taxes	**67,880**	25,161
Advertising and promotion expenses	**40,589**	24,648
Legal and professional fees	**7,431**	7,022
Stamp duty	**2,165**	3,763
Minimum lease payments in respect of properties under operating leases	**2,990**	2,359
Auditor's remuneration		
— Audit services	**943**	869
— Non-audit services projects	**944**	498
Depreciation of property, plant and equipment	**843**	671
Subcontracting fee for decoration services	**11,680**	–
Decoration materials used	**6,368**	–
Others	**34,536**	15,621
Total	**1,025,639**	300,421
Representing:		
Cost of sales and services	**901,841**	229,889
Selling expenses	**71,891**	32,856
Administrative expenses	**51,907**	37,676
	1,025,639	300,421

8 INCOME TAX EXPENSE

	2015 *RMB'000*	2014 *RMB'000*
Current tax		
— Hong Kong profits tax		
Tax expense for the year	**–**	1,698
Over-provision in prior years	**(470)**	(203)
— PRC enterprise income tax		
Tax expense for the year	**211,794**	116,910
	211,324	118,405
PRC land appreciation tax	**22,845**	470
Deferred tax	**(40,891)**	492
Total income tax expense	**193,278**	119,367

Hong Kong profits tax has been provided at 16.5% (2014: 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:

	2015 *RMB'000*	2014 *RMB'000*
Profit before income tax	**668,522**	419,517
Add: Share of losses of associated companies	**11,085**	10,537
Share of losses of joint ventures	**10,445**	186
	690,052	430,240
Tax on profit before income tax, calculated at the statutory rate of 16.5% (2014: 16.5%)	**113,859**	70,990
Effect of different tax rates of group companies operating in other jurisdictions	**58,969**	40,863
Tax effect of non-taxable income	**(15,618)**	–
Tax effect of unused tax losses	**11,856**	5,784
Utilisation of tax losses previously not recognised	**–**	(1,722)
Land appreciation tax deductible for income tax purpose	**5,712**	118
Over-provision in prior years	**(470)**	(203)
Others	**(3,875)**	3,067
Corporate income tax	**170,433**	118,897
Land appreciation tax	**22,845**	470
Income tax expenses	**193,278**	119,367

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
	RMB'000	*RMB'000*
		(Adjusted)
Profit attributable to owners of the Company	**480,594**	301,590
Accrued distribution of the convertible perpetual securities	**(854)**	–
Profit used to determine basic earnings per share	**479,740**	301,590
Weighted average number of ordinary shares in issue *(thousands)*	**3,042,068**	3,010,384
Earnings per share *(expressed in RMB per share)*	**0.158**	0.100

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: convertible perpetual securities. The convertible perpetual securities are assumed to have been converted into ordinary shares.

	2015	2014
	RMB'000	*RMB'000*
		(Adjusted)
Profit attributable to owners of the Company	**480,594**	301,590
Weighted average number of ordinary shares in issue *(thousands)*	**3,042,068**	3,010,384
Adjustment for:		
— Assumed conversion of convertible perpetual securities *(thousands)*	**18,501**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,060,569**	3,010,384
Diluted earnings per share *(expressed in RMB per share)*	**0.157**	0.100

(c) The weighted average number of shares for the calculation of basic and diluted earnings per share for the year ended 31 December 2014 have been adjusted to reflect the effect of the placement of new ordinary shares of the Company, at a price less than market price, completed during the year.

10 DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Proposed final dividend of RMB3.3 cents (equivalent to HK cents 4) (2014: RMB1 cent (equivalent to HK cents 1.26)) per ordinary share	**130,724**	29,799
	130,724	29,799

A final dividend relating to the year ended 31 December 2014 amounted to RMB29,799,000 was fully paid on 19 June 2015.

The Board proposed a final dividend of RMB3.3 cents (equivalent to HK cents 4) (2014: RMB1 cent (equivalent to HK cents 1.26)) per ordinary share for the year ended 31 December 2015 amounting to a total of RMB130,724,000. The proposed final dividend for the year ended 31 December 2015 is based on 3,917,570,961 (2014: 2,979,909,088 shares) issued as at 18 March 2016. The proposed final dividend is not reflected as a dividend payable as of 31 December 2015, but will be recorded as a distribution for the year ending 31 December 2016.

The proposed final dividend for the year ended 31 December 2015 is subject to the declaration of the same and the passing of a special resolution for the proposed share premium reduction being approved by the shareholders at the annual general meeting of the Company to be held on 10 June 2016.

11 INVESTMENT PROPERTY

As at 31 December 2015, 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:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**205,123**	154,256
Fair value gain	**44,047**	50,867
At 31 December	**249,170**	205,123

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

	2015	2014
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Medium-term lease of between 10 to 50 years	**249,170**	205,123

Investment property was valued at 31 December 2015 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 2015 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% (2014: 6.0%), vacancy rate of 6% (2014: 6%) and the average daily rental per square meter of RMB2.80 (2014: RMB2.03) during reversionary period.

12 PROPERTIES HELD FOR SALE

	2015	2014
	RMB'000	*RMB'000*
Properties held for sale:		
— In the PRC, held on leases of 70 years	**153,265**	16,497

13 PROPERTIES UNDER DEVELOPMENT

	2015	2014
	RMB'000	*RMB'000*
Land use rights	**4,118,099**	4,366,409
Development expenditures	**1,593,564**	882,617
	5,711,663	5,249,026
Interest capitalised	**446,025**	153,207
	6,157,688	5,402,233

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

As at 31 December 2015, land use rights included in the properties under development with net book value of RMB1,940,440,000 (2014: RMB2,754,646,000) were pledged as collateral for the Group's borrowings.

The capitalisation rate of borrowing is 6.7% (2014: 6.7%).

14 TRADE RECEIVABLES OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

Trade receivables

As at 31 December 2015, the ageing analysis of trade receivables is as follows:

	2015	2014
	RMB'000	*RMB'000*
0 to 30 days	**42,842**	–
31 to 60 days	**239**	–
	43,081	–

Other receivables, prepayments and deposits

	2015	2014
	RMB'000	*RMB'000*
Non-current asset		
Deposit paid for acquisition of an associated company	**81,783**	201,035
Current assets		
Prepaid business tax and other taxes	**165,813**	12,759
Prepaid interests	**4,305**	5,931
Prepaid professional fee	**4,049**	–
Deposits in housing fund	**10,865**	299
Deposits for property management fee	**3,470**	1,085
Other receivables and prepayments	**61,541**	24,123
	250,043	44,197

Ageing analysis of the Group's other receivables and repayment as at 31 December 2015, based on due date is as follows:

	2015	2014
	RMB'000	*RMB'000*
Other receivables:		
Current	**25,509**	13,119

15 CREDITORS AND ACCRUALS

	2015	2014
	RMB'000	*RMB'000*
Payables for construction materials and services	**510,152**	275,058
Business tax and other tax payable	**62,672**	18,330
Interest payable on loans	**42,436**	73,028
Deposits received	**5,140**	3,431
Advanced payments received	**5,817**	21,731
Accruals for staff costs	**42,686**	39,120
Other payables	**11,072**	1,710
	679,975	432,408

The creditors and accruals balances are mainly denominated in RMB.

16 BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Loans from the ultimate holding company *(in RMB)*	**568,940**	2,117,000
Bank borrowings		
— in RMB	**3,185,000**	2,694,000
— in HK$	**194,721**	186,876
Loan under trust financing arrangement, secured	**–**	500,000
Senior private notes *(in USD)*	**1,251,642**	581,766
	5,200,303	6,079,642
Less: current portion or a loan with repayable on demand clause	**(756,117)**	(2,456,640)
Non-current portion	**4,444,186**	3,623,002

The loans from the ultimate holding company are arranged by a bank in the PRC under entrusted loans arrangements. The balances are unsecured and carry interest at 5.5% per annum.

Bank borrowings carry interest ranging from 3.11% to 11% per annum and are secured by:

(i) land use rights (included in properties under development) with total carrying value of RMB1,940,440,000 (2014: RMB2,754,646,000);

(ii) part of the development expenditures amounted to RMB1,112,610,000 (2014: RMB354,103,000);

(iii) restricted cash of RMB Nil (2014: RMB1,408,450,000);

(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 9.5% and 9.56% per annum respectively and are guaranteed by certain subsidiaries and a director of the Company.

Borrowings are repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**756,117**	2,456,640
Between one and two years	**3,119,565**	1,252,000
Between two and five years	**1,324,621**	2,371,002
	5,200,303	6,079,642

CHAIRMAN STATEMENT

To shareholders,

I am pleased to present to our shareholders the business review for the year ended 31 December 2015 and the prospects for 2016 of Landsea Green Properties Co., Ltd. ("Landsea" or the "Company") and its subsidiaries (collectively, the "Group").

Review of 2015

Operating Results

During the period under review, revenue of the Group reached RMB1.61 billion, representing an increase of 1.3 times as compared to the corresponding period last year. The income from provision of project development and management services was approximately RMB690 million. The income from provision of property development and management services received from independent third parties or cooperative partners was approximately RMB190 million. The profit attributable to the owners of the Company was approximately RMB475 million, representing an increase of approximately 59.4% as compared to the corresponding period last year. The Group's turnover is relatively low due to Landsea Group's acquisition of the Company for not exceed 3 years and most of the new development properties have not yet reached the delivery period during the period. Moreover, the Group recorded contracted sales amounts under "Products of Landsea" (i.e. brand, technology, project operation contributed by Landsea, same as below) of approximately RMB14.80 billion with contracted gross floor areas of approximately 112,900,000 square meters for the year ended 31 December 2015, of which contracted sales amounts of approximately RMB 7.66 billion with contracted gross floor areas of approximately 595,000 square meters were accounted for the attributable interest of the Group.

Development Strategy

Based on the situation of real estate market in the PRC and in view of the resources that Landsea possesses, we implemented the development strategy of "product-diversification, asset-light and market-internalization" in 2015.

Product-diversification: Upholding the ideology of developing diversified green technologies, Landsea has focused on the development of residential properties equipped with innovative technologies and green ecological environment in the community since 2004 and has accumulated over 10 years of experience in exploring this area. Over the decade, we have been promoting the environment friendly construction of energy-saving properties through upgrading our products for two times, including the 1.0 version products represented by Nanjing Landsea International Block, the 2.0 version products represented by Landsea Zhongshan Green County and the 3.0 version products represented by Landsea Xihua Mansion (朗詩熙華府) that was launched in Nanjing in late 2015. Persisting in pursuing innovative products, we have managed to keep our leading position in the green technological property market.

Landsea officially launched its 3.0 version products and firstly applied to the Xihua Mansion project in Nanjing. Such project represents a significant breakthrough in the product-diversification. As for green building, such project proposed to build passive houses, which is more advanced, reasonable and efficient as compared with previous energy-efficient buildings, especially the implementation of tightness index. Passive house is not only the milestone in the Landsea's development, but also the building standard of Landsea in the future. As for equipment system, our products still adopted the new air system including ceiling radiation and underfloor air system as well as equipped with air breather in the kitchens, which eliminates over 95% of smog and applies the S1 level of Finland's national standard and controls TVOC. It reflects that Landsea's product pays most attention to "health" while "comfort" is our second concern. Temperature, humidity, PM2.5, formaldehyde and VOC index will be shown on the screen. Such screen, represents a product logo of Landsea, is a video intercom and intelligent control system which can also provide the outdoor climate index and property information.

The characteristic of being green diversified has enabled our products to have higher premium potential and a more demanding market and even a much higher rent in the second hand market after delivery as compared to their surrounding competitive substitutes. For instance, the Xihua Mansion in Nanjing was launched to the market in late 2015 with an initial selling price ranged from RMB3,000 to RMB4,500 per square meter which is higher than that of its surrounding competitive substitutes. Landsea's Zhongshan Green Country in Nanjing was launched to the market in 2011 with an initial selling price of RMB5,000 per square meter . Selling price has gradually increased to RMB6,000 to RMB7,500 per square meter and the rents of two-bedroom unit is RMB9,000 per month, representing 2 times of its surrounding competitive substitutes.

Asset-light: Under the downward market situation with uncertain growth potential, by leveraging on its competence and experience accumulated in Landsea green buildings as well as its brand advantages and diversified products, Landsea has actively cooperated with financial institutions and developers which were complementary to Landsea in terms of resources through various asset-light business modes such as joint development, projects with minority interests and entrusted development, realising the concept of risk and profit sharing during such "silver era". Our major cooperative partners include Pingan Real Estate (平安不動產), Minsheng Bank (民生銀行), China Orient Asset (東方資產), CITIC Capital (中信資本), D Great Wall (鼎信長城), Wanxin Media (皖新傳媒), Sichuan Chuanrui (四川川瑞), Shanxi Yangmei (山西陽煤), Shanghai Construction Group (上海建工), Beijing North Star (北辰實業) and Poly Real Estate (保利地產).

Landsea's asset-light business models are categorized into the following three types:

Joint development: Investing in and developing projects by cooperating with financial institutions and developers, where Landsea and cooperative partners holds 50% equity interests in such projects respectively.

Projects with minority interest: Cooperating with more than one cooperative partners, where Landsea is responsible for the overall control of the projects though it holds a minority of less than 30% equity interest.

Entrusted Development: Responsible for the overall development of the projects which the entrusted investors hold 100% equity interest while Landsea charges a fee on the development and management services, technology services and shares the excess gain on the operation of projects though it does not hold any equity interest.

Moreover, Landsea is actively exploring opportunities to develop the old building rehabilitation business at city hubs. In July 2015, Landsea acquired the Hongqiao Lvyuan Project located at Changning district of Shanghai, which is a project comprised of old buildings that have been built and used for certain years. We aim to enhance the overall quality through reproducing environment friendly products by applying Landsea's diversified production technologies so as to call for higher selling prices or rents. We believe that there is a prospective market for old building rehabilitation business, which is not only applicable to residential properties but also to public properties such as hotels, office buildings, hospitals and apartments for the elderly, the market demand for which is great. Landsea strives to become an vertically integrated real estate company through enhancing its capability in investment and fund raising, development, property management, operation and sustainable development.

Market-internalization: Landsea's business expansion into the United States market is not temporary in nature but a long term investment for us to pursue a significant role among the local mainstream developers in the United States by utilizing the stable and standardized market environment and commercial scale in the United States.

We decided to invest in the gate-way cities across the United States from east to west with core investment in greater the New York region and the Boston region and the San Francisco region and the Los Angeles region of the State of California. Until now, the Group has developed seven projects based on the investment principles that the projects shall be situated in a region equipped with convenient transportation system, quality schools, comprehensive ancillaries and a certain proportion of Chinese neighbors. The projects comprise properties such as high-end urban apartments and suburban villas with aggregated site areas of approximately 589,000 square meters. It is intended to develop approximately 1,830 residential units with related commercial ancillary service business.

Besides the real estate business, Landsea's US business division also provides a "four in one" integrated service platform to cater for national customers' needs in relation to job opportunities, migrations, academic studies and residence overseas, rendering safer, more convenient and considerate services.

Upon the US business division completely became the integral part of the listing company at the beginning of year, the Company will develop an international market for its green property development business and the diversified market in turn will benefit the Company's business growth in the medium to long term, and in the meantime help reduce the risks arising from the slowdown of China's economic growth and China's real estate industry as well as minimize the exchange risks resulting from the currency fluctuation of RMB denominated assets.

Introduction of strategic investors: During the year, the Company attracted Pingan Real Estate (平安不動產) to become an strategic investor of the Company. Pingan Real Estate acquired approximately 327,000,000 shares and perpetual convertible securities with an aggregated principal amount of HK$130 million from the Company. Upon the completion of the acquisition, Pingan Real Estate held 9.90% of the issued share capital of the Company and became the second largest shareholder of the Company.

Prior to becoming a strategic investor of the Company, Pingan Real Estate has developed long term cooperative partnership with Landsea through project cooperation. As Pingan Real Estate is a professional real estate investment company with advantages in aspects including investment, capital funds and resources, while Landsea possesses advantages in aspects including development and management and green technologies, the two companies are complementary to each other. Pingan Real Estate agrees with Landsea's ideology of green and environmental protection, and Landsea has strong confidence in Pingan Real Estate's business integration of real estate and financial sectors. In addition, mutual trust required for long term cooperation has been built between the management of the two companies during their cooperation and both parties will continue their joint investment in real estate projects in China and further develop cooperative relationship in various areas such as overseas business and mezzanine financing. The introduction of Pingan Real Estate will improve the Company's corporate governance as well as facilitate Landsea's strategic transformation of asset-light business.

Consolidation of Landsea's design institutes and integration of business related to leasehold improvements and property management: After acquiring the Company for 24 months, Landsea Group Co. Ltd ("Landsea Group") consolidated the Landsea US, a wholly-owned subsidiary of Landsea Group, and Landsea's design institutes into the Company, as well as strategically integrated the green property related ancillary service business covering the property management, decoration, and financial sectors.

Landsea's design institutes are in a leading position in terms of the competence of integration and implementation of green building in the industry. Leveraging on the previous operational data in relation to green building and the suppliers resources as well as dozens of green building patents, Landsea's design institutes have provided green properties with controllable costs, significant premium and stable operation. Landsea's design institutes have provided green building related technological services to over 30 projects, among which 20 have been awarded the Three-Star Green Building and Design Identification (綠色建築設計三星標識). Landsea's design institutes own 18 green building related patents and 157 unique green building related patents owned by Shanghai Landsea Construction Technological Co., Ltd., a wholly-owned subsidiary of Landsea Group, have been licensed to the Company on a royalty-free basis. As such, the Company is able to possess comprehensive business capacity in terms of green design, integration and implementation of green building.

Other than the acquisition of Landsea's design institutes, Landsea Group consolidated its green property related ancillary service business covering the property management, decoration and financial sectors into the Company so as to create the capacity of vertical integration in the property development industry.

Project expansion: The Group has been actively promoting the strategic transformation of the asset-light business over the two years. The method of land acquisition through auction is rarely adopted for project investment. Instead, various asset-light business modes such as joint development, projects with minority interests and entrusted development have been adopted so as to conduct vigorous cooperation with a wide range of business partners for project investment. As at 31 December 2015, there were 26 projects which were invested, developed and with development and management and technological services provided by the Group. Such projects had an aggregated gross floor areas of approximately 4,620,000 square meters, of which approximately 1,822,000 square meters were accounted for under the attributable interest of the Group. In particular, there were 7 projects which were wholly-owned by Landsea, 12 projects which were developed under the modes of joint development and projects with minority interests, and 7 projects were entrusted development and technological projects. As of 31 December 2015, the Company's contracted sales amounts derived from development and management and technological integrated services amounted to approximately RMB800 million.

Landsea's business partners: In light of the strategic transformation of asset-light business, the Group adopted the "Associated Investment in the Projects Management Approach (《項目跟投管理辦法》)" and the "Management Approach regarding the Excess Revenue of the Projects (《項目超額收益管理辦法》) to improve the incentive scheme for the staff so as to raise their teamwork spirit to a possible extent and develop them to be Landsea's business partners. For equity investment projects, the regional directors, project directors, investment managers and projects' key personnel are mandatorily required to conduct associated investment on a fixed proportion, so as to establish a binding relationship between the operational efficiency of the projects and the revenue of the staff, realizing the concept of same shares and same rights. If the projects are particularly successful in operation, employees will also enjoy excess revenue from project operation, realising the concept of risk and profit sharing between the Company and its staff. For non-equity investment projects, we allocate part of the revenue from the technical services income, development and management income and excess revenue on a certain proportion as special incentives to the projects' investment team and development team. The Company continuously implemented an equity incentive scheme to our senior executives and key personnel. Through a mechanism established with clear aims and sufficient awards, we hope that the interest of the Company and its staff can be bound as a whole so as to stimulate the staff's enthusiasm to strive for better value of the Company.

Outlook for 2016

Industry Overview: Since 2014, the proportion of demand to supply has changed and the market price and volume has been adjusted, indicating the end of the prosperous era of real estate development yet the beginning of a healthy development of the entire real estate industry. In 2015, the market has been dramatically running at record levels amid the economic downturn, however, the leading indicators of acquired land area and newly constructed area for the year has continued to slump, and the growth in the property development investment has decreased to the lowest level in 15 years, "destocking and reducing production capacity" remains a major task of the real estate industry. In 2016, it is expected that greater volatility will be occurred in the real estate section and problems arising from the industry will become more severe.

Operating Strategy for 2016: As there are a lot of current uncertainties in the property market, Landsea adopts the strategy of "put the mainstream aside and take up the alternative". As for the project development, we will withdraw from the land auction, a traditional mainstream in the public market, but vigorously develop more flexible, lightweight and technical alternatives, i.e. asset-light businesses such as joint development, projects with minority interests, entrusted development and merger and acquisition. Meanwhile, we try to get rid of financial constraints and has established a national presence covering Beijing, Zhengzhou, Chongqing and South China Region by applying the asset-light business model. In addition to the development of traditional residential property, Landsea will actively explore and undertake the development of new property categories such as office building, hospitals and public buildings, and will vigorously identify new business directions such as renovation, property management, design, real estate finance and elderly care. Meanwhile, Landsea actively attempted to engage in the rental property, including apartments, offices, elderly property, and the asset-light operation. Leveraging on the transformation and innovation in respect of traditional property development and new business direction, Landsea expects to build up its capabilities in effecting vertical integration of property development, so as to secure a role in the competitive market and achieve transcendental expansion.

Except for providing the market with healthy, highly comfortable and energy-saving green residential properties, the Group will further strengthen the application of green building technologies in various product lines and launch healthy and green products for north, east and southwest regions of the PRC based on the passive house standards. The Group is committed to manufacture the health and green products, vigorously research and development the innovative products focusing on room air quality, comfort, decoration pollution and intelligent household.

Moreover, following the continuous expansion of the Group's asset-light projects, capital fund is no longer a primary factor hindering the growth of Landsea. However, human capital and team building become the limiting factors for the business development of Landsea. Landsea intends to develop and maintain a technical team consisting of project manager, engineering manager and marketing manager who have profound knowledge in project development, as well as a professional team who possess extensive expertise in asset-light including financing, laws, tax, financial and green property. As such, the Group has established two official training teams, namely 虎賁營 and 龍驤營, ensuring the effective supply of human resources under the rapid development of the Company. 虎賁營 mainly provides training programmes to project managers for building up their thinking of comprehensive operation and the capacity of project development, while 龍驤營 mainly trains personnel as the unequaled experts with comprehensive and effective negotiation skills for asset-light projects. In addition to the core capacity, Landsea will promote the corporate operation efficiency by integrating social resources, rationalising the internal corporate functions and subcontracting non-core functions such as sales and part of the financial functions.

In 2016, it is expected that amongst the contracted sales amounts under "Products of Landsea", contracted sales amounts not accounted for attributable interest of the Group will excess those accounted for attributable interest of the Group for the first time. Amongst the contracted sales amounts accounted for attributable interest of the Group, profits derived from asset-light will excess those from traditional development business for the first time. 2016 is a decisive year to the asset-light of Landsea. I believe that Landsea is no longer a traditional property company, but also an international development services company with green product technology as well as expertise on vertical integration, asset-light and internationalization.

Acknowledgement

This year is the third year after the acquisition of the Group by Landsea Group. The Group has encountered numerous challenges and opportunities. The continuous support from stakeholders and valuable contribution from the dedicated staff at all levels are essential to the strong 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, investors and business associates for their support. We will continuously strive on to create value for our customers, staff, shareholders and other stakeholders.

Tian Ming
Chairman of the Board

Hong Kong, 18 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group suggested and remained steadfast in implementing the transformation and upgraded strategy of "product-diversification, asset-light and market-internalization" in 2015. By adhering to this strategy, the Group performed effectively and achieved relatively outstanding results. In 2015, "Products of Landsea" recorded contracted sales amounts of approximately RMB14,076,712,000 with contracted gross floor areas of approximately 1,129,399 square meters, of which contracted sales amount of RMB 7,656,841,000 with contracted gross floor areas of 595,015 square meters were realized by the Group together with its associated companies and joint ventures. During the year, contracted sales amount of approximately RMB 6,419,871,000 with the corresponding contracted gross floor areas of approximately 534,383 square meters were derived from the entrusted development management and technology output project by Landsea Group and independent third parties. During the past year, the Group not only achieved the significant growth in the contracted sales amount, but also obtained the asset-light service contract of over RMB 800,000,000 after 1 year from the implementation of the asset-light strategy, and made a good profit of approximately RMB 120,516,000 arising from the projects with independent third parties and asset-light services with cooperating parties. Total profit of approximately RMB 475,244,000 was realized for the year.

BUSINESS DEVELOPMENT

During the year, the Group invested in 7 joint projects, of which two were situated in Nanjing, two in Chengdu, two in Hangzhou and one in Shanghai, representing an increase of approximately 1,268,988 square meters in total gross floor areas and an increase of approximately 325,293 square meters in total gross floor areas attributable to the Group. As at 31 December 2015, the Group had total land reserves with gross floor areas of approximately 3,386,272 square meters and total gross floor areas of approximately 1,822,846 square meters attributable to the Group.

On 2 July 2015, the Group participated in the business project of old building rehabilitation for the first time, which was a new attempt beyond the traditional business model of land development. We aimed to enhance the overall quality through reproducing environment friendly products by applying Landsea's diversified production technologies so as to attain profits. The current structure rehabilitation had prosperous markets in the first-tier cities, which was applicable to not only residential properties but also public properties such as hotels, office buildings, hospitals and apartments for the elderly, the market demand of which was great. Leveraging on diversified technologies together with its capital funds, the Group has developed a business model of current structures rehabilitation and expanded quickly into the old building rehabilitation business that with a prosperous market.

The Group established a real estate company in Beijing on 16 December 2015, and acquired two projects with aggregated gross floor areas of 287,290 square meters in Tianjin in January 2016. The real estate company in Beijing was engaged in the expansion and operation of market in cities in Northern China such as Beijing, Tianjin, Hebei and Shanxi. This indicates that Landsea started to penetrate into the markets in Northern China after having been working hard for the markets in cities along the Yangtze River, which was essential to Landsea's layout arrangement across China.

Furthermore, on 2 December 2015, with the support of the Landsea Group, the US business sector and architectural design companies were injected into the Company, and its ancillary businesses related to green properties were strategically consolidated, aiming at developing a listed platform with vertically-integrated business capabilities focusing on green property development and green services, which in turn will create great momentum for the growth of the Group's sales revenue. In particular, the assets of the US business accounted for 15% to 20% of the Group's assets after the establishment of such business, accomplishing the strategic layout arrangement for an international market.

OPERATION STRATEGY

The Group commenced exploring the transformation of asset-light strategy from the second half of 2014, and implemented the upgraded strategy of "product-diversification, asset-light and market-internalization" in 2015. Since the implementation of the newly upgraded strategy, the Company has faced with many challenges and transformations in terms of organizational structure, organizational capacity, business model and human resources. However, the Company unified the thinking and changed the thought so as to achieve success in 2015.

Product-diversification

Green architectural product technology is the Group's core capacity as distinct from those of other developers, and product-diversification is the cornerstone of the entire upgraded strategy. Based on the 1.0 version products represented by International Block and the 2.0 version products represented by Zhongshan Green County, the Group launched 3.0 version products represented by Xihua Mansion by extending the integration of development, research and innovation during the year. The 3.0 version was built in accordance with the passive house standards. In addition to the outstanding external protection system, more attention was paid to the degree of airtightness of its doors and windows. The advanced PM 2.5 filtration technology, which eliminates over 95% of smog, was adopted in order to continually generate clean and fresh air for interior environment. Interior air pollution resulted from renovation was controlled by tackling with the source of the pollution, in other words by controlling the level of indoor formaldehyde in accordance with the world's most stringent standard — the S1 level of Finland's national standard. By monitoring interior air quality and applying integrated intelligent technologies at home, the instant change of room temperature and the level of humidity, PM2.5, formaldehyde Volatile Organic Compound (VOC) can be acknowledged, providing punctual and exclusive value-added services.

As for Chengdu Dayuan Project, the Group is developing a new "L version product" on the basis of passive house, which is a new air system equipped with built-in smog eliminator and dehumidifier. Air in a room may become more comfortable without using active energy. Thus, it is an effective way of coping with the smog problem in Chengdu. The concept of passive house got the extensive application in the north of China. By applying the concept of passive house, the Group expects to access the northern markets (i.e. Beijing and Tianjin) and central markets (i.e. Zhengzhou and Taiyuan).

Diversified products continue to maintain Landsea's competitiveness in the market. Landsea's products have stronger premium capacity and faster sales pace as compared with other competing products. The projects, including Nanjing Xihua Mansion, Nanjing Poly Landsea Weilan, Wujiang Green County of Landsea, Suzhou Lvzhou (蘇州綠洲), Shanghai The Course of The Future, Hefei Wanxin Green County (合肥皖新太湖綠郡) and Zhangjiagang Guotai City (張家港國泰城), have reached the local ceiling price in these regions , demonstrating the competitive advantage in product-diversification of Landsea and representing the fundamental of asset-light implementation.

Asset-light

Asset-light is to leverage on Landsea's competence and experience accumulated in green building as well as its brand advantages and diversified products to cooperate with financial institutions and developers which are complementary to Landsea in terms of resources through various asset-light business modes such as joint development, projects with minority interests and entrusted development, realising the concept of risk and profit sharing during such "silver era".

It was the commencement year of Landsea's asset-light business in 2015. The Company actively explored any possible business opportunities with various players in the market through a variety of cooperation models and has established cooperative partners with Pingan Real Estate (平安不動產), Minsheng Bank (民生銀行), China Orient Asset (東方資產), CITIC Capital (中信資本), D Great Wall (鼎信長城), Shanghai Construction Group (上海建工), Sichuan Chuanrui (四川川瑞), Shanxi Yangmei (山西陽煤), Wanxin Media (皖新傳媒), Beijing North Star (北辰實業) and Poly Real Estate (保利地產). In 2015, the Company recorded a profit of RMB120,516,000 derived from the asset-light services for projects conducted with independent third parties or cooperating parties.

During the year, the Group acquired the Hongqiao Lvyuan Project in Shanghai, which is a project comprised of old buildings that have been built and used for certain years. We aim to enhance the overall quality through reproducing environment friendly products by applying Landsea's diversified production technologies so as to call for higher selling prices. There is a prospective market for old building rehabilitation business, which is not only applicable to residential properties but also to public properties such as hotels, office buildings, hospitals and schools, the market demand for which is great. Leveraging on diversified technologies together with its capital funds, the Group hopes to develop a business model for old building rehabilitation.

Market-internationalization

Regarding the implementation of the development strategy of market-internationalization, the acquisition of the US business division of Landsea Group marks an essential step. The Company regards the US market as another major market in addition to the Chinese one that long term efforts will be paid to. Landsea's business expansion into the United States market is not temporary in nature but a long term investment in the United States for pursuing a significant role among the local mainstream developers in the United States by utilizing the stable and standardized market environment in the United States. Landsea's US business division will become another major market in addition to the Chinese one, and the Landsea's real estate markets in China and the United States will form a good risk hedging and balancing mechanism.

Landsea's US business division decides to operate in the gate-way cities across the United States from east to west coast with core investment in the greater New York region and the Boston region in the east coast and the San Francisco region and the Los Angeles region in the west coast. Currently, there are 7 projects being developed at the same time, which comprises properties such as high-end urban apartments and suburban villas.

OPERATION INCOME AND GROSS PROFIT

For the year ended 31 December 2015, the Group's revenue was mainly derived from property development and management services income of approximately RMB687,503,000, income from sale of properties of approximately RMB899,966,000, and rental and management fee income of approximately RMB26,145,000 aggregating to approximately RMB1,613,614,000, representing a significant increase of approximately 1.3 times over the total revenue in 2014. The increase in revenue was mainly due to a substantial increase of approximately 5 times in income from sale of properties and an increase of approximately 30.1% in property development and management services income, which included an amount of approximately RMB497,835,000 received from Landsea Group and an amount of approximately RMB189,668,000 received from independent third parties or cooperating parties.

For the year ended 31 December 2015, the gross profit of the Group was approximately RMB711,773,000, representing an increase of approximately 50.2% as compared to the gross profit of corresponding period in 2014. The gross profit margin of the Group was approximately 44.1% (2014: 67.3%). The decrease in gross profit margin was mainly due to the increased proportion of income from sale of properties as compared with last year and its gross profit margin is lower than those from development and management services.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the year ended 31 December 2015, the profit attributable to the owners of the Company was approximately RMB480,594,000, representing an increase of approximately 59.4% as compared to 2014. Such increase was mainly due to the increased total revenue and the unrealized exchange gain.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

For the year ended 31 December 2015, the total contracted sales of the projects in which the Group held equity interest amounted to approximately RMB7,656,841,000 with sales areas of approximately 595,016 square meters with an average selling price of RMB12,868 per square meter, representing an increase of 3.3 times in contracted sales and an increase of 2.9 times in sales areas as compared to 2014. The contracted sales were mainly derived from the on-sale projects in Shanghai, Nanjing, Suzhou, Hangzhou and Wuxi. As at 31 December 2015, the Group's accumulated areas of properties sold but not recognised were 693,015 square meters, amounting to approximately RMB8,667,160,000.

Projects	Equity Holding	Contracted Sales Amounts	Contracted Sales GFA	Average Contracted Sales Selling Price per Square Meter
		(RMB'000)	*(Square Meters)*	*(RMB)*
1. Nanjing Youth Block	100%	674,569	66,835	10,093
2. Nanjing Future Home	50.1%	486,657	59,384	8,195
3. Nanjing China Merchants Evian County	30%	551,137	53,080	10,383
4. Nanjing Poly Landsea Weilan	49.9%	612,820	27,039	22,664
5. Nanjing Landsea Xihua Mansion	12.97%	577,260	18,500	31,203
6. Shanghai Future Block	100%	796,119	47,312	16,827
7. Shanghai The Course of The Future	100%	299,800	20,434	14,672
8. Suzhou Green County of Landsea	55%	1,058,998	79,214	13,369
9. Suzhou Landsea Lvzhou	20%	846,561	60,614	13,966
10. Wuxi Tiancui	100%	96,313	7,566	12,730
11. Wuxi Luka Small Town	100%	170,224	29,624	5,746
12. Hangzhou Mer De Fleus	100%	630,494	58,905	10,704
13. Hangzhou Liangzhu Wanke Future Life	34%	855,889	66,509	12,869
Total		7,656,841	595,016	12,868

RECOGNISED SALES

In 2015, the Group recorded recognised sales revenue of approximately RMB899,966,000 (2014: RMB150,895,000). The total recognised sales areas were approximately 58,887 square meters, mainly attributable to the Wuxi Tiancui project and Shanghai Future Block project. The average selling price of recognised sales was approximately RMB15,283 per square meter, representing an increase of 5.8% as compared to 2014.

PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

For the year ended 31 December 2015, the Group recorded property development and management services income of approximately RMB687,503,000, which included an amount of approximately RMB497,835,000 received from Landsea Group and an amount of approximately RMB189,668,000 received from independent third parties or cooperating parties. It was the first year that the Group recorded the property development and management services income from independent third parties or cooperating parties, which accounted for approximately 11.8% of the revenue. With further expansion of asset-light businesses through joint development, projects with minority interests and entrusted development, such business will account for a larger proportion of the revenue.

PROPERTY INVESTMENT

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. For the year ended 31 December 2015, the Group recognized income of approximately RMB26,145,000, representing an increase of approximately 7.5% as compared to 2014. Leveraging on its prime location and quality property management services, Dawning Tower maintained a high level of occupancy rate of 100% during the year. In addition, under the effective cost control, stable net operation income from this building was guaranteed.

For the year ended 31 December 2015, the Group's fair value gain on an investment property was approximately RMB44,047,000. The fair value of Dawning Tower was determined by a competent independent valuer based on the property's current business model adopted by the Group and its expected income to be generated.

SELLING EXPENSES

For the year ended 31 December 2015, the Group recorded selling expenses of approximately RMB71,891,000, representing an increase of approximately 1.2 times as compared to 2014. The increase was mainly due to the fact that the number of on-sale projects in 2015 increased significantly as compared to 2014 such that the selling expenses and expenses related to the pre-sale promotional activities launched for projects increased accordingly.

ADMINISTRATIVE EXPENSES

The Group has started to implement budget control since 2015. For the year ended 31 December 2015, the Group recorded administrative expenses of approximately RMB51,907,000, representing an increase of approximately 37.8% as compared to 2014. Such increase was within the range of budget control and was mainly due to the legal and professional fees incurred for the Group's significant expansion of business scale.

FINANCE COSTS

For the year ended 31 December 2015, the Group recorded finance costs of approximately RMB39,679,000, representing an increase of approximately 89.3% as compared to 2014. During the year, borrowings and finance costs increased in general, attributable to the fund requirement for project development during the Group's rapid growth. As at 31 December 2015, the Company repaid certain borrowings so as to decrease the gearing ratio.

TAXATION

For the year ended 31 December 2015, the Group recorded taxation charge of approximately RMB193,278,000, representing an increase of approximately 61.9% as compared to 2014. The increase was mainly due to the increase in assessable profit arisen because of the Group's business growth.

EARNINGS PER SHARE

For the year ended 31 December 2015, the basic and diluted earnings per share attributable to the owners of the Company were RMB0.158 and RMB0.157 respectively.

LAND RESERVES

As at 31 December 2015, the Group had land reserves with gross floor areas of 3,386,272 square meters. Calculated according to equity interests, the gross floor areas of the land reserves attributable to the Group were 1,822,846 square meters.

	Projects	**Equity Holding**	**GFA** *(Square Meters)*	**Developed GFA** *(Square Meters)*	**Developing GFA** *(Square Meters)*	**GFA for Future Development** *(Square Meters)*
1.	Shanghai Future Block	100%	233,792	67,053	166,739	–
2.	Shanghai The Course of The Future	100%	108,294	–	108,294	–
3.	Nanjing Youth Block	100%	309,218	–	101,350	207,868
4.	Nanjing Future Home	50.1%	133,978	–	133,978	–
5.	Nanjing China Merchants Evian County	30%	163,000	–	105,000	58,000
6.	Nanjing Landsea Xihua Mansion	12.97%	207,000	–	30,000	177,000
7.	Nanjing Poly Landsea Weilan	49.9%	199,439	–	55,327	144,112
8.	Hangzhou Mer De Fleus	100%	180,473	–	180,473	–
9.	Hangzhou Liangzhu Wanke Future Life	34%	192,536	–	192,536	–

Projects	Equity Holding	GFA	Developed GFA	Developing GFA	GFA for Future Development
		(Square Meters)	*(Square Meters)*	*(Square Meters)*	*(Square Meters)*
10. Suzhou Renmin Road Project	51%	83,403	–	–	83,403
11. Suzhou Green County of Landsea	55%	424,163	–	184,243	239,920
12. Suzhou Landsea Lvzhou	20%	99,952	–	99,952	–
13. Wuxi Tiancui	100%	48,994	48,994	–	–
14. Wuxi Luka Small Town	100%	139,481	–	40,497	98,984
15. Chengdu Dayuan Project	25%	158,592	–	–	158,592
16. Shanghai Hongqiao Lvyuan Project	38.46%	15,033	–	–	15,033
17. Hangzhou Wenhui Project (Phase 1)	49%	90,321	–	–	90,321
18. Hangzhou Wenhui Project (Phase 2)	100%	55,468	–	–	55,468
19. Cheungdu Bairen Project	9.9%	543,135	–	–	543,135
Total		3,386,272	116,047	1,398,389	1,871,836

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

As at 31 December 2015, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB1,108,675,000. As at 31 December 2015, the Group's current ratio (current assets divided by current liabilities) was approximately 1.6 times.

On 4 November 2015, the Company and Fuji Investment Management Limited, a wholly-owned subsidiary of Pingan Real Estate Capital Limited (formerly known as Pingan Real Estate (Hongkong) Company Limited) (the "Subscriber"), entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, 327,002,604 new ordinary shares (the "Subscription Shares") at HK$0.6529 per share, and the perpetual convertible securities (the "Securities") in a principal amount of HK$130,000,000 (the "Subscription"). The Subscription was completed on 18 November 2015.

The Securities entitle the holders to convert the outstanding principal amount of the Securities into ordinary shares of the Company ("Conversion Shares") at the initial conversion price of HK$0.7508 per share (subject to adjustment) (the "Conversion Price") during the conversion period. Assuming an exercise in full of the conversion right at the Conversion Price, an aggregate of 173,148,641 Conversion shares will be issued, representing approximately 4.42% of the issued share capital of the Company as at the date of this announcement.

The Subscription Shares were allotted and issued, and the Conversion Shares would be allotted and issued under the general mandate to issue shares granted to the Directors at the annual general meeting of the Company held on 1 June 2015.

The net proceeds (net of fees, commissions and expenses) of approximately HK$340,000,000 was raised through the Subscription. The net proceeds have been fully utilized for the property development project in Hangzhou, the PRC (For further details of the Subscription, please refer to the announcements of the Company dated 4 November 2015 and 11 November 2015).

Indebtedness

As at 31 December 2015, the total indebtedness of the Group amounted to approximately RMB5,200,303,000, which mainly comprised shareholder's loans, secured bank loans, senior notes and secured trust facility. The debt structure was gradually optimized and the maturity of the debts was further extended in general. As at 31 December 2015, the proportion of short-term debts (which mainly comprised the shareholder's loans and loans secured by deposits) to long-term debts was 14.5%:85.5%.

On 24 April 2015, the Company as an issuer issued to Haitong International Securities Company Limited the 3-year 9.50% Private Senior Notes with an aggregate principal amount of US$100 million. The Group believed that the issuance of senior notes could increase its working capital so as to support its continuing operation and further business development without causing any dilutive effect on the equity interests held by its existing shareholders and that the issuance was in the interests of the Group and the Shareholders as a whole.

Analysis of Indebtedness:

	31 December 2015		31 December 2014	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of indebtedness by currency:				
Denominated in RMB	**3,753,940**	**72.2%**	5,311,000	87.3%
Denominated in USD	**1,251,642**	**24.1%**	581,766	9.6%
Denominated in HK$	**194,721**	**3.7%**	186,876	3.1%
	5,200,303	**100.0%**	6,079,642	100.0%
Analysis of indebtedness by maturity:				
Within one year	**756,117**	**14.5%**	2,456,640	40.4%
Between one and two years	**3,119,565**	**60.0%**	1,252,000	20.6%
Over two years	**1,324,621**	**25.5%**	2,371,002	39.0%
	5,200,303	**100.0%**	6,079,642	100.0%

GEARING RATIOS

The Group has been working hard on optimizing its capital and debt structure. As at 31 December 2015, the net debts to equity ratio* of the Group was approximately 209.1%, representing a decrease of 85.6 percentage-point as compared to 31 December 2014. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 44.5% as at 31 December 2015, representing a decrease of 23.1% as compared to 31 December 2014. The management will continue to monitor the Group's capital and debt structure from time to time with an aim to mitigating its exposure to the risk of gearing.

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

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2015, the bank loans of the Group were secured by one or a combination of the following securities: investment property, shares of subsidiaries, land under development and part of development expenditure, standby letter of credit, cash and guarantees provided by controlling shareholders. Senior notes were secured by shares of subsidiaries and the guarantees provided by the controlling shareholder and a director of the Company. The loans under trust financing arrangement were secured by the Group's land parcels and/or equity interests in the relevant subsidiaries.

FOREIGN EXCHANGE AND CURRENCY RISK

As income and direct costs, payments of purchase of equipment, salaries and debts payable were mainly denominated in Renminbi, United States dollars and Hong Kong dollars, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of exchange rates was minimal. During the reporting period, the Group was not engaged in any hedging activities. As at 31 December 2015, the Group's cash and cash equivalents and restricted cash were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

INTEREST RATE RISK

As at 31 December 2015, the debts payable borne with fixed rate interest accounted for approximately 96.3% of the total debts of the Group. In this regard, the exposure to interest rate risk is minimal. The Group will continue to monitor the trend of interest rates in the market closely and seek to adopt appropriate risk management measures for mitigating the exposure to the interest rate risk.

MATERIAL ACQUISITION AND DISPOSAL

Pursuant to the capital injection agreement dated 10 April 2015, the equity interests in Suzhou Langwang Properties Co., Ltd.* (蘇州朗宏置業有限公司) ("Suzhou Langwang") owned by the Group decreased from 100% to 51% upon completion of the capital injection. Upon completion of the capital injection, Suzhou Langwang became a joint venture of the Group (please refer to the announcement of the Company dated 10 April 2015 for further details).

Pursuant to the shareholders' agreement dated 13 October 2015, the Group cooperated with a special purpose vehicle established by CITIC Capital Holdings Limited to develop the Shanghai Hongqiao Lvyuan Project that was held by the Group through one of its subsidiaries. Pursuant to that agreement, the said subsidiary would be held as to 61.54% by that special purpose vehicle established by CITIC Capital Holdings Limited and as to 38.46% by the Group (Please refer to the announcements of the Company dated 13 October 2015 and 29 October 2015 respectively for further details).

On 2 December 2015, the Group entered into the sale and purchase agreements to acquire (1) the entire equity interest of and shareholder's loan in Epic China Limited (the "Epic China Acquisition"), and (2) the entire registered capital of Shanghai Landsea Planning and Architectural Design Co., Ltd.* (上海朗詩規劃建築設計有限公司) (the "Landsea Design Acquisition"). The consideration for the Epic China Acquisition was HK$871,140,364 of which HK$438,453,355 shall be settled by way of issuance of 610,659,269 consideration shares at HK$0.7180 each, and as to HK$432,687,009 shall be settled by way of issuance of consideration securities in an aggregate principal amount of HK$432,687,009 which are convertible into shares of the Company at the initial conversion price of HK$0.9334 per share (subject to adjustment), and the consideration for the Landsea Design Acquisition was RMB19,500,000 in cash. The Epic China Acquisition and the Landsea Design Acquisition constituted major and connected transactions of the Company and were subject to the approval of independent shareholders. At the special general meeting of the Company held on 26 January 2016, the Epic China Acquisition and the Landsea Design Acquisition were approved by the independent shareholders and the transactions were completed on 29 January 2016. (Please refer to the announcement of the Company dated 2 December 2015 and the circular of the Company dated 31 December 2015 for further details).

Pursuant to the cooperation agreement dated 22 December 2015, the effective equity interests in Nanjing Xinhuisheng Investment Management Co., Ltd.* (南京鑫輝盛投資管理有限公司) owned by the Group decreased from 100% to 60% upon the completion of the transactions contemplated under that agreement (Please refer to the announcement of the Company dated 22 December 2015 for further details).

Save as disclosed above, the Group was not involved in any substantial acquisition or disposal during the year ended 31 December 2015.

CONTINGENT LIABILITIES

The Group cooperate with various financial institutions to arrange mortgage loan facility for the purchasers of its properties and provide guarantees to secure such purchasers' obligations of repayment. As at 31 December 2015, the outstanding guarantees amounted to approximately RMB1,341,887,000 (31 December 2014: approximately RMB97,347,000). 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.

As at 31 December 2015, there were certain corporate guarantees provided by the subsidiaries for each other in respect of their borrowings. The Board considered that the subsidiaries had sufficient financial resources to fulfill their obligations.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2015.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 816 employees (31 December 2014: 647) who were responsible for the managerial, administrative, technical and general functions in Hong Kong and the PRC. The increment levels of the employees' emolument, promotion and remuneration were determined with reference to their duties, performance and professional experience. Other employee benefits included mandatory provident fund scheme, insurance and medical coverage. According to the terms of the existing Share Option Scheme adopted on 25 April 2012 and the Share Award Scheme adopted on 2 July 2014, the Company will grant awarded shares or share options to the Group's management and staff based on their individual performance.

FINAL DIVIDEND

The Directors recommended to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 10 June 2016 ("AGM"), the payment of a final dividend of RMB3.3 cents per share (equivalent to HK cents 4) for the year ended 31 December 2015 to be paid on Wednesday, 6 July 2016 to the shareholders whose names appear on the register of members of the Company on Monday, 20 June 2016.

The proposed final dividend is subject to the declaration of the same and a special resolution for the Share Premium Reduction being passed by the shareholders at the AGM, and the Share Premium Reduction becoming effective.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 8 June 2016 to Friday, 10 June 2016, both dates inclusive, during which period no transfer of shares will be effected. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 June 2016.

For determining the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from Monday, 20 June 2016 to Tuesday, 21 June 2016, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration not later than 4:30 p.m. on Friday, 17 June 2016.

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 2015, 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 2015.

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 2015, the Company was in compliance with all the code provisions under the CG Code.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ding Yuan (as chairman), Mr. Xu Xiaonian and Mr. Lee Kwan Hung and two non-executive Directors, namely Ms. Zhou Qin and Mr. Zhou Yimin. 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 2015 have been reviewed by the Audit Committee. With effect from 18 March 2016, Ms. Zhou Qin ceased to act as a member of the Audit Committee. Please refer to the section headed "CHANGE OF COMPOSITION OF THE BOARD COMMITTEES" below.

SHARE PREMIUM REDUCTION

Based on the audited financial statements of the Company for the year ended 31 December 2015, the entire amount standing to the credit of the share premium account of the Company (the "Share Premium Account") as at 31 December 2015 was RMB751,108,000. The Board proposes to put forward to the Shareholders a proposal of the cancellation of the amount in an aggregate of RMB400,000,000 standing to the credit of the Share Premium Account (the "Share Premium Reduction") pursuant to the laws of Bermuda and the Bye-laws of the Company. The Board considers that the proposed Share Premium Reduction will give the Company greater flexibility to declare dividends to the Shareholders, when the Company's financial position allows and the Directors consider appropriate.

It is proposed that the amount in an aggregate of RMB400,000,000 standing to the credit of the Share Premium Account be cancelled, with part of the credit arising therefrom being applied towards offsetting the entire amount of the accumulated losses of the Company as at the effective date of the Share Premium Reduction (the "Effective Date"), and the remaining balance being credited to the contributed surplus account of the Company.

Upon the Share Premium Reduction becoming effective, all the accumulated losses of the Company will be eliminated.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon the following being fulfilled:

(1) the passing of a special resolution approving the Share Premium Reduction by the Shareholders at the AGM;

(2) compliance with Section 46(2) of the Companies Act 1981 of Bermuda (as amended), including (a) publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (b) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction will be, unable to pay its liabilities as they become due; and

(3) compliance with the relevant legal procedures and requirements under Bermuda law to effect the Share Premium Reduction.

Financial Effect of the Share Premium Reduction

The implementation of the Share Premium Reduction does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the shares of the Company (the "Share") or the trading arrangements concerning the Shares.

The implementation of the Share Premium Reduction will not, in itself, affect the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, other than related expenses incurred which are immaterial. Save for the aforesaid expenses, the Directors consider that the Share Premium Reduction will not cause any loss in the Shareholders' funds of the Company and will not have a material adverse effect on the financial position of the Company and will allow the Company to declare dividends to the Shareholders when appropriate.

In view of the current financial position of the Company, the Directors consider that the Share Premium Reduction is beneficial to the Company and its Shareholders as a whole.

General

A circular containing, among others, further information on the Share Premium Reduction together with a notice to convene the AGM will be despatched by the Company to the Shareholders as soon as practicable.

CHANGE OF COMPOSITION OF THE BOARD COMMITTEES

The Board hereby announces the following changes in the composition of the Board committees with effect from 18 March 2016:

1. Mr. Zhou Yimin, a non-executive Director, ceased to act as a member of the remuneration committee of the Company (the "Remuneration Committee");

2. Ms. Zhou Qin, a non-executive Director, ceased to act as a member of the Audit Committee;

3. Mr. Zhou Yimin was appointed as a member of the nomination committee of the Company; and

4. Ms. Zhou Qin was appointed as a member of the Remuneration Committee.

CHANGE OF SENIOR MANAGEMENT

The Board further announces that with effect from 18 March 2016:

1. Mr. Tian Jiong resigned as the Chief Financial Officer of the Company as he would like to spend more time pursuing his own business;

2. Mr. Liu Bin ("Mr. Liu") was appointed as the Chief Financial Officer of the Company and ceased to be the Vice President and the general manager of the finance company of the Group;

3. Ms. Shen Leying ("Ms. Shen"), an executive Director and Co-Chief Executive officer, took the role of the general manager of the finance company of the Group;

4. Mr. Sun Li ("Mr. Sun") was appointed as the Vice President and the Chief Human Resource Officer of the Group;

5. Mr. John Ho ("Mr. Ho") was appointed as the Vice President and the Chief Executive Officer of the Group in the United States; and

6. Mr. Zhou Qing ("Mr. Zhou") was appointed as the Vice President and the general manager of the Beijing company of the Group.

The biographical details of Mr. Liu, Ms. Shen, Mr. Sun, Mr. Ho, and Mr. Zhou are set out below:

Mr. Liu, aged 46, is a graduate of International Trading in Liaoning University and master graduate from Accountancy of Macquarie University in Australia. He is now taking his doctorate degree of International Financing in Xiamen University. He is also a member of Australian Society of Certified Practising Accountants. He had been employed under an accounting firm in Sydney and corporates including, ZTE Corporation, Innotek Technology (China) Limited, as accountant, minister of finance and chief operating officer, etc. With over 15 years of working experiences in the industry, Mr. Liu is equipped with comprehensive knowledge of financing, merger and acquisition, as well as sales strategies locally and globally.

Ms. Shen, aged 38, was appointed as an executive Director on 31 July 2013 and was re-designated as the Co-Chief Executive Officer of the Company on 23 February 2014. She is also a director of certain subsidiaries of the Company. Ms. Shen oversees the Group's investment, financing business, financial management and took the role of the general manager of Qingshan Investment. She has a Master's of Media Communication from Shanghai University. Ms. Shen had been working in Gallup Consulting from 2002 to 2011 and had served in the positions such as research and consulting director, member of the Management Committee of Shanghai Office. She led a team to provide management consulting services to over 60 global and mainland well-known enterprises and had provided management consulting services to Landsea Group during 2009 to 2011.

Ms. Shen joined Landsea Group in 2011 and served as the GM of Marketing and Sales Center, GM of Nanjing property regional company, VP-investment and financing, finance management, and legal in Landsea Group. Ms. Shen has more than 14 years' experience in various areas including management consulting, corporate management, market and customer strategy, property development management, investment and financing, financial strategy, etc.

Mr. Sun, aged 47, graduated from Beijing Jiaotong University and obtained master degree in Business Management. Mr. Sun has served as partner of Greater China Region, director of Greater China Region and project manager in various renowned enterprises including Mercer LLC, Accenture (China) Co. Ltd. He has extensive experience in management consulting and practicing knowledge in the field of corporate strategic planning and implementation, group's controls and reorganization, human resources management.

Mr. Ho, aged 34, graduated from USC Marshall School of Business and obtained bachelor degree in Business Administration. He worked in various international renowned real estate investment management and advisory firms including Colliers International, Jones Lang LaSalle. He served as a director, a vice president and the head of PRC business division in Jones Lang LaSalle, and was responsible for the provision of a wide range of services, such as acquisition, consultation, leasing and comprehensive investment management of real estate, to the PRC enterprises focusing on the expansion into the international market.

Mr. Zhou, aged 50, graduated from China Europe International Business School and obtained master degree in Business Administration. Mr. Zhou has served as the Secretary of the General Office of the Ministry of Construction, senior management of Pan-China Group, the chairman of Beijing Pan-China Gauging Project Consultant Co., Ltd. (北京泛華國金工程咨詢有限公司), an independent director of China Zhonghua Geotechnical Engineering Co., Ltd. (中化岩土工程股份有限公司). Mr. Zhou currently serves in various non-government organizations such as a vice president of Beijing Zhongguancun Bairehui Angel Investments Alliance* (北京中關村百人會天使投資聯盟), a deputy director of China District Energy Association of China Association of Building Energy Efficiency* (中國建築節能協會區域能源專業委員會), and is familiar with the real estate industry policies.

The Board would like to extend its appreciation to Mr. Tian Jiong for his valuable contribution during his tenure of office in the Company.

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

Hong Kong, 18 March 2016

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

* *for identification purpose only*