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LANDSEA GREEN PROPERTIES CO., LTD.
朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 106)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016
AND
RE-DESIGNATION OF DIRECTOR

The board (the "Board") of directors (the "Directors") of Landsea Green Properties Co., Ltd. (the "Company") would like to present the unaudited condensed interim consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 together with the comparative figures. The unaudited condensed interim consolidated results have been reviewed by the Company's audit committee (the "Audit Committee") and its auditor.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	**For the six months ended 30 June 2016** *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited) (Restated)
Revenue	*4*	**794,779**	373,271
Cost of sales and services		**(555,363)**	(86,482)
Gross profit		**239,416**	286,789
Other income	*5*	**78,614**	36,087
Other gains, net	*5*	**58,098**	4,752
Fair value gain on an investment property	*10*	**23,680**	26,400
Selling expenses		**(45,188)**	(35,858)
Administrative expenses		**(117,478)**	(50,953)
Operating profit		**237,142**	267,217
Finance costs	*6*	**(65,377)**	(10,202)
Share of gains/(losses) of associated companies	*11*	**30,875**	(7,074)
Share of losses of joint ventures	*12*	**(6,128)**	(31,274)
Profit before income tax		**196,512**	218,667
Income tax expenses	*7*	**(65,393)**	(47,418)
Profit for the period		**131,119**	171,249
Profit for the period attributable to:			
— Owners of the Company		**125,679**	174,111
— Non-controlling interests	*18*	**5,440**	(2,862)
		131,119	171,249
		RMB	*RMB*
Earnings per share attributable to the owners of the Company			
Basic earnings per share	*9*	**0.030**	0.048
Diluted earnings per share	*9*	**0.028**	0.043

	Note	For the six months ended 30 June **2016** *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited) (Restated)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
— Exchange difference arising from translation of foreign operations		**(29,569)**	10,233
Other comprehensive (loss)/gain for the period, net of tax		**(29,569)**	10,233
Total comprehensive income for the period		**101,550**	181,482
Total comprehensive income for the period attributable to:			
— Owners of the Company		**96,110**	184,344
— Non-controlling interests		**5,440**	(2,862)
		101,550	181,482

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Restated)
Assets			
Non-current assets			
Investment property	*10*	**272,850**	249,170
Property, plant and equipment		**22,605**	13,919
Interests in associated companies	*11*	**1,792,926**	2,218,144
Interests in joint ventures	*12*	**620,389**	695,370
Non-current deposit	*14*	**153,889**	81,783
Deferred tax assets		**106,271**	86,633
Goodwill		**9,460**	9,460
		2,978,390	3,354,479
Current assets			
Properties held for sale		**586,354**	172,840
Inventories		**4,177**	7,123
Properties under development	*13*	**10,774,965**	7,986,633
Deposits for purchase of land		**–**	729,300
Trade receivables, other receivables, prepayments and deposits	*14*	**1,262,796**	360,463
Prepaid taxes		**122,576**	140,955
Restricted cash		**431,507**	126,854
Cash and cash equivalents		**1,123,119**	1,262,269
		14,305,494	10,786,437
Total assets		**17,283,884**	14,140,916
Liabilities			
Non-current liabilities			
Borrowings	*16*	**4,978,408**	5,775,239
Amount due to non-controlling interests	*18*	**133,315**	–
Deferred tax liabilities		**48,333**	42,413
		5,160,056	5,817,652

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Restated)
Current liabilities			
Creditors and accruals	*15*	**1,118,612**	783,489
Advanced proceeds received from customers		**5,308,973**	2,981,820
Amounts due to fellow subsidiaries		**19,773**	825,976
Amount due to associated companies		**437,182**	317,947
Amounts due to a joint venture		**–**	94,057
Amounts due to non-controlling interests	*18*	**197,163**	45,014
Borrowings	*16*	**2,029,573**	1,111,117
Dividend payable		**133,934**	–
Taxation payable		**58,703**	205,685
		9,303,913	6,365,105
Total liabilities		**14,463,969**	12,182,757
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital		**31,800**	26,665
Convertible perpetual securities		**478,511**	110,054
Reserves		**2,034,365**	1,781,230
		2,544,676	1,917,949
Non-controlling interests		**275,239**	40,210
Total equity		**2,819,915**	1,958,159
Total equity and liabilities		**17,283,884**	14,140,916

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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.) ("Landsea Group"), a company established in the People's Republic of China (the "PRC").

This unaudited interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB'000") and was approved for issue by the board of directors on 15 August 2016.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

3.1 Additional accounting policies

(i) Merger accounting for business combination involving entities under common control

The condensed consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurred as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The condensed consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The comparative amounts in the consolidated financial statements are presented as if the entities or business had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Business combination related costs are generally recognised in profit or loss as incurred.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3.2 New standards, amendments to standards and interpretations adopted by the Group

The following new standards, amendments to standards and interpretations are mandatory for the Group's financial year beginning 1 January 2016. The adoption of these new standards, amendments to standards and interpretations does not have significant impact to the results or financial position of the Group.

HKFRS 14	Regulatory Deferral Accounts
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendment to HKAS 27	Equity method in separate financial statements
Annual improvements Project	2012–2014 cycle

4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Property development and management service fee income	**233,610**	358,458
Rental and management fee income	**13,444**	12,729
Sale of properties located in		
— The PRC	**459,373**	2,084
— United States	**88,352**	–
	794,779	373,271

4.2 Segment information

The executive directors have identified the following operating segments:

(i) Property investment;

(ii) Property development; and

(iii) Property development and management service

The segment information for the reportable segments is as follows:

	Six months ended 30 June 2016			
		Property development		
	Property investment *RMB'000* **(Unaudited)**	**Development and sales** *RMB'000* **(Unaudited)**	**Provision of property development and management services** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue (external)	**13,444**	**547,725**	**233,610**	**794,779**
Reportable segment profit	**32,576**	**94,035**	**110,401**	**237,012**
Depreciation of property, plant and equipment	**–**	**(938)**	**(351)**	**(1,289)**
Fair value gain on an investment property	**23,680**	**–**	**–**	**23,680**
Share of gains of associated companies	**–**	**30,875**	**–**	**30,875**
Share of losses of joint ventures	**–**	**(6,128)**	**–**	**(6,128)**
Additions to non-current assets	**50,063**	**1,014,828**	**13,113**	**1,078,004**
Segment assets as at 30 June 2016	**572,227**	**14,310,220**	**2,228,398**	**17,110,845**
Segment liabilities as at 30 June 2016	**53,315**	**12,725,337**	**1,303,161**	**14,081,813**

	Six months ended 30 June 2015			
		Property development		
	Property investment *RMB'000*	Development and sales *RMB'000* (Restated)	Provision of property development and management services *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue (external)	12,729	2,084	358,458	373,271
Reportable segment profit/(loss)	28,375	(51,913)	261,559	238,021
Depreciation of property, plant and equipment	(120)	(75)	(331)	(526)
Fair value gain on an investment property	26,400	–	–	26,400
Share of loss of associated companies	–	(3,074)	(4,000)	(7,074)
Share of loss of joint ventures	–	(28,919)	(2,355)	(31,274)
Finance costs	–	(7,202)	–	(7,202)
Additions to non-current assets	2	43,621	5,355	48,978
Segment assets as at 31 December 2015	273,251	13,473,092	252,695	13,999,038
Segment liabilities as at 31 December 2015	154,541	11,584,929	118,994	11,858,464

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

	Six months ended 30 June	
	2016 ***RMB'000*** **(Unaudited)**	2015 *RMB'000* (Restated)
Segment profit	**237,012**	238,021
Bank interest income	**13,888**	5,593
Gain on disposals of subsidiary	**2,860**	–
Other unallocated corporate income	**17**	–
Unallocated corporate expenses	**(57,265)**	(24,947)
	196,512	218,667

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Restated)
Segment assets	**17,110,845**	13,999,038
Unallocated assets	**173,039**	141,878
Total assets	**17,283,884**	14,140,916

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Restated)
Segment liabilities	**14,081,813**	11,858,464
Unallocated liabilities	**382,156**	324,293
Total liabilities	**14,463,969**	12,182,757

The Group's revenue from external customers and non-current assets (other than interests in associated companies and joint ventures, deferred tax assets and goodwill) are divided into the following geographical areas:

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Restated)	**(Unaudited)**	(Restated)
Hong Kong (domicile)	**–**	–	**526**	732
United States	**93,639**	3,571	**2,989**	996
The PRC	**701,140**	369,700	**445,829**	343,144
	794,779	373,271	**449,344**	344,872

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.

The Group does not have any single customer which contributes more than 10% of the Group's revenue for the six months ended 30 June 2016 (2015: Other than providing management services to fellow subsidiaries, the Group does not have any single customer which contributes more than 10% of the Group revenue).

5. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Other income		
Bank interest income	**13,888**	5,593
Interest income from joint ventures *(Note 17)*	**12,219**	26,442
Interest income from associated companies *(Note 17)*	**49,206**	–
Government grant	**2,065**	4,052
Sundry income	**1,236**	–
	78,614	36,087
Other gains, net		
Net exchange gains *(Note)*	**55,238**	4,476
Gain on deemed disposal of a subsidiary	**2,860**	276
	58,098	4,752

Note: The exchange difference mainly arises from the period end re-translation of RMB-denominated borrowings from foreign currency (i.e. RMB) to functional currency (i.e. HK$, US$) on the financial position of the Company and the companies located in United States. 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$, US$) to presentation currency (i.e. RMB) has been debited or credited to the Group's exchange reserve.

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Loan interest expense	**244,624**	181,324
Less: interest capitalised	**(179,247)**	(174,122)
	65,377	7,202
Other finance charges	**–**	3,000
	65,377	10,202

7. INCOME TAX EXPENSES

Hong Kong profits tax at the rate of 16.5% has not been provided for since the Group has no estimated assessable profit arising in Hong Kong for the six months ended 30 June 2016 (2015: provided at a rate of 16.5%).

The Group's subsidiaries in the PRC are subject to PRC enterprise income tax at the rate of 25% (2015: 25%) for the six months ended 30 June 2016 and 2015.

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Current income tax		
— PRC enterprise income tax	**78,824**	63,897
Under provision in prior period	**–**	4,291
	78,824	68,188
Deferred income tax	**(13,431)**	(20,770)
	65,393	47,418

8. OPERATING PROFIT

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Operating profit is stated at after charging:		
Depreciation of property, plant and equipment	**1,810**	670
Minimum lease payments in respect of properties under operating leases	**5,084**	3,201

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

(A) Basic earnings per share

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Restated)
Number of shares		
Weighted average number of ordinary shares ('000)	**3,917,571**	3,590,568
	RMB'000	*RMB'000*
Profit attributable to the owners of the Company	**125,679**	174,111
Accrued distribution of the convertible securities	**(8,713)**	–
Profit used to determine basic earnings per share	**116,966**	174,111
Basic earnings per share attributable to the owners of the Company	**0.030**	0.048

(B) Diluted earnings per share

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Restated)
Number of shares		
Weighted average number of ordinary shares ('000)	**3,917,571**	3,590,568
Adjustment for:		
— Assumed conversion of convertible perpetual securities ('000)	**636,709**	463,560
Weighted average number of ordinary shares for diluted earning per share ('000)	**4,554,280**	4,054,128
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Profit used to determine diluted earnings per share	**125,679**	174,111
Diluted earnings per share attributable to the owners of the Company	**0.028**	0.043

10. INVESTMENT PROPERTY

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000
Carrying amount at 1 January	**249,170**	205,123
Fair value gain	**23,680**	26,400
Carrying amount at 30 June	**272,850**	231,523

Investment property was valued at 30 June 2016 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.

The valuation of the investment property as at 30 June 2016 is determined using income approach based on significant unobservable inputs and is recognised under level 3 of the fair value hierarchy. The key unobservable inputs of the valuation include reversionary yield of 5.5% (30 June 2015: 6%), vacancy rate of 6% (30 June 2015: 6%) and the average daily rental per square meter of RMB3.53 (30 June 2015: RMB2.47) during reversionary period.

11. INTERESTS IN ASSOCIATED COMPANIES

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000
Carrying amount at 1 January	**2,218,144**	304,424
Additions	**257,430**	47,340
Share of gains/(losses) of associated companies	**30,875**	(7,074)
Elimination of inter-company trading transactions	**(26,245)**	–
(Decrease)/increase in amounts due from associated companies	**(687,278)**	852,985
Carrying amount at 30 June	**1,792,926**	1,197,675

During the period, pursuant to a shareholder meeting resolution (the "Resolution") of 南京奧建置業有限公司 (Nanjing Aojian Properties Co., Limited), all of the shareholders agreed to provide a further capital injection into 南京奧建置業有限公司 (Nanjing Aojian Properties Co., Limited) by an equivalent percentage. Pursuant to the Resolution, the Group injected capital totaling RMB246,430,000. In addition, the Group acquired 9.91% interest in 成都太行瑞宏房地產開發有限公司 (Chengdu Taihang Ruiheng Property Development Co., Ltd.) at a consideration of RMB11,000,000.

The amounts due from associated companies are unsecured and have no fixed terms of repayment. As of 30 June 2016, the balances due from 5 associated companies amounted to RMB1,026,214,000 generate interest ranging from 4.75% to 10% per annum, the remaining balance is interest-free.

12. INTEREST IN JOINT VENTURES

	30 June 2016 *RMB'000* **(Unaudited)**	30 June 2015 *RMB'000*
Carrying amount at 1 January	**695,370**	125,536
Additions	**127,241**	50,757
Disposal	**(228,255)**	–
Share of losses of joint ventures	**(6,128)**	(31,274)
Elimination of inter-company trading transactions	**(12,127)**	–
Increase in an amount due from a joint venture	**44,288**	248,680
Carrying amount at 30 June	**620,389**	393,699

During the period, the Group acquired 10% interest in 中福樂齡(天津)置業有限公司 (Zhongfu Leling (Tianjin) Property Co., Ltd.) at a consideration of RMB3,000,000.

The amounts due from joint ventures are unsecured and have no fixed terms of repayment. As of 30 June 2016, the balances due from two joint ventures amounted to RMB453,401,000 generate interest ranging from 8% to 10% per annum, the remaining balance is interest-free.

13. PROPERTIES UNDER DEVELOPMENT

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Restated)
Land use rights	**7,718,048**	5,694,819
Development expenditures	**2,394,790**	1,845,789
Interest capitalized	**662,127**	446,025
	10,774,965	7,986,633

Properties under development with net book value of RMB7,467,779,000 and RMB3,307,186,000 are located in the PRC and the US, respectively.

The average interest rate of borrowing costs capitalised for the six months ended 30 June 2016 was approximately 7.1 percent per annum (2015 (Restated): 6.7 percent per annum).

14. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Trade receivables	**158,940**	95,404
Less: provision for impairment of trade receivables	**(1,088)**	–
Deposit paid for acquisition of an associated company	**153,889**	81,783
Other receivables, prepayments and deposits	**1,105,807**	265,059
Less provision for impairment of other receivables	**(863)**	–
	1,416,685	442,246
Analysed for reporting purpose as:		
Amount included in non-current assets	**153,889**	81,783
Amount included in current assets	**1,262,796**	360,463
	1,416,685	442,246

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Trade receivables		
Within 90 days	**158,940**	82,014
Over 90 days	**–**	13,390
	158,940	95,404

The Group generally allows a credit period not exceeding 90 days to customers.

15. CREDITORS AND ACCRUALS

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Payables for construction materials and services	**735,083**	571,914
Business tax and other tax payable	**39,028**	62,672
Interest payable on loans	**86,846**	42,436
Deposits received	**5,150**	5,140
Advanced payments received	**2,086**	5,817
Accruals for staff costs	**49,098**	53,278
Other payables	**201,321**	42,232
	1,118,612	783,489

Creditors and accruals are due for settlement within one year.

As at 30 June 2016 and 31 December 2015, the ageing analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Payables for construction materials and services		
Within 1 year	**644,305**	571,914
1 to 2 years	**90,778**	–
	735,083	571,914

16. BORROWINGS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Restated)
Loans from the ultimate holding company (in RMB)	**1,661,517**	1,819,523
Bank borrowings		
— In RMB	**2,499,900**	3,185,000
— In USD	**572,052**	435,470
— In HKD	**199,617**	194,721
Senior private notes (in USD)	**1,282,728**	1,251,642
Loan under asset management scheme (in RMB)	**472,167**	–
Loan under trust financing arrangement (in RMB)	**320,000**	–
	7,007,981	6,886,356
Analysed for reporting purpose as:		
— Amount included in non-current liabilities	**4,978,408**	5,775,239
— Amount included in current liabilities	**2,029,573**	1,111,117
	7,007,981	6,886,356

Movement in borrowings is analysed as follows:

Six months ended 30 June 2016	
Opening amount as at 1 January 2016	6,886,356
Proceeds from bank overdraft	753,737
Proceeds of Loan under trust financing arrangement	320,000
Proceeds from asset management scheme	472,167
Proceeds from the ultimate holding company	384,433
Asset acquisition	280,000
Effect of change in exchange rate	64,321
Repayment of loans the ultimate holding company	(568,940)
Repayment of bank loans	(1,584,093)
Closing amount as at 30 June 2016	7,007,981
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	6,318,201
Proceeds from bank overdraft	1,686,141
Proceeds from senior private note	599,036
Proceeds of Loan under trust financing arrangement	450,000
Proceeds from the ultimate holding company	256,726
Repayment of loan under trust financing arrangement	(500,000)
Repayment of bank loans	(1,302,601)
Effect of change in exchange rate	(16,069)
Closing amount as at 30 June 2015	7,491,434

The above borrowings carry interests at rates ranging from 2.3% to 11.95% (2015: 3.11% to 11%) per annum.

The loans under trust financing arrangement and bank borrowings are secured by the investment property, certain land use rights and properties under development, interests in certain subsidiaries, cash, standby letter of credit and guarantee provided by holding companies of the Group.

17. RELATED PARTY TRANSACTIONS

In addition to those related party transactions as disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following related party transactions:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Property development and management service fee from		
— fellow subsidiaries	**64,642**	261,005
— associated companies	**46,981**	41,671
— a joint venture	**5,253**	3,932
Interest income from joint ventures	**12,219**	26,442
Interest income from associated companies	**49,206**	–
Interest expenses to a fellow subsidiary	**140**	–
Interest expenses to associated companies	**5,332**	–
Interest expenses to holding companies	**20,488**	39,356
	204,261	372,406

18. NON-CONTROLLING INTERESTS

(a) In December 2015, MinSheng Jiayin Assets Management Co., Ltd. ("Minsheng Jiayin") set up an asset management scheme, including RMB500,000,000 senior stake and RMB500,000,000 junior stake, of which the Group subscribed RMB300,000,000 junior stake. The asset management scheme acquired 100% interests of 南京鑫輝盛投資管理有限公司(Nanjing Xinhuisheng Investment Co., Ltd.) ("Xinhuisheng Investment"), the Group's wholly-owned subsidiary, for an aggregate purchase consideration of RMB69,000,000, including RMB8,000,000 to cover the original registered capital and RMB61,000,000 as compensation to the Group. The senior stake of the assets management scheme is entitled to 12% annual interest rate, while the junior stake takes the residual of Xinhuisheng Investment after paying the fixed return to the senior stake and the expenses to Minsheng Jiayin. The directors consider that the junior stake of RMB200,000,000 that subscribed by the third party investors results in the ownership risks and rewards remain with the non-controlling interest, while the 40% of the compensation amounted to RMB61,000,000 should be recognised a decrease in non-controlling interest at RMB24,400,000.

(b) The profit attributable to non-controlling interests for the period is RMB5,440,000, which comprise the profit of RMB17,113,000 from 蘇州朗坤置業有限公司 (Suzhou Langkun Property Co., Ltd.) and the loss of RMB11,673,000 from Minsheng Jiayin (2015: The loss RMB2,862,000 is mainly attributed to 蘇州朗坤置業有限公司 (Suzhou Langkun Property Co., Ltd.)).

(c) The amounts due to non-controlling interests are partial secured, repayable on due date and carried a rate per annum equal to Libor plus 9%.

19. EVENT AFTER THE REPORTING PERIOD

Disposal of a subsidiary

In July 2016, the Group entered into a cooperation agreement with a third party to jointly cooperate in a property development project in the PRC through a project company. Before the transaction, the project company was a wholly-owned subsidiary of the Group. Pursuant to the agreement, the third party will inject additional capital into the project company and the Group's equity interest was diluted from 100% to 50%. After the transaction, the project company became a joint venture of the Group.

CHAIRMAN'S REPORT

I am pleased to present to our shareholders the business review for the half year ended 30 June 2016 and the prospects of Landsea Green Properties Co., Ltd. ("Landsea" or the "Company") and its subsidiaries (collectively, the "Group").

Review of the First Half of 2016

Operating Results

During the period under review, the revenue of the Group reached RMB794,779,000, representing an increase of 1.1 times (restated) as compared to the corresponding period last year, which included the income from provision of project development and management services of approximately RMB233,610,000. The income from provision of property development and management services received from independent third parties or cooperative partners was approximately RMB168,968,000. The net profit of the Company was approximately RMB131,119,000, representing a decrease of approximately 23.4% (restated) as compared to the corresponding period last year. The decrease in net profit of the Group was mainly due to structural changes in sales revenue. The property sales revenue accounted for 69% in the first half of 2016 (2015: approximately 1% (restated)), representing a substantial increase of 262 times for the corresponding period last year, and the income from the property development and management services accounted for 29% (2015: approximately 96%). Since the average gross profit of the conventional property sales revenue was significantly lower than the average gross profit of the property development and management services income in general, structural changes in sales revenue in the current period led to a decrease in overall gross profit. Meanwhile, the Company and 朗詩集團股份有限公司 (Landsea Group Co., Ltd.) ("Landsea Group") entered into a property development and management services agreement in 2014 to provide property development and management services to Landsea Group. After two years, the development of these projects was nearly completed, resulting in a significant decrease in property development and management service fee income from Landsea Group for the six months ended 30 June 2016. The Company has been actively accumulating core experience in property development and management services income over the two years. The property development and management services income received from independent third parties by the Group has increased rapidly during the period, as evidenced in the optimization of the organization structure preliminary completed by the Company, experience accumulation in comprehensive property development and improvement in the capacity of operations development services since Landsea gained access to Hong Kong's capital markets, resulting in relying less on Landsea Group progressively and developing independent third-party business actively with its own core competitiveness.

Products of Landsea

For the six months ended 30 June 2016, contracted sales amount of "Products of Landsea" of the Group, that implies the comprehensive development and operation of the project were performed by Landsea, was approximately RMB10.94 billion with contracted gross floor areas of approximately 747,195 square meters. Of which, contracted sales amount of approximately RMB4,979,578,000 with the contracted gross floor areas of approximately 371,472 square meters was derived from the entrusted development and management services by Landsea Group and independent third parties.

Operation Strategy

The Group is strategically positioning itself as an international property development services company with green environmental friendliness and expertise on vertical integration. We are a new-typed asset-light corporation which integrates investment and development services, instead of conventional developer or conventional services company. The Group has commenced to implement the transformation and upgraded strategy of "product-differentiation, asset-light and market-globalization" since last year, which lays a solid foundation for the operation of the Company. We will continue to further implement this strategy this year.

Since the implementation of new transformation and upgraded strategy, the Company has faced many challenges and transformations in terms of organizational structure, organizational capacity, business model and human resources. Landsea strives to maintain its leading position in the market of keen competitions through enhancing its capability in investment and corporate finance, development, property management, operation and sustainable development,

Product Differentiation

Advantages in product differentiation have long been the core competence that make Landsea stand out from other developers. To maintain and strengthen advantages in product and service differentiation will be the starting point of Landsea's new strategy.

Based on Landsea's 1.0 version products represented by International Block and the 2.0 version products represented by Zhongshan Green County in Nanjing, the Group launched 3.0 version products represented by Xihua Mansion in Nanjing by extending the integration of research, development and innovation at the end of 2015. The 3.0 version was built in accordance with the passive house standards, being a new version product that pays most attention to "health". In addition to the external protection system, more attention was paid to the degree of airtightness of its doors and windows. The advanced PM2.5 filtration technology, which eliminates over 95% of smog, was adopted. 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 in environmental indicators such as temperature, humidity, PM2.5, formaldehyde and Volatile Organic Compound (VOC) index at home can be monitored via the indoor household screen and smart phone terminal, representing the product standard of Landsea in future.

Apart from Xihua Mansion in Nanjing, the Group has started to develop 3.0 version products in succession by applying simple and practical technology according to local conditions together with climatic conditions and economic standard in other cities in the PRC. For instance, Xihua Mansion project in Hangzhou is a representative work of Landsea's 3.0 version products in Hangzhou, while New Mansion project in Shanghai is a 3.0 version product accomplished on the redevelopment of existing buildings.

The Group acquired New Mansion project and Changfeng project in Shanghai in July 2015 and March 2016 respectively. We aimed to enhance the overall quality through reproducing environment friendly products by applying Landsea's differentiated production technologies so as to call for higher selling prices. The redevelopment of existing buildings had prosperous markets in the first-tier cities, which was applicable to not only residential properties but also public properties such as office buildings, hospitals and schools, the market demand of which was great. Leveraging on diversified technologies together with its capital resources, the Group would like to develop a business model of redevelopment of existing buildings.

In addition to continuous upgrading and replacement of products, the Group has undertaken certain exploratory attempts which have gained global recognition. During the period, Bruck Passive House was the first EDGE accredited project in China by World Bank on The Twelfth International Conference on Green and Energy-Efficient Building. At an earlier time, Bruck Passive House was the first project in China to be awarded the platinum certificate by the German Sustainable Building Council (DGNB).

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 insists in manufacturing health and green products, and is actively engaged in the research and development of innovative products focusing on interior air quality, comfort, decoration pollution and intelligent household.

Asset-Light Transformation

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 and Hefei Wanxin Green County (合肥皖新太湖綠郡), have achieved good sale-through rate and selling price in these regions, demonstrating the competitive advantage in product-diversification of Landsea and representing the fundamental of asset-light implementation.

Asset-light transformation represents the utilization of Landsea's capabilities, experience and branding effect accumulated in the area of green building and the advantages of its unique products to cooperate with financial institutions and developers, with complementary resources, pursuant to which various asset-light business models, undergoing cooperation and development, involvement with minority interest and entrusted development. The transformation is adopted for sharing risks as well as profits under the 2.0 version business model.

The Group is also actively exploring opportunities to develop a 2.0 version business model to cope with the future property market demand. Previous major development model (1.0 version business model) was "residence, retail, high-turnover", while the new 2.0 version business model features professionalism and financialization. With division of professional and financial attributes getting finer and stronger, there will be structural changes in capital structure, segment coverage, type of business and type of development, for example, changing from asset-heavy business to asset-light business; diversifying from residential business to public properties sectors such as office buildings, hotels, serviced apartments; developing residential and retail business to cover the scopes of leasehold and block sale, etc.; extending new development to old building rehabilitation; and expanding property development to cover the related sectors including finance, assets operation and decoration.

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 projects with minority interests, joint development and entrusted development have been adopted so as to conduct vigorous cooperation with a wide range of business partners for project investment. Meanwhile, the Group did not compete for the title of king of land in truculent land transaction market in first tier cities during the period, but acquired a number of projects by using off-market approach including land acquisition, merger and acquisition of equity, and equity participation in project companies. Those projects included various development projects comprising entrusted development and management, projects with minority interests, as well as joint venture and merger and acquisition transactions. Moreover, contracted amount of entrusted development management with independent third parties realized a significant growth.

Since 2016, Landsea expects to maintain average equity in projects at around 30%, which is more or less the same as that of the US developer. Landsea dedicates to learn from other real estate developers in developed economies, targeting to become a integrator of high-end resources of the real estate industry, as well as a vertically integrated real estate development service provider that integrates investment, corporate finance, development, operation and sustainable development.

Market Globalization

As a critical move in the implementation of its development strategy of market globalization, the Group acquired the US operation of Landsea Group, considering the US market as an important market in addition to China for long-term development. It is so far from an expedient move for Landsea to enter the US market. As a matter of fact, it is the relatively stable environment and well-regulated market there that attract Landsea into the US for long term development with the intention of establishing itself as one of the mainstream developers based in the US. US market will become another major market in addition to the Chinese for Landsea, and the Landsea's real estate markets in China and the US will form a good risk hedging and balancing mechanism.

Landsea US focuses on the first-tier gateway cities spanning across the US, namely the greater New York area and Boston along the eastern coast as well as San Francisco and Los Angeles along the western coast. Currently there are 7 projects, comprising high-end high raised apartments and suburban villas with a total area of approximately 293,489 square meters are under way.

Besides the real estate business, Landsea US also provides a “four in one” integrated service platform to cater for national customers’ needs in relation to investment, immigration, academic studies and residence, which provides rendering safer, more convenient and comprehensive services.

To establish itself as one of the mainstream developers based in the US, Landsea will continue to develop the US market and make joint investment with its partners, capitalizing on the expertise and advantages of each other.

Apart from the US market, the Group is also actively exploring appropriate projects in Hong Kong, bringing Landsea’s green technology to Hong Kong and providing opportunities for more customers to experience the products of Landsea.

Green Supply Chain Management

This year the Group has been actively dedicating to the green supply chain management in the real estate sector, making it a mission to encourage upstream suppliers to reduce emissions and in turn the negative impact of the entire value chain on the environment by promoting the green procurement in the capacity of real estate enterprise, so as to avoid the situation of the bad edging out the good, and strike a balance between the economic and environmental benefits. The green supply chain management was formally activated in June 2016 by introducing the green procurement solutions in respect of 5 categories of building material, namely steel, concrete, aluminium alloy, wood and laminates for interior decoration. The first phase of this initiative was supported by a total of 48 real estate and related enterprises, all or certain of whom have carried out the green procurement according to their purchase lists. Landsea will continue to push forward this mission.

Outlook for the Second Half of 2016

China’s real estate market continued to recover during the first half of 2016. The supply and demand in the real estate market appeared some adjustment under the support of favourable policies. During the period, the inventory digestion cycle in such hotspots as Nanjing, Suzhou and Hefei was significantly shortened, but third and fourth tier cities showed little response to government policies in terms of inventory digestion cycle. It is expected that “de-inventory” will remain the main theme for the second half of the year. The real estate market will be characterized by fluctuation and further market segmentation. Competition in the market will intensify as the result of the slowdown in growth. Market concentration rate will continue to rise and regional segregation will become increasingly obvious.

The Group will adopt the strategy of "put the mainstream aside and take up the alternative". As for project expansion, we must withdraw from the land auction, a traditional mainstream in the public market, and instead 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, the Group expects to effect two major changes in 2016. Firstly, as regards Landsea's products, the contracted sales amount attributable to the Group will be less than that attributable to parties other than Landsea for the first time. Secondly, the proportion of revenue from Landsea's conventional investment and development in the Group's accounting profit for the whole year will be smaller than that of revenue from light-asset services for the first time. Such changes are not only the requirement for Landsea's transformation in strategy, but also the operation goal for the Group to achieve in 2016.

Acknowledgement

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. We hope everyone can witness the philosophy of Landsea — we are different.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group continued to further implement the transformation and upgraded strategy of "product-differentiation, asset-light and market-globalization" in 2016 to proactively develop various property development projects, and achieved satisfactory results in development and sales. For the six months ended 30 June 2016, "Products of Landsea" recorded contracted sales amounts of RMB10.94 billion with contracted gross floor areas of approximately 747,195 square meters, representing an increase of 3.4 times as compared to the corresponding period last year. Of which, contracted sales amount of RMB5,960,422,000 with contracted gross floor areas of 375,723 square meters were realized by the Group together with its joint ventures and associates. During the period, contracted sales amount of approximately RMB4,979,578,000 with the corresponding contracted gross floor areas of approximately 371,472 square meters were derived from the entrusted development management services project by Landsea Group and independent third parties.

By fully implementing the operational strategy of "product-differentiation, asset-light and market-globalization" in 2016, the Group saw a smooth progress in the provision of development and management services for independent third parties and recorded a remarkable increase in the number of entrusted development management contracts. Pursuant to the terms of these contracts, the property development and management service fee income recognised in the first half of 2016 remained at a low level as such income will be usually recognised in the second half of 2016 to 2017. In addition, the Group recorded an increase in both contracted sales and contracted gross floor areas for the six months ended 30 June 2016.

According to its delivery structure, such profit will be recognised by the Group in the second half of 2016 to 2017. Furthermore, the Company and Landsea Group entered into a property development and management services agreement in 2014 to provide property development and management services to Landsea Group. After two years, the development of these projects was nearly completed, resulting in a significant decrease in property development and management service fee income from Landsea Group for the six months ended 30 June 2016, but the projects number of and service income from the property development and management services provided to independent third parties increased significantly. Moreover, the selling expenses, administrative expenses and finance costs arising from the recent substantial increase in the number of projects have posed certain effects on the profit. For the six months ended 30 June 2016, the Group realized a total profit of approximately RMB131,119,000, representing a decrease of 23.4% (restated) as compared to the corresponding period last year.

Despite the temporary effects in certain development stages on its profitability in the first half of 2016, the Group remains confident of its current strategies. The management is of the view that the Group is currently undergoing a critical self-development period, and it is normal to have short-term effects in certain development stages on its results. The Group will continue to adhere to the transformation and upgraded strategy of "product-differentiation, asset-light and market-globalization" in the future by putting more efforts in promoting 2.0 business model in property segment, developing various kinds of new projects and stepping down from fierce competition for land in prime locations. Capitalizing on reasonable market layout and existing development portfolio, it is expected that the Group will achieve fruitful results in the future.

Business Development

In the first half of the year, the Group obtained 15 projects situated in Nanjing, Tianjin, Shanghai, Suzhou, Hangzhou, Wuhan, Chengdu and the US, representing an increase of approximately 1,685,333 square meters in total gross floor areas and an increase of approximately 593,115 square meters in total gross floor areas attributable to the Group. As at 30 June 2016, the Group had total land reserves with gross floor areas of approximately 4,674,296 square meters and total gross floor areas of approximately 2,104,159 square meters attributable to the Group.

The Group participated in the old building rehabilitation project for the first time last year, and secured New Mansion project in Hongqiao District, Shanghai and an old building rehabilitation project in Putuo District, Shanghai in March 2016 with aggregated gross floor areas of 34,193 square meters. It is expected that the sales of New Mansion project will commence in the second half of 2016. Leveraging on diversified technologies together with its capital funds, the Group hopes to develop a business model for old building rehabilitation and quickly tap into such promising market.

In addition, the Group established a real estate company in Beijing at the end of last year, and acquired two projects with aggregated gross floor areas of 287,289 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, the injection of the US business sector and architectural design companies into the Group has been completed during the period. 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 approximately 20% of the Group's assets after the establishment of such business. For the six months ended 30 June 2016, the total contracted sales of the US projects amounted to approximately RMB358,413,000 with sales areas of 6,541 square meters. The Group recognised property sales revenue of approximately RMB88,352,000 with total sales areas of approximately 3,209 square meters during the period, and the strategic layout arrangement for an international market has showed preliminary results.

Operation Income and Gross Profit

For the six months ended 30 June 2016, the Group's revenue was mainly derived from property development and management services income of approximately RMB233,610,000, income from sale of properties of approximately RMB547,725,000, and rental and management fee income of approximately RMB13,444,000 aggregating to approximately RMB794,779,000, representing a significant increase of approximately 1.1 times (restated) over the total revenue for the corresponding period in 2015. The increase in revenue was mainly due to a substantial increase of 262 times in income from sale of properties, and the Group recorded a decrease of 34.8% (restated) in property development and management services income, which included an amount of approximately RMB64,642,000 (2015: RMB261,005,000 (restated)) received from Landsea Group and an amount of approximately RMB168,968,000 (2015: RMB97,453,000 (restated)) received from independent third parties or cooperating parties. The decrease in property development and management services income was mainly due to the fact that most of the projects, which required the provision of property development and management services to Landsea Group by the Company, were nearly completed after two years, resulting in a significant decrease in such income. In addition, by fully implementing the operational strategy of "asset-light and profit-diversification", the Group recorded a remarkable increase in the number of entrusted development management contracts entered into with independent third parties. However, pursuant to the terms of these contracts, the property development and management service fee income recognised in the first half of 2016 remained at a relatively low level. It is expected that such situation will be improved in the second half of 2016 to 2017.

For the six months ended 30 June 2016, the gross profit of the Group was approximately RMB239,416,000, representing a decrease of approximately 16.5% (restated) as compared to the gross profit of the corresponding period in 2015. The overall gross profit margin of the Group was approximately 30.1% (2015: approximately 76.8% (restated)). The property sales revenue accounted for 69% in the first half of 2016 (2015: approximately 1% (restated)), representing a substantial increase of 262 times for the corresponding period last year. The property development and management services income accounted for 29% (2015: approximately 96%). Since the average gross profit margin of the conventional property sales revenue was significantly lower than the average gross profit margin of the property development and management services income in general, structural changes in sales revenue in the current period led to a decrease in overall gross profit margin.

Profit Attributable to the Owners of the Company

For the six months ended 30 June 2016, the profit attributable to the owners of the Company was approximately RMB125,679,000, representing a decrease of approximately 27.8% (restated) as compared to the corresponding period in 2015. Such decrease was mainly due to the decrease in gross profit and the selling expenses, administrative expenses and finance costs arising from the recent substantial increase in the number of projects which have posed certain effects on the profit.

Contracted Sales and Properties Sold but not Recognised

For the six months ended 30 June 2016, the total contracted sales of the projects in which the Group held equity interest amounted to approximately RMB5,960,422,000 with sales areas of 375,723 square meters with an average selling price of RMB15,864 (2015: RMB11,296) per square meter, representing an increase of 1.4 times in contracted sales and an increase of 72.3% in sales areas as compared to the corresponding period in 2015. The contracted sales were mainly derived from the on-sale projects in Shanghai, Nanjing, Suzhou, Hangzhou, Wuxi, Chengdu and Boston and Los Angeles, the US. As at 30 June 2016, the Group's accumulated areas of properties sold but not recognised were 965,492 square meters, amounting to approximately RMB13,306,067,000.

	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%	561,678	51,895	10,823
2.	Nanjing Future Home	50.1%	209,873	22,968	9,138
3.	Nanjing China Merchants Evian County	30%	516,328	44,104	11,707
4.	Nanjing Poly Landsea Weilan	29.94%	1,171,871	46,498	25,203
5.	Nanjing Landsea Xihua Mansion	12.97%	91,400	2,962	30,858
6.	Shanghai Future Block	100%	648,265	31,926	20,305
7.	Shanghai The Course of The Future	100%	425,877	29,109	14,630
8.	Suzhou Green County of Landsea	55%	768,087	39,674	19,360
9.	Suzhou Landsea Lvzhou	20%	262,287	12,452	21,064
10.	Wuxi Tiancui	100%	14,557	835	17,434
11.	Wuxi Luka Small Town	100%	201,157	27,635	7,279
12.	Hangzhou Mer De Fleus	100%	315,828	27,795	11,363
13.	Hangzhou Liangzhu Wanke Future Life	34%	246,820	16,186	15,249
14.	Chengdu Southern Gate Green County of Landsea	25%	167,981	15,143	11,093

	Projects	Equity Holding	Contracted Sales Amounts	Contracted Sales GFA	Average Contracted Sales Selling Price per Square Meter
			(RMB'000)	*(Square Meters)*	*(RMB)*
15.	Pierce Boston	25%	236,079	2,237	105,534
16.	Kingswood	100%	122,334	4,304	28,423
	Total		5,960,422	375,723	15,864

Recognised Sales

For the six months ended 30 June 2016, the Group recorded recognised sales revenue of approximately RMB547,725,000 (2015: RMB2,084,000 (restated)). The total recognised sales areas were approximately 35,626 square meters, mainly attributable to Suzhou Green County of Landsea, Wuxi Tiancui, Shanghai Future Block and Kingswood in the US. The average selling price of recognised sales was approximately RMB15,374 per square meter.

Property Development and Management Services

For the six months ended 30 June 2016, the Group recorded property development and management services income of approximately RMB 233,610,000, which included an amount of approximately RMB64,642,000 (2015: RMB261,005,000 (restated)) received from Landsea Group and an amount of approximately RMB168,968,000 (2015: RMB97,453,000 (restated)) received from independent third parties or cooperating parties. The Company and Landsea Group entered into a property development and management services agreement in 2014 to provide property development and management services to Landsea Group. After two years, the development of these projects was nearly completed, resulting in a significant decrease in property development and management service fee income from Landsea Group for the six months ended 30 June 2016.

Property Investment

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. For the six months ended 30 June 2016, the Group recognised income of approximately RMB13,444,000, representing an increase of approximately 5.6% as compared to 2015. Leveraging on its prime location and quality property management services, Dawning Tower maintained a high level of occupancy rate of 100% during the period. In addition, under the effective cost control, stable net operation income from this building was guaranteed.

For the six months ended 30 June 2016, the Group's fair value gain on an investment property was approximately RMB23,680,000. 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 six months ended 30 June 2016, the selling expenses of the Group were approximately RMB45,188,000, representing an increase of approximately 26.0% as compared to the corresponding period in 2015. The increase was mainly due to the increased number of on-sale projects in the first half of 2016 as compared to the corresponding period in 2015, therefore selling expenses and expenses relating to the pre-sale promotional activities launched for projects increased accordingly.

Administrative Expenses

The Group continued to implement budget control in 2016. For the six months ended 30 June 2016, the administrative expenses of the Group were approximately RMB117,478,000, representing an increase of approximately 1.3 times (restated) as compared to the corresponding period in 2015. The increase was within the budget control and was mainly due to the Group's significant expansion of business scale as compared to the corresponding period last year and significant increase in staff number. At the same time, in January 2016, the US business as a whole was injected into the Group. Since the US business has been in the rapid expansion of the scale, with 7 projects under development as of 30 June 2016 and improved deployment of personnel, the administrative expenses will increase accordingly.

Finance Costs

For the six months ended 30 June 2016, finance costs of the Group were approximately RMB65,377,000, representing a significant increase of approximately 5.4 times (restated) as compared to the corresponding period in 2015. During the period, borrowings and its finance costs increased in general, attributable to the fund requirement for project development during the Group's rapid growth. Under the asset-light strategy, the Group had several additional non-consolidated joint ventures and associates, resulting of an increase in non-capitalized interest.

Taxation

For the six months ended 30 June 2016, taxation charge of the Group was approximately RMB65,393,000, representing an increase of 37.9%(restated) as compared to the corresponding period in 2015. The increase is mainly attributable to the increase in assessable profit of the Group.

Earnings Per Share

For the six months ended 30 June 2016, the basic and diluted earnings per share attributable to the owners of the Company were RMB0.030 and RMB0.028 respectively, representing a decrease of approximately 37.5% and 34.9% (restated) as compared to the corresponding period in 2015.

Land Reserves

As at 30 June 2016, the Group had land reserves with gross floor areas of 4,674,296 square meters. Calculated according to equity interests, the gross floor areas of the land reserves attributable to the Group were 2,104,159 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%	164,809	44,789	120,020	–
2.	Shanghai The Course of The Future	100%	84,754	–	84,754	–
3.	Nanjing Youth Block	100%	247,305	–	247,305	–
4.	Nanjing Future Home	50.1%	111,191	–	111,191	–
5.	Nanjing China Merchants Evian County	30%	161,925	81,563	80,362	–
6.	Nanjing Landsea Xihuaf Mansion	12.97%	153,083	–	75,400	77,683
7.	Nanjing Poly Landsea Weilan	29.94%	198,578	–	198,578	–
8.	Hangzhou Mer De Fleus	100%	180,473	–	180,473	–
9.	Hangzhou Liangzhu Wanke Future Life	34%	192,536	–	192,536	–
10.	Suzhou Renmin Road Project	51%	66,478	–	66,478	–
11.	Suzhou Green County of Landsea	55%	343,586	25,188	109,165	209,233
12.	Suzhou Landsea Lvzhou	20%	72,565	–	72,565	–
13.	Wuxi Tiancui	100%	36,151	36,151	–	–
14.	Wuxi Luka Small Town	100%	111,864	–	92,320	19,544
15.	Chengdu Southern Gate Green County of Landsea	25%	158,543	–	100,944	57,509
16.	Shanghai New Mansion	38.46%	15,787	–	15,787	–
17.	Hangzhou Landsea Xihua Mansion	49%	90,321	–	90,321	–
18.	Hangzhou Wenhui Project	100%	55,468	–	–	55,468
19.	Chengdu Qingyang District, Xi San Huan (Bairen) Project	9.9%	543,546	–	169,260	374,286
20.	Nanjing Qixia District, Huadian Road Project	100%	5,729	–	–	5,729
21.	Tianjin Zhong Xin Eco-City Project	100%	174,500	–	–	174,500
22.	Tianjin Huoli Gang Project	10%	112,789	–	–	112,789
23.	Shanghai Putuo Changfeng Project	100%	18,406	–	–	18,406
24.	Suzhou High-Speed Rail New Town Project	30%	68,398	–	–	68,398
25.	Hangzhou Liangzhu Wanke Project	24.5%	186,283	–	186,283	–
26.	Wuhan Xudong Project	20%	99,739	–	–	99,739
27.	Chengdu Tianfu New District Project	4.85%	726,000	–	–	726,000
28.	Kingswood	100%	19,351	8,016	7,622	3,713
29.	Avora	100%	23,798	–	23,798	–
30.	The Westerly	100%	33,750	–	–	33,750
31.	Pierce Boston	25%	11,772	–	11,772	–
32.	Stoney Ridge & Stoney Hill	100%	2,861	–	–	2,861

	Projects	Equity Holding	GFA *(Square Meters)*	Developed GFA *(Square Meters)*	Developing GFA *(Square Meters)*	GFA for Future Development *(Square Meters)*
33.	Portola Center South	100%	126,639	–	–	126,639
34.	The Vale	69.76%	75,318	–	–	75,318
	Total		4,674,296	195,707	2,236,934	2,241,655

Liquidity and Financial Resources

Cash Position

As at 30 June 2016, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB1,554,626,000. As at 30 June 2016, the Group's current ratio (current assets divided by current liabilities) was approximately 1.5 times.

Indebtedness

As at 30 June 2016, the total indebtedness of the Group amounted to approximately RMB7,007,981,000, which mainly comprised shareholder's loans, secured bank loans, senior notes, trust financing, asset management scheme and EB5 financing. As at 30 June 2016, the proportion of short-term debts to long-term debts was 29.0%: 71.0%.

Analysis of Indebtedness:

	30 June 2016		31 December 2015 (restated)	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of indebtedness by currency:				
Denominated in RMB	**4,953,584**	**70.7%**	5,004,523	72.7%
Denominated in USD	**1,854,780**	**26.5%**	1,687,112	24.5%
Denominated in HK$	**199,617**	**2.8%**	194,721	2.8%
	7,007,981	**100.0%**	6,886,356	100.0%
Analysis of indebtedness by maturity:				
Within one year	**2,029,573**	**29.0%**	1,111,117	16.1%
Between one and two years	**2,857,895**	**40.8%**	3,119,565	45.3%
Over two years	**2,120,513**	**30.2%**	2,655,674	38.6%
	7,007,981	**100.0%**	6,886,356	100.0%

Gearing Ratios

The Group has been working hard on optimizing its capital and debt structure. As at 30 June 2016, the net debts to equity ratio* of the Group was approximately 193.4%, representing a decrease of 87.3 percentage-point (restated) as compared to 31 December 2015. The Group's debt to total assets ratio (total debts divided by total assets) was approximately 40.5% as at 30 June 2016, representing a decrease of 8.2 percentage-point (restated) as compared to 31 December 2015. 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 30 June 2016, the bank loans of the Group were secured by one or a combination of the following securities: investment property, land under development, projects under development, standby letter of credit 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 30 June 2016, 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 30 June 2016, the debts payable borne with fixed rate interest accounted for approximately 71.1% 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

On 2 December 2015, the Company entered into the sale and purchase agreements to acquire (i) the entire equity interest of and shareholder's loan in Epic China Limited (the "Epic China Acquisition"); and (ii) 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 has been settled by way of issuance of 610,659,269 consideration shares at HK$0.7180 each, and as to HK$432,687,009 has been 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).

On 18 February 2016, the Company and Landsea Holdings Corporation ("LHC"), a wholly-owned subsidiary of the Company, entered into an agreement with Talent Set Global Limited ("Talent Set") pursuant to which it was agreed that LHC and Talent Set would make contribution for the development of the Sunnyvale Land to be held by the project company ("Sunnyvale Project"). Pursuant to the agreement, the Sunnyvale Project, through investment vehicle(s) to be set up by the parties, will be effectively held as to 70% by LHC and as to 30% by Talent Set.

The total capital contribution made by the parties in the Sunnyvale Project was USD191,028,492. LHC's contribution was USD133,719,944, representing 70% of the total capital contribution of the Sunnyvale Project, and Talent Set's contribution was USD57,308,548, representing 30% of the total capital contribution of the Sunnyvale Project. The transactions were completed on 13 April 2016. (Please refer to the announcements of the Company dated 18 February 2016 and 13 April 2016 for further details).

On 29 March 2016, Shanghai Langyu Properties Development Company Limited ("Shanghai Langyu"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Mr. Lin Daojie and Mr. Zhang Hongwei (the "Vendors") pursuant to which Shanghai Langyu has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire equity interest of and shareholder's loan in Shanghai Kunhong Enterprise Company Limited. The total consideration was RMB134,000,000. (Please refer to the announcement of the Company dated 29 March 2016 for further details).

Save as disclosed above, the Group was not involved in any material acquisition or disposal during six months ended 30 June 2016.

Contingent Liabilities

The Group cooperates with various financial institutions to arrange mortgage loan facility for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 30 June 2016, the outstanding guarantees amounted to approximately RMB1,694,583,523 (31 December 2015: approximately RMB1,349,957,000). 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 30 June 2016, there were certain corporate guarantees provided by the subsidiaries of the Group for each other in respect of their borrowings. The management considered that the subsidiaries had sufficient financial resources to fulfill their obligations.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2016.

Employees and Remuneration Policy

As at 30 June 2016, the Group had 1,308 employees (31 December 2015: 1,000 (restated)) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the US 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 share options or awarded shares to the Group's management and staff based on their individual performance.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: Nil).

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016, other than those purchased by the trustee for the Share Award Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 ("Listing Rules") as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2016.

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 six months ended 30 June 2016, in the opinion of the Directors, the Company was in compliance with all relevant code provisions set out in the CG Code.

REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2016 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises one non-executive Director, namely Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Ding Yuan (as chairman), Mr. Xu Xiaonian and Mr. Lee Kwan Hung. The principal duties of the Audit Committee include the oversight of the Company's financial reporting system, risk management and internal control systems and financial information of the Group. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 has been reviewed by the Audit Committee.

RE-DESIGNATION OF DIRECTOR

The Board is pleased to announce that Ms. Zhou Qin ("Ms. Zhou") has been re-designated from a non-executive Director to an executive Director and has been appointed as the Chief Human Resource Officer of the Group with effect from 15 August 2016.

Ms. Zhou, aged 42, was appointed as a non-executive Director on 5 January 2015. She is also a member of the remuneration committee of the Company ("Remuneration Committee"). Ms. Zhou earned her Executive Master of Business Administration degree from China Europe International Business School in 2001 and MBA degree from Nanjing University. Ms. Zhou has 20 years' experience business development, investment and operation management in real estate. She joined Landsea Group Co. Ltd. (朗詩集團有限公司), the controlling shareholder of the Company (as defined under the Listing Rules) in 2002 and served as the regional general manager in multiple locations, such as Nanjing, Suzhou and Shanghai. After that Ms. Zhou led Landsea Group's global strategic deployment while serving as the assistant to Chairman, general manager of Shanghai Landsea Architecture Technology Co., Ltd., and general manager of Landsea Architecture Design Institute.

Currently, Ms. Zhou is the vice president of Landsea Group and responsible for overseas business exploration. She played the fundamental role to facilitate Landsea Group's US business development and investment. Since 1 December 2014, she served on the board of directors in a Landsea Group's company in U.S.A. and also the chairman of its investment committee. Save as aforesaid, Ms. Zhou did not hold any directorship in other listed public companies in the past three years.

There was no service contract entered into between the Company and Ms. Zhou in respect of the appointment as an executive Director which shall be entered into upon fixing of Ms. Zhou's remuneration. She is subject to retirement by rotation and re-election at least once in every three years in accordance with the Bye-laws of the Company. The remuneration to Ms. Zhou shall be determined by the Board at a later stage with reference to her duties and responsibilities, the prevailing market conditions and the recommendation from the Remuneration Committee.

Save as aforesaid, Ms. Zhou is not connected with any Directors, senior management or substantial or controlling shareholders of the Company (as defined under the Listing Rules). She is interested in 1,505,000 restricted shares granted by the Company under the Share Award Scheme. Save as aforesaid, she does have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed herein, there are no other matters relating to the appointment of Ms. Zhou that need to be brought to the attention of the shareholders of the Company or are required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to extend its warmest welcome to Ms. Zhou for her new positions as executive Director and Chief Human Resource Officer of the Group.

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

Hong Kong, 15 August 2016

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