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 2016

FINANCIAL HIGHLIGHT

- For the year ended 31 December 2016, the Group (Products of Landsea) recorded contracted sales amount of approximately RMB28,349 million with contracted gross floor areas of approximately 1,646,470 square meters, representing a significant increase of 101.4% and 45.8%, respectively, as compared to last year

- The operation income of the Group amounted to RMB4,845 million, representing an increase of 170.2% (restated) as compared with the previous year. Among which, the income from property development and management services from independent third parties or cooperative partners amounted to RMB549 million, representing an increase of 102.6% (restated) as compared to last year

- The profit of the Group for the year was approximately RMB607 million, representing an increase of 26.5% (restated) as compared to last year

- The basic earnings per share of the Group were RMB14.7 cents, representing an increases of 10.5% (restated) as compared to last year

- The Board recommended the distribution of a final dividend out of contributed surplus account of RMB3.54 cents per share (equivalent to HK cents 4)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Directors") of Landsea Green Properties Co., Ltd. (the "Company" or "Landsea") would like to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 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 2016

	Note	**2016** *RMB'000*	2015 *RMB'000* (Restated)
Revenue	*3, 4*	**4,845,008**	1,792,791
Cost of sales and services	*7*	**(4,086,294)**	(1,034,158)
Gross profit		**758,714**	758,633
Other income	*5*	**142,681**	34,410
Selling expenses	*7*	**(90,115)**	(73,418)
Administrative expenses	*7*	**(288,754)**	(109,698)
Fair value gain on an investment property	*11*	**41,750**	44,047
Other gains, net		**392,258**	81,459
Operating profit		**956,534**	735,433
Finance costs	*6*	**(194,085)**	(49,913)
Share of gains/(losses) of associates		**45,088**	(11,085)
Share of gains/(losses) of joint ventures		**24,930**	(10,445)
Profit before income tax		**832,467**	663,990
Income tax expense	*8*	**(225,631)**	(184,261)
Profit for the year		**606,836**	479,729
Other comprehensive income			
Translation differences which may be subsequently recycled to the profit or loss		**(122,282)**	(142,446)
Other comprehensive income for the year, net of tax		**(122,282)**	(142,446)
Total comprehensive income for the year		**484,554**	337,283

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Profit for the year attributable to:			
The owners of the Company		**595,439**	485,079
Non-controlling interests		**11,397**	(5,350)
		606,836	479,729
Total comprehensive income for the year attributable to:			
The owners of the Company		**454,413**	342,633
Non-controlling interests		**30,141**	(5,350)
		484,554	337,283
Earnings per share attributable to owners of the Company for the year (expressed in RMB per share)			
Basic earnings per share	*9*	**0.147**	0.133
Diluted earnings per share	*9*	**0.131**	0.118

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	**2016**	2015
		RMB'000	*RMB'000*
			(Restated)
ASSETS			
Non-current assets			
Investment property	*11*	**290,920**	249,170
Property, plant and equipment		**21,070**	13,919
Interests in associates		**744,099**	2,218,144
Interests in joint ventures		**448,646**	695,370
Other receivables, prepayments and deposits	*12*	**425,516**	81,783
Deferred tax assets		**153,609**	86,633
Goodwill		**9,460**	9,460
		2,093,320	3,354,479
Current assets			
Properties held for sale	*13*	**395,323**	172,840
Properties under development	*14*	**10,379,261**	7,986,633
Inventories		**23,501**	7,123
Deposits for purchase of land		**42,000**	729,300
Trade receivables	*15*	**233,270**	95,404
Other receivables, prepayments and deposits	*12*	**328,934**	265,059
Amounts due from related parties		**818,271**	–
Amounts due from non-controlling interests		**558,000**	–
Prepaid taxes		**158,394**	140,955
Restricted cash		**215,722**	126,854
Cash and cash equivalents		**2,761,130**	1,262,269
		15,913,806	10,786,437
Total assets		**18,007,126**	14,140,916

	Note	2016 RMB'000	2015 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings	*17*	**4,815,351**	5,775,239
Deferred tax liabilities		**52,850**	42,413
Amounts due to related parties		**1,787,112**	–
Amounts due to non-controlling interests		**211,492**	–
		6,866,805	5,817,652
Current liabilities			
Creditors and accruals	*16*	**1,367,759**	783,489
Advanced proceeds received from customers		**4,924,805**	2,981,820
Amounts due to related parties		**325,360**	1,237,980
Amounts due to non-controlling interests		**–**	45,014
Borrowings	*17*	**1,267,990**	1,111,117
Taxation payable		**201,691**	205,685
		8,087,605	6,365,105
Total liabilities		**14,954,410**	12,182,757
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**31,800**	26,665
Convertible perpetual securities		**484,204**	110,054
Reserves		**2,384,652**	1,781,230
Non-controlling interests		**152,060**	40,210
Total equity		**3,052,716**	1,958,159
Total liabilities and equity		**18,007,126**	14,140,916

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Landsea Green Properties Co., Ltd. (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The addresses of its registered office and principal place of business are 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 ("SEHK").

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

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

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000") and were approved for issue by the board of directors on 24 March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("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 2016, the Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on 1 January 2016:

HKFRS 14	Regulatory Deferred Accounts
Amendment to HKFRS 11	Accounting for acquisition of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 27	Equity method in separate financial statements
Annual improvements projects	2012–2014 cycle
HKAS 1 (Amendment)	Disclosure Initiative
Amendments to HKAS 34	Interim finance reporting

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 2016, but have not been early adopted by the Group:

(i) *HKFRS 9 "Financial instruments"*

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets and hence there will be no change to the accounting for these assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities as at 31 December 2016. The accounting for other financial liabilities has not been changed. The derecognition rules have been transferred from HKAS 39 "Financial instruments: recognition and measurement" and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. There will be no impact on the Group's consolidated financial statements, as the Group has not undertaken any hedging transactions.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 "Revenue from contracts with customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt HKFRS 9 before its mandatory date.

(ii) HKFRS 15 "Revenue from contracts with customers"

The HKASB has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue, and

- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognized as an asset under HKFRS15.

At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(iii)

		Effective for annual periods beginning on or after
Amendments to HKFRS2	Classification and measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statements of cash flows	1 January 2017
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	To be determined

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 recognized during the year is as follows:

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Property development and management service fee income from (i)		
— third parties	**361,281**	160,711
— associates and joint ventures	**187,845**	110,319
— fellow subsidiaries	**74,045**	530,528
Sale of properties in		
— The PRC	**3,834,225**	865,109
— The United States ("US")	**287,008**	65,122
Decoration service income	**74,141**	34,857
Rental and management fee income	**26,463**	26,145
	4,845,008	1,792,791

(i) Breakdown of the revenue from property development and management services is as follows:

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Revenues from management service	**269,056**	518,764
Revenues from sales management service	**229,566**	208,901
Revenue from green-technical system integration service	**83,280**	65,195
Revenue from brand authorisation service	**41,269**	8,698
	623,171	801,558

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;

(ii) Property development; and

(iii) Property development and management services.

The executive directors assess the performance of the reportable segments based on a measure of revenue and segment profit. Segment profit includes profits from subsidiaries, share of profits of joint ventures and share of profits of associates. This represents the profit earned by each segment without allocation of gain on disposal of property, plant and equipment, interest income on bank deposits, corporate expenses and corporate finance costs charged in the consolidated statement of comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2016 is as follows:

	2016			
	Property investment *RMB'000*	**Property development** *RMB'000*	**Property development and management services** *RMB'000*	**Total** *RMB'000*
Segment revenue (external)	26,463	4,195,374	623,171	4,845,008
Reportable segment profit	58,433	557,601	389,174	1,005,208
Depreciation of property, plant and equipment	(3)	(11,314)	(1,100)	(12,417)
Fair value gain on investment properties	41,750	–	–	41,750
Share of gains of associates	–	45,088	–	45,088
Share of gains of joint ventures	–	24,930	–	24,930
Finance costs	–	(81,823)	–	(81,823)
Segment assets	309,069	15,238,363	2,459,694	18,007,126
Segment liabilities	58,122	14,293,919	390,877	14,742,918
Additions to non-current assets	41,760	683,348	406,903	1,132,011

	2015 (Restated)			
	Property investment *RMB'000*	Property development *RMB'000* *(Restated)*	Property development and management services *RMB'000* *(Restated)*	Total *RMB'000* *(Restated)*
Segment revenue (external)	26,145	965,088	801,558	1,792,791
Reportable segment profit	58,763	97,916	554,382	711,061
Depreciation of property, plant and equipment	(59)	(350)	(1,105)	(1,514)
Fair value gain on investment properties	44,047	–	–	44,047
Share of losses of associates	–	(11,085)	–	(11,085)
Share of losses of joint ventures	–	(10,445)	–	(10,445)
Finance costs	–	(30,321)	–	(30,321)
Segment assets	273,251	13,614,970	252,695	14,140,916
Segment liabilities	154,541	11,864,208	118,994	12,137,743
Additions to non-current assets	16	43,238	5,977	49,231

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

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Segment profit	**1,005,208**	711,061
Bank interest income	**14,700**	16,265
Gains on disposal of property, plant and equipment	**56**	718
Unallocated corporate income	**120**	921
Unallocated corporate expenses	**(187,617)**	(64,975)
Profit before income tax	**832,467**	663,990

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

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Segment assets	**18,007,126**	14,140,916
Unallocated assets	**–**	–
Total assets	**18,007,126**	14,140,916

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Segment liabilities	**14,742,918**	12,137,743
Unallocated liabilities	**211,492**	45,014
Total liabilities	**14,954,410**	12,182,757

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 finance costs and administrative expenses. Unallocated income mainly represents sundry income.

Unallocated liabilities represent amounts due to non-controlling shareholders.

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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		*(Restated)*
Hong Kong (domicile)	**–**	–	**135,604**	291,766
Mainland China	**4,530,170**	1,683,184	**1,823,786**	2,816,949
The US	**314,838**	109,607	**133,930**	245,764
	4,845,008	1,792,791	**2,093,320**	3,354,479

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

5 OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Bank interest income	**14,700**	16,265
Interest income from amounts due from joint ventures and associates	**95,064**	8,063
Interest income from loan to third parties and deposit paid for acquisition of an associate	**22,117**	–
Government grants	**7,785**	9,690
Sundry income	**3,015**	392
	142,681	34,410

6 FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Interest expense on borrowings	**581,902**	441,787
Less: Interest capitalised	**(387,817)**	(397,874)
	194,085	43,913
Other finance charges	**–**	6,000
	194,085	49,913

7 EXPENSES BY NATURE

	2016 *RMB'000*	2015 *RMB'000* *(Restated)*
Employee benefit expenses		
Directors' remuneration		
— fees	**1,028**	982
— salaries and allowances	**13,171**	9,324
— retirement benefit scheme contributions	**329**	272
— restricted share award	**3,745**	2,474
	18,273	13,052
Other staff costs		
— wages, salaries and allowances	**205,208**	177,646
— retirement benefit scheme contributions	**17,582**	17,147
— other staff benefit	**18,386**	8,214
— restricted share award	**6,500**	3,985
	247,676	206,992
Outgoings in respect of investment property	**6,378**	7,550
Cost of sale of properties in		
— The PRC	**3,499,633**	678,315
— The US	**291,236**	61,028
Other taxes	**198,766**	68,639
Advertising and promotion expenses	**42,337**	41,232
Legal and professional fees	**17,076**	9,208
Stamp duty	**9,365**	2,165
Minimum lease payments in respect of properties under operating leases	**15,294**	2,990
Auditor's remuneration		
— Audit services	**985**	943
— Non-audit services projects	**343**	944
Depreciation of property, plant and equipment	**12,417**	1,514
Subcontracting fee for decoration services	**18,781**	11,680
Decoration materials used	**19,856**	6,368
Design service fee	**7,043**	22,484
Provision of impairment losses on completed properties held for sale	**2,157**	–
Provision for impairment of trade receivables	**2,138**	–
Others	**55,409**	82,170
Total	**4,465,163**	1,217,274
Representing:		
Cost of sales and services	**4,086,294**	1,034,158
Selling expenses	**90,115**	73,418
Administrative expenses	**288,754**	109,698
	4,465,163	1,217,274

8 INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Current tax		
— Hong Kong profits tax		
Over-provision in prior years	**(1,832)**	(470)
— PRC enterprise income tax		
Tax expense for the year	**266,544**	212,849
— US profit tax		
Tax expense for the year	**170**	282
	264,882	212,661
PRC land appreciation tax	**16,884**	22,845
Deferred tax	**(56,135)**	(51,245)
Total income tax expense	**225,631**	184,261

Hong Kong profits tax has been provided at 16.5% (2015: 16.5%) on the assessable profits arising in Hong Kong for the year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%, except for Shanghai Landsea Planning and Architectural Design Co., Ltd.* that enjoy a preferential income tax rate of 15% as approved by relevant tax authorities.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

Under the law of the US on Federal tax and state tax, the blended tax rate of the US's subsidiaries is 40.09%. US profit tax is provided for at 40.09% of the profits for the US statutory financial reporting purpose, adjusted for those items which are not assessable or deductible.

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 legislations, interpretations and practices in respect thereof.

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

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**832,467**	663,990
Add: Share of (gains)/losses of associates	**(45,088)**	11,085
Share of (gains)/losses of joint ventures	**(24,930)**	10,445
	762,449	685,520
Tax on profit before income tax, calculated at the statutory rate of 16.5% (2015: 16.5%)	**125,804**	113,111
Effect of different tax rates of group companies operating in other jurisdictions	**66,964**	56,921
Tax effect of non-taxable income	**(26,787)**	(22,372)
Tax effect of non-deductible expenses	**39,832**	79
Tax effect of unused tax losses	**7,119**	11,856
Land appreciation tax deductible for income tax purpose	**(4,221)**	5,712
Over-provision in prior years	**(1,832)**	(470)
Others	**1,868**	(3,421)
	208,747	161,416
Land appreciation tax	**16,884**	22,845
Income tax expenses	**225,631**	184,261

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.

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to owners of the Company	**595,439**	485,079
Accrued distribution of the convertible perpetual securities	**(18,661)**	(854)
Profit used to determine basic earnings per share	**576,778**	484,225
Weighted average number of ordinary shares in issue *(thousands)*	**3,917,571**	3,652,727
Earnings per share *(expressed in RMB per share)*	**0.147**	0.133

(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.

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to owners of the Company	**595,439**	485,079
Weighted average number of ordinary shares in issue *(thousands)*	**3,917,571**	3,652,727
Adjustment for:		
— Assumed conversion of convertible perpetual securities *(thousands)*	**611,126**	445,230
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**4,528,697**	4,097,957
Diluted earnings per share *(expressed in RMB per share)*	**0.131**	0.118

(c) The weighted average number of shares for the calculation of basic and diluted earnings per share for the year ended 31 December 2015 have been adjusted to reflect the effect of the issuance of ordinary shares and convertible perpetual securities of the Company to acquire Epic China.

10 DIVIDEND

	2016	2015
	RMB'000	*RMB'000*
Proposed distribution of final dividend out of contributed surplus account of RMB3.54 cents (equivalent to HK cents 4) (2015: RMB3.3 cents (equivalent to HK cents 4)) per ordinary share	**138,682**	133,934

A final dividend relating to the year ended 31 December 2015 amounted to RMB133,934,000 was fully paid on 6 July 2016.

The Board proposed distribution of a final dividend out of contributed surplus account of RMB3.54 cents (equivalent to HK cents 4) (2015: RMB3.54 cents (equivalent to HK cents 4)) per ordinary share for the year ended 31 December 2016 amounting to a total of RMB 138,682,000. The proposed final dividend for the year ended 31 December 2016 is based on 3,917,570,961 (2015: 3,917,570,961 shares) issued as at 24 March 2017. The proposed final dividend is not reflected as a dividend payable as of 31 December 2016, but will be recorded as a distribution for the year ending 31 December 2017.

The proposed distribution of final dividend out of contributed surplus account for the year ended 31 December 2016 is subject to the passing of an ordinary resolution for approving the distribution of final dividend out of contributed surplus account of the Company by the shareholders at the annual general meeting of the Company to be held on 26 May 2017.

11 INVESTMENT PROPERTY

As at 31 December 2016, the Group held one block of commercial building located in Shenzhen, the PRC. Changes to the carrying amount of investment property in the consolidated balance sheet are summarized as follows:

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**249,170**	205,123
Fair value gain	**41,750**	44,047
At 31 December	**290,920**	249,170

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

	2016	2015
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Medium-term lease of between 10 to 50 years	**290,920**	249,170

Investment property was valued at 31 December 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.

As at 31 December 2016, investment property with carrying amount of RMB290,920,000 (2015: RMB249,170,000) was pledged as collateral for the Group's borrowings (note 17).

Fair value hierarchy

An independent valuation of the Group's investment property was performed by an independent and professionally qualified valuer to determine the fair value of the investment property as at 31 December 2016 and 2015.

As at 31 December 2016 and 2015, all of the Group's investment property was within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment property was valued at 31 December 2016 by the independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the financial department and the valuation team at least once every six months, in line with the Group's interim and annual reporting dates. This team reports directly to the executive directors and the audit committee.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Valuation techniques

In valuing the property, we have adopted the income approach by taking into account the net rental income of the property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	**Fair value at 31 Dec 2016** ***(RMB'000)***	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair value**
Dawning Tower-commercial building	290,920	Term and reversionary method	Term yields	5.0%	The higher the term yields, the lower the fair value
			Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
			Vacancy rate	8%	The higher the vacancy rate, the lower the fair value
			Average daily rental per square meter	2.70	The higher the average daily rental, the higher the fair value

Description	Fair value at 31 Dec 2015 *(RMB'000)*	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Dawning Tower-commercial building	249,170	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
			Reversionary yields	6.0%	The higher the reversion yields, the lower the fair value
			Vacancy rate	6%	The higher the vacancy rate, the lower the fair value
			Average daily rental per square meter	2.80	The higher the average daily rental, the higher the fair value

12 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Non-current assets		
Deposit paid for acquisition of an associate	**390,103**	81,783
Loans to third parties	**30,000**	–
Maintenance fund	**5,413**	–
	425,516	81,783
Current assets		
Prepaid business tax and other taxes	**189,940**	165,813
Other receivables and prepayments	**100,259**	67,458
Deposits in housing fund	**17,729**	10,865
Prepaid interests	**11,200**	7,786
Prepaid professional fee	**8,806**	9,667
Deposits for property management fee	**1,000**	3,470
	328,934	265,059

The loans to third parties and maintenance fund are repayable within two to eight years from the end of the year. The balances of loans to third parties bear interest ranging from 10%–14%.

The deposit paid for acquisition of an associate bears interest at 8% per annum.

The fair value of other receivables, prepayments and deposits are as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Non-current assets		
Deposit paid for acquisition of an associate	**390,103**	81,783
Loans to third parties	**24,929**	–
Maintenance fund	**3,751**	–
	418,783	81,783
Current assets		
Prepaid business tax and other taxes	**189,940**	165,813
Other receivables and prepayments	**100,259**	67,458
Deposits in housing fund	**17,729**	10,865
Prepaid interests	**11,200**	7,786
Prepaid professional fee	**8,806**	9,667
Deposits for property management fee	**1,000**	3,470
	328,934	265,059

The fair value of loans to third parties and maintenance fund are based on cash flows discounted using a rate based on the borrowing rate of 4.75%–4.9%. The fair values are within level 2 of the fair value hierarchy.

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

13 PROPERTIES HELD FOR SALE

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Properties held for sale:		
— In the PRC, held on leases of 70 years	**376,457**	153,202
— In the US	**18,866**	19,638
	395,323	172,840

For the year ended 31 December 2016, the Group recognized impairment losses of RMB2,157,000 (2015: Nil) on completed properties held for sale.

14 PROPERTIES UNDER DEVELOPMENT

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Leasehold land payments	**7,619,059**	5,700,703
Development expenditures	**2,100,411**	1,824,751
	9,719,470	7,525,454
Interest capitalised	**659,791**	461,179
	10,379,261	7,986,633

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

As at 31 December 2016, leasehold land and development expenditures included in the properties under development with net book value of RMB3,843,274,000 and RMB478,375,000 (2015: RMB1,940,440,000 and RMB1,112,610,000) were pledged as collateral for the Group's bank borrowings (note 17), respectively.

As at 31 December 2016, leasehold land and development expenditures included in the properties under development with net book value of RMB862,321,000 and RMB345,202,000 (2015: RMB903,429,000 and RMB7,137,000) were pledged as collateral for the Group's junior private notes (note 17), respectively.

The capitalization rate of borrowing is 6.9% (2015: 6.7%).

During the year, the Group acquired 寰安置業(成都)有限公司 (All Green Properties (Chengdu) Co., Ltd.) ("Huan'an"), 中福頤養(天津)置業有限公司 (Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.) ("Yiyang (Tianjin)"), 中福樂齡(天津)置業有限公司 (Zhongfuleing (Tianjin) Real Estate Co., Ltd.) ("Leling (Tianjin)"), 上海昆宏實業有限公司 (Shanghai Kunhong Co., Ltd ("Shanghai Kunhong")) and 中福頤樂(天津)置業有限公司 (Zhongfuyile (Tianjin) Real Estate Co., Ltd.) ("Yile (Tianjin)") together with certain shareholder loan from third parties with the consideration of RMB1,668,150,000 in total (net of cash outflow on acquisition was RMB1,666,494,000), the acquirees own certain land use rights and a second-hand property. Since the lands and property were vacant and management plans to develop or redevelop them for sale in the future, these transactions have been accounted for as acquisitions of assets and liabilities instead of business combination.

15 TRADE RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**235,829**	95,825
Less: Provision for bad debt	**(2,559)**	(421)
	233,270	95,404

The carrying amounts of the trade receivables approximate their fair values and are mainly denominated in RMB.

The aging analysis of trade receivables by invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
0 to 30 days	**164,934**	79,899
31 to 60 days	**4,013**	3,424
61 to 90 days	**930**	4,023
Over 90 days	**65,952**	8,479
	235,829	95,825

The credit terms granted to customers of purchase properties are generally ranged from 30 days to 60 days, while for the customers to whom the Group providing management and development service, the credit terms are 1 year.

As at 31 December 2016, receivables arising from sales of properties and providing management and development service was RMB21,930,000 and RMB213,899,000 (2015: RMB13,490,000 and RMB82,335,000), respectively.

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

As of 31 December 2016, trade receivables arising from providing management and development service of RMB147,681,000 (2015: RMB75,583,000) were fully performing.

As at 31 December 2016, RMB66,218,000 (2015: RMB6,752,000) of trade receivables arising from providing management and development service were impaired. The amount of the provision was RMB2,559,000 (2015: RMB421,000).

It was assessed that a portion of the receivables is expected to be recovered. The ageing analysis of these receivables as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Within one year	**65,369**	6,752
Between one year and two years	**849**	–
	66,218	6,752

The creation of provision for impairment of trade receivables have been included in 'Administrative expenses'. Amount charge to the allowance account are written off when there is no expectation of recovering additional cash.

16 CREDITORS AND ACCRUALS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Payables for construction materials and services	**975,214**	571,914
Interest payable on loans	**127,156**	63,292
Accruals for staff costs	**111,917**	63,354
Business tax and other tax payable	**70,186**	62,672
Other payables	**38,145**	11,300
Deposits received	**29,932**	5,140
Interest payable to related parties	**11,049**	–
Advanced payments received	**4,160**	5,817
	1,367,759	783,489

The creditors and accruals balances are mainly denominated in RMB and USD.

17 BORROWINGS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Bank borrowings		
— in RMB	**2,852,685**	3,185,000
— in USD	**212,131**	80,170
— in HK$	**208,912**	194,721
Loans from the ultimate holding company (in RMB)	**1,662,177**	1,819,523
Senior private notes (in USD)	**685,457**	1,251,308
Junior private notes (in USD)	**309,000**	294,000
EB-5 Loans (in USD)	**152,979**	61,634
Total	**6,083,341**	6,886,356
Less: short-term borrowings and current portion of long-term borrowings	**(1,267,990)**	(1,111,117)
Non-current portion	**4,815,351**	5,775,239

Bank borrowings carry interest ranging from 2.46% to 9% per annum and are secured by:

(i) leasehold land payments (included in properties under development) with total carrying value of RMB3,843,274,000 (2015: RMB1,940,440,000) (note 14);

(ii) part of the development expenditures amounting to RMB478,375,000 (2015: RMB1,112,610,000) (note 14);

(iii) restricted cash of RMB1,325,000 (2015: Nil);

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

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

(vi) investment property of RMB290,920,000 (2015: RMB249,170,000) (note 11).

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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 ranging from 5.3%–6.6% per annum.

Senior private notes are guaranteed by shares of subsidiaries of the Company and carries interest at 9.5% per annum. The balance of senior private notes is repayable on 30 April 2018.

Junior private notes are interest-free and guaranteed by leasehold land and development expenditures of RMB862,321,000 and RMB345,202,000 (2015: RMB903,429,000 and RMB7,137,000), respectively. The balance of junior private notes is repayable on 15 December 2017 (note 14).

EB-5 Loans carry interest ranging from 4.0% to 4.5% per annum and are guaranteed by a subsidiary. The balances of RMB93,519,000, RMB32,010,000 and RMB27,450,000 are repayable on 3 January 2020, 17 February 2021 and 30 November 2021, respectively.

Borrowings are repayable as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Within one year	**1,267,990**	1,111,117
Between one and two years	**2,022,747**	3,138,401
Between two and five years	**2,792,604**	2,636,838
	6,083,341	6,886,356

CHAIRMAN STATEMENT

Dear Shareholders,

I am pleased to present the review of annual results for the year ended 31 December 2016 and the prospects for 2017 of Landsea Green Properties Co., Ltd. ("Landsea" or the "Company") and its subsidiaries (collectively, the "Group").

REVIEW OF 2016

From the beginning of the year to early October, the market was extraordinarily bullish. Both the property and land prices continued to surge to new highs. The market was then heavily impacted by the aggressive control measures imposed by the central government to regulate the market. In response to these situations, Landsea continued its strategy of business reform and explored the new business model 2.0. Not only achieving operating results, the Group also made remarkable progresses and breakthroughs in project development, product research and development, financial innovation, environmental protection and public welfare as well as community building.

OPERATING RESULTS

During the period under review, revenue of the Group amounted to RMB4,845 million, representing an increase of 170.2% as compared to the corresponding period of last year. The income from property development and management services was approximately RMB623 million, including income from independent third parties or cooperative partners of approximately RMB549 million. The profit of the Company for the year was approximately RMB607 million, representing an increase of approximately 26.5% (restated) as compared to last year. Moreover, the Group recorded contracted sales under "Products of Landsea" (products using the brand of the Group and project operated by the Group) of approximately RMB28,349 million with contracted gross floor areas of approximately 1,646,000 square meters for the year ended 31 December 2016.

DEVELOPMENT STRATEGY

Stepping into the second year of the full execution of Landsea's new strategy, the Group continued the development strategy of "product-diversification, asset-light transformation and market-internationalization" and further explored the new business model 2.0 and project development.

Product-diversification

The technology of green construction has been the core value and the foundation of the strategy of Landsea. Based on market and customer research, Landsea differentiated its products from competitors by providing conventional properties with additional values of health, comfort, energy-saving and environmental protection. Meanwhile, Landsea developed green products under the principle of "construction first and equipment later". Landsea maintained its leading position in green construction through upholding diversification development strategy in green technology property. Different products of the Group are developed for different regions, climates, cities, customers and market conditions to facilitate asset-light transformation.

Asset-light transformation

Asset-light transformation is a business cooperation and profit and risk sharing model. Leveraging on its competence, expertise, brand value and distinctive products in green construction, Landsea cooperated with financial institutions and developers and other enterprises to have complement in terms of resources in property development under various arrangement, such as minority interest cooperation, joint development and entrusted development.

Market-internationalization

The Group took the chance to enter into the United States market in 2013. During the period, the Company established the U.S. branch of Landsea, which further improved the sales performance and facilitated the international expansion strategy of the Company. Entry into the U.S. market was a well-planned strategic move of Landsea as the market has a stable political and business environment and the market is highly-regulated. It is the intention of Landsea to stay in the market for long term development as one of the major developers in the United States. Currently, the Group has seven development projects in first-tier cities of the United States (including greater New York, Boston, San Francisco and Los Angeles) which cover urban high-end apartments and suburban villas with total GFA of approximately 310,000 square meters.

As at the end of 2016, the investment assets of the U.S projects accounted for 23.9% of the Group's total assets. The Group will continue to increase investment in the property development projects in the United States. In 2016, the total recognised sales of projects in the United States amounted to approximately RMB287 million, with recognized sales areas of 10,199 square meters. The internationalization of the Group has achieved initial success.

Project development

The Group continued its strategy of "put the mainstream aside and take up the alternative". Property and land price surged rapidly last year in general. Landsea avoided to invest in projects of high risks by refraining from buying king of land and acquiring and merging land reserve in private market. As at the end of 2016, the Group had acquired a total of 25 projects. The Group has invested and developed a total of 38 projects with total GFA of approximately 6,796,000 square meters. Calculated according to equity interests, the gross floor areas of the land reserve of the Group was approximately 2,854,000 square meters. As at the end of 2016, the Company had entered into a development management and technology master contract with a value of approximately RMB1,200 million together with a possible share of revenue in excess of sales target.

Product innovation

In addition to development of new projects, Landsea attached importance to product innovation. By further improving green construction and upholding the ideology of harmonious balance between human and nature, Landsea applied the passive house standards in projects in Tianjin, Hangzhou and other cities along Yangtze River and developed a new product application system suitable for the local climate. In addition to Shanghai New Mansion and Nanjing Landsea Xihua Mansion, the Group applied Landsea Screen to Hangzhou Xihua Mansion Project. Temperature, humidity, PM2.5, formaldehyde, VOC and CO_2 indices can be shown on the screen. Landsea Screen can also display outdoor climate, property information, and function as a video intercom and smart control and will be an icon of green construction of Landsea.

During the year, the Group completed the preparation of "Airtight Standards of Landsea Products" (朗詩產品氣密性保障體系), the Standard Manual of Products and the Manual of PM2.5 Control System. In addition, the Company continued to conclude the concepts and application of products through the study of the process of product diversification for product upgrade and innovation using local and overseas advanced green construction.

Finance innovation

The Group optimized and adjusted its debt structure to reduce its financing cost of debts and maximise the profitability of its projects. The development of projects was therefore promoted. In addition, the Group established long-term and stable partnerships with a number of large domestic and overseas financial institutions, in order to develop diversified real estate financial products and create a win-win situation, laying a solid foundation for the long-term and stable development of the Company.

In 2015, Landsea was exploring opportunities to develop old properties revitalization and upgrade in the heart of Shanghai. We aimed to enhance the value of products by applying the diversified production in order to demand higher prices. In the first and second-tier cities in China, there are many old buildings requiring redevelopment. For buildings allowed to be redeveloped into residential buildings, hotels, office buildings, hospitals and house for the elderly, the Group can apply its green construction. Based on the successful cases and the market research, during the year, the Group entered into a cooperation agreement for urban redevelopment with a leading financial institution in China. It is the objective of the Group to become a vertically integrated real estate developer by enhancing its capability in investment and financing, development, property management and the sustainability of its operation.

Environmental protection and public welfare

On the World Environment Day in 2016, Landsea and four other entities jointly initiated the "Green Supply Chain of Real Estate Campaign" (「中國房地產行業綠色供應鏈行動」) (the "Green Supply Chain"). The "White Paper on Procurement of Green Supply Chain in Real Estate Industry in China" introduced by the Green Supply Chain regulates the tender and procurement contract of real estate industry, and requires the adoption of green procurement standards in tender and selection of suppliers based on their performance on environmental protection.

As at the end of December 2016, 71 real estate enterprises have joined the Green Supply Chain. In 2015, the sales of these enterprises amounted to approximately RMB1.3 trillion, accounting for approximately 15% of the total sales of real estate industry in China and 30% of that of the top 100 enterprises, and involving over 2,000 enterprises relating to the industry chain.

In the future, the Green Supply Chain will focus on industry cooperation through information sharing on a green supply chain information platform. Environment management tools will be developed and managed by third parties to regularly disclose carbon emission and relevant environmental information, information about substandard suppliers and recommend suppliers, and formulate and issue "whitelist" of green purchase. In addition, it will turn environmental risks into opportunities and reduce environmental risks of real estate developers and suppliers. More enterprises will be invited to join the Green Supply Chain to achieve higher environmental benefits.

In November 2016, Landsea participated in the 22nd session of the Conference of the Parties of the United Nations Framework Convention on Climate Change held in Marrakech, a city in southern Morocco. At the conference, the Company addressed the keynote which emphasized the responsibilities and obligations of human for environmental protection and sustainable development of the earth.

Human resources construction

Career development of employees is the prerequisite of the development of Landsea. Adhering to its people-oriented philosophy, the development of the Company always focuses on the interest of its employees. By providing fair opportunities for the growth and development of employees, the Company strives to serve as a platform for the display of their talents. Through developing its corporate culture and setting up protection system and incentive mechanism, Landsea has become the homeland of its employees. As the real estate business model 2.0 further developed, the number of asset-light projects increased rapidly. Financial resources are no longer a single factor hindering the growth of Landsea. However, human resources and team building have become the major factors for the business development of Landsea. During the year, we prepared the Cultural Strategic Manual for the transformation and upgraded strategy of "product-diversification, asset-light transformation and market-internationalization". All staff of the Group are required to learn and pass an examination. We also set up officer training teams, namely (the Chief Force) 虎賁營, (the Director Force) 龍驤營, (the Sales Team) 營銷營 and (Construction Force) 魯班營; Such teams aimed at developing expertise in project development and operation and services, in order to ensure effective supply of human resources for the rapid development of the Company.

OUTLOOK FOR 2017

Macro economy

In 2017, the economic policy and strategy of China are to maintain its stable economic growth so as to curb speculation and to stabilize the market. It is expected that the Chinese government will take measures to prevent devaluation of Renminbi and capital outflow, to speed up the reduction of production capacity and inventories, to encourage private investment as well as to curb the fall in exports since March 2016.

It is expected that property investment will be affected by the stricter risk prevention measures in the real estate market. Measures will be taken to prevent overheat in the market in a timely manner and supportive policies will be provided to support the market in unfavorable circumstances. As such, the real estate market in China is characterized by frequent but short-term cyclical fluctuations. In general, the real estate industry is exposed to increasing risks.

Landsea's approach

In view of the grim external environment, the Group will fully employ its strengths in internal resources and social resources to facilitate an efficient corporate development. In the pursuit of the development strategy of "product-diversification, asset-light transformation and market-internationalization", Landsea will actively explore and implement new business model to create a win-win situation with our partners. 2017 marks the endeavours of the Group in cooperation and partnership. Landsea needs to reform and upgrade instead of changing our profession. Our reform and upgrade are to enhance our professionalism and financialization in order to build a new business model of version 2.0.

In respect of business expansion, the Group will vigorously develop various businesses such as projects with minority interests, joint development, entrusted development and acquisition and merger, with a view to raising asset values and enhancing its capability of merger and acquisition. The second hand market in major cities in China has been growing and there are high housing stocks. Landsea will strive to explore new businesses along with its reforms. The Group has established an asset operation department to operate office buildings, commercial properties and property leasing businesses. Through reform of traditional property development and innovation of new businesses, Landsea seeks to enhance its vertically-integrated expansion in property development to remain competitive in the market and achieve a leading and all-time new business model of version 2.0.

In respect of product development, the Group will position itself as a resources integrator to integrate external resources such as designers, supervisors and contractors with a view to building a four-in-one project management and control system covering "quality, construction period, cost and safety". The Company will also strengthen the control of projects under our management. The kick-off meeting, positioning meeting and quality control meeting of a project will be strictly examined and reviewed in accordance with existing standards.

In respect of marketing and sales system, the Group upholds its philosophy of "products for fast sales" to strengthen the construction of organization. A professional sales agency platform will be established.

The Group will implement a "banyan tree scheme" which is a structure comprising investment, finance, development, operation and sustainable development of our real estate business. The scheme will build up sub-brand systems covering design, decoration, property, property financing services as well as elderly care services. As such, the Group will become a leading enterprise having different promising businesses organized as a "banyan tree forest" in an ecosystem.

ACKNOWLEDGEMENT

2016 is the fifteenth anniversary of Landsea Group. It has grown into a big tree since its inception in 2001. Landsea exerted great efforts in becoming an international real estate development services company with capability for developing green products as well as expertise of vertical integration, hoping everyone will witness its transformation. The continuous support from stakeholders and valuable contribution from the dedicated staff at all levels are essential to the strong and sustainable 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 to create value for our customers, staff, shareholders and other stakeholders.

We draw to your attention that the Group will issue its environmental, social and governance (ESG) report in June in accordance with applicable rules.

Tian Ming
Chairman of the Board

Hong Kong, 24 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group continued to enhance the transformation and upgraded strategy of "product-diversification, asset-light transformation and market-internationalization" in 2016. By developing various property projects, the Group achieved satisfactory results in development and sales. For the twelve months ended 31 December 2016, "Products of Landsea" recorded contracted sales amounts of approximately RMB28,348.9 million with contracted gross floor areas of approximately 1,646,470 square meters, representing an increase of 101.4% and 45.8% respectively as compared with the previous year. During the year, contracted sales amount of approximately RMB3,984.1 million and RMB9,366.3 million was derived from the entrusted development management projects with Landsea Group and independent third parties, respectively. The income of the Group for the year amounted to approximately RMB4,845.0 million, representing a significant increase in sales revenue of approximately 170.2% (restated) as compared with the previous year. The profit of the Group for the year amounted to approximately RMB606.8 million, representing an increase of 26.5% (restated) as compared with the previous year.

The Group fully implemented the strategy of "product-diversification, asset-light transformation and market-internationalization" in 2016. Satisfactory progress was made for the development management services. Moreover, the property development and management agreement which the Company and Landsea Group entered into in 2014 provided Landsea Group with project development and management services. The project was basically completed after two years. Hence, revenue derived from the property development and management services to Landsea Group significantly decreased by 86.0% for the twelve months ended 31 December 2016. However, after two years of the implementation of the strategy, the Group substantially enhanced its development and management services. The number of entrusted development management contracts entered into with independent third parties increased significantly. The Group obtained development and management service contracts of approximately RMB1,200.0 million in aggregate form which, the Group can gain from extra profit-sharing arrangement after the sales or profit reached the target. Moreover, the revenue derived from the provision of development and management services to independent third parties and cooperating parties increased significantly by 102.6% as compared with the previous year. In 2016, the Group made a good profit of approximately RMB273.0 million arising from the asset-light services projects with independent third parties and with cooperating parties.

The Group has transformed and upgraded into an advanced asset-light enterprise engaging in the provision of development, management and real estate financing services from an asset-heavy real estate developer under the leadership of Landsea Group for over two years. The management considers that the Group is undergoing critical self-development and is highly confident with the existing business strategies. The Group will continue to implement the transformation and upgrade strategy of "product-diversification, asset-light transformation and market-internationalization". Efforts will be made to facilitate the 2.0 business mode for property development and expand various new projects instead of coveting the land parcels of prime locations in the red-hot market. Capitalizing on its reasonable market layout and existing project portfolio under development, the Group expects satisfactory results in its future business development.

BUSINESS DEVELOPMENT

During the year, the Group acquired a total of 25 projects in Nanjing, Shanghai, Suzhou, Hangzhou, Wuhan, Chengdu, Changsha, Hefei, Tianjin and the US. 18 projects in the PRC (including 12 projects in which the Group held equity interest, 6 development management projects by entrusted independent third parties); 7 projects in the US (including 1 new project and 6 existing projects in the US which were injected into the Group as of January 2016). The Group recorded gross floor areas of approximately 3,777,420 square meters, an increase of approximately 3,208,094 square meters in gross floor areas of projects in which the Group held equity interest and an increase of 1,051,265 square meters in gross floor areas attributable to the Group. As at 31 December 2016, the Group had total land reserves with total gross floor areas of approximately 6,796,449 square meters and gross floor areas of approximately 2,854,037 square meters attributable to the Group.

In 2015, the Group participated in the business of old building rehabilitation for the first time. The Group acquired a new project in the western suburb of Shanghai Hongqiao District, which was officially available for sale at the end of 2016 with satisfactory market's response. In March 2016, the Group acquired another project of old building rehabilitation in Shanghai Putuo District with total gross floor areas of approximately 18,406 square meters. The project was the first project completed under the investment and management platform for urban renewal properties jointly established by "Green Fir Investment", the platform of the Group for real estate financing, and CITIC Capital Holdings Limited ("CITIC") in December 2016. Green Fir Investment and CITIC jointly managed and operated the project as executive partners, and will be entitled to the agreed excess revenue, marking the breakthrough of the Group in the real estate financing sector. Moreover, leveraging on distinctive products together with its capital funds, the Group has developed a business model for rehabilitation of existing buildings and quickly expanded the old building rehabilitation business that has a prosperous 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 approximately 287,489 square meters in Tianjin in January 2016. The real estate company in Beijing was engaged in the business development and operation in North China such as Beijing, Tianjin, Hebei and Shanxi. This indicated that Landsea started to penetrate into the markets in North China from its base along the Yangtze River and was essential to Landsea's expansion of coverage across China.

Furthermore, during the year, the business sector and architectural design companies in the United States were injected into the Group. Its ancillary businesses related to green properties were strategically consolidated, aiming at developing a listed platform with vertically-integrated business focusing on green property development and green services to drive the growth of the Group's sales revenue in the global market. In particular, for the twelve months ended 31 December 2016, the assets of the US business accounted for 23.9% of the Group's assets after the injection of such business. For the twelve months ended 31 December 2016, the total contracted sales of the projects in the US amounted to approximately RMB756,127,000, with sales areas of approximately 16,293 square meters. The income from sale of properties of approximately RMB287,008,000 was recognized during the year, representing a significant increase of approximately 340.7% as compared with 2015. The total recognized sales areas were approximately 10,199 square meters. The strategic business expansion of the Group into the international market was successful.

OPERATION INCOME AND GROSS PROFIT

For the twelve months ended 31 December 2016, the Group's revenue was mainly derived from property development and management services income of approximately RMB623,171,000, income from sale of properties of approximately RMB4,195,374,000, and rental and management fee income of approximately RMB26,463,000. The total revenue was approximately RMB4,845,008,000, representing a significant increase of approximately 170.2% (restated) over the total revenue in 2015. The increase in revenue was mainly due to a substantial increase of approximately 334.7% in income from sale of properties. Despite a decrease of approximately 22.3% (restated) in total property development and management services income, the income from property development and management services from independent third parties or cooperating parties increased by 102.6% to approximately RMB549,126,000. The decrease in total property development and management services income was mainly due to the decreased property development and management services income to approximately RMB74,045,000 from Landsea Group. As a result of the completion of most of the projects for which property development and management services had been provided to Landsea Group for more than two years, the Group recorded a significant decrease of 86.0% (restated) in such income. Under the operation strategy of "asset-light", the number of entrusted development management contracts entered into with independent third parties also increased significantly, and the recognized income significantly increased by 124.8% (restated) as compared with the previous year. The increase reflected that the Group was recognized by the market after the leadership of Landsea Group for over two years. It has become an international development service provider committed to environmental protection and vertical business integration.

For the twelve months ended 31 December 2016, the gross profit of the Group was approximately 758,714,000, representing an increase of approximately 0.01% (restated) as compared to the gross profit in 2015. The gross profit margin of the Group was approximately 15.7%. Income from sale of properties accounted for 86.6% in 2016, representing a significant increase of 334.7% (restated) as compared with the corresponding period of the previous year. Income from development and management services accounted for 12.9% (2015: approximately 44.7% (restated)). As the average gross profit margin of income from traditional property sales is significantly lower than that from development and management services in general, the overall gross profit margin decreased during the year due to the changes in the proportion of income from sales.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the twelve months ended 31 December 2016, the profit attributable to the owners of the Company was approximately RMB595,439,000, representing an increase of approximately 22.8% (restated) as compared to 2015. Such increase was mainly due to the increased income from sale of properties and property development and management services provided to independent third parties or cooperating parties.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

For the twelve months ended 31 December 2016, "Products of Landsea" recorded contracted sales amounts of approximately RMB28,348,875,000 with contracted gross floor areas of approximately 1,646,470 square meters, representing an increase of 101.4% and 45.8% respectively as compared with the previous year, among which the total contracted sales of the projects in which the Group held equity interest amounted to approximately RMB14,998,496,000 with sales areas of approximately 807,920 square meters and an average selling price of RMB18,564 per square meter, representing an increase of 95.9% in contracted sales and an increase of 35.8% in sales areas as compared to 2015. During the year, contracted sales amount of approximately RMB3,984,112,000 and RMB9,366,267,000 with the corresponding contracted gross floor areas of approximately 340,771 square meters and 497,778 square meters was derived from the entrusted development management projects with Landsea Group and independent third parties, respectively. The contracted sales were mainly derived from the on-sale projects in Nanjing, Shanghai, Suzhou, Wuxi, Hangzhou, Chengdu, Boston and New Jersey in the US and Dublin. As at 31 December 2016, the Group's accumulated areas of properties sold but not recognised were approximately 958,350 square meters, amounting to approximately RMB17,927,004,000.

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%	1,287,962	110,880	11,616
2. Nanjing Future Home	50.1%	250,306	26,576	9,419
3. Nanjing Poly Landsea Weilan	29.94%	2,722,952	100,280	27,153
4. Nanjing Landsea Xihua Mansion	12.97%	2,451,696	70,560	34,746
5. Shanghai Future Block	100%	880,070	42,938	20,496
6. Shanghai The Course of The Future	100%	980,436	57,324	17,103
7. Shanghai New Mansion	38.46%	51,441	458	112,317
8. Suzhou Green County of Landsea	55%	1,565,134	79,265	19,746
9. Suzhou Landsea Lvzhou	20%	269,534	12,815	21,033
10. Suzhou 8 Renmin Road	51%	596,970	16,355	36,501
11. Wuxi Tiancui	100%	16,806	944	17,803
12. Wuxi Luka Small Town	100%	490,849	61,522	7,978
13. Hangzhou Mer De Fleus	100%	417,148	33,869	12,317
14. Chengdu Southern Gate Green County of Landsea	25%	960,878	72,304	13,289
15. Chengdu Golden Sand City	9.91%	1,300,187	105,537	12,320
16. Pierce Boston	25%	305,278	2,926	104,333
17. Avora	100%	128,667	1,946	66,119
18. Kingswood	100%	322,182	11,421	28,210
Total		14,998,496	807,920	18,564

RECOGNISED SALES

For the twelve months ended 31 December 2016, the Group recorded recognised sales revenue of approximately RMB4,195,374,000 (2015: RMB965,088,000 (restated)). The total recognised sales areas were approximately 330,753 square meters, mainly attributable to the Nanjing Youth Block, Suzhou Green County of Landsea, Wuxi Luka Small Town, Wuxi Tiancui, Shanghai Future Block, Shanghai The Course of The Future, Hangzhou Mer De Fleus and Kingswood in the US. The average selling price of recognised sales was approximately RMB12,684 per square meter.

PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

For the twelve months ended 31 December 2016, the Group recorded property development and management services income of approximately RMB623,171,000 (2015: RMB801,558,000 (restated)), representing an overall decrease of approximately 22.3% (restated). However, the income from property development and management services provided to independent third parties or cooperating parties increased by 102.6% to approximately RMB549,126,000 (2015: RMB271,030,000 (restated)) as compared with the previous year. The overall decrease was mainly due to the decreased property development and management services income of approximately RMB74,045,000 (2015: RMB530,528,000 (restated)) received from Landsea Group. 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 completed, resulting in a significant decrease of 86.0% (restated) in property development and management service fee income from Landsea Group for the twelve months ended 31 December 2016. Therefore, benefiting from the implementation and enhancement of the operation strategy of "asset-light" of the Group, the income from provision of property development and management services received from independent third parties or cooperating parties increased significantly.

PROPERTY INVESTMENT

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. For the twelve months ended 31 December 2016, the Group recognised income of approximately RMB26,463,000 (2015: RMB26,145,000), representing an increase of approximately 1.2% as compared to 2015. Leveraging its prime location and quality property management services, Dawning Tower maintained the occupancy rate at 100% during the year. In addition, under the effective cost control, stable net operation income from this building was guaranteed.

For the twelve months ended 31 December 2016, the Group's fair value gain on an investment property was approximately RMB41,750,000. 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 twelve months ended 31 December 2016, the Group recorded selling expenses of approximately RMB90,115,000 (2015: RMB73,418,000 (restated)), representing an increase of approximately 22.7% (restated) as compared to 2015. The increase was mainly due to the fact that the number of on-sale projects in 2016 (18 projects) increased significantly as compared to 2015 (13 projects) 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 2016. For the twelve months ended 31 December 2016, the Group recorded administrative expenses of approximately RMB288,754,000 (2015: 109,698,000 (restated)), representing an increase of approximately 163.2% (restated) as compared to 2015. The increase was within the budget control and was mainly due to the Group's significant expansion of business scale as compared to 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 seven projects under development as of 31 December 2016 (2015: three projects under development on average (restated)) and improved deployment of personnel, the administrative expenses increased accordingly.

FINANCE COSTS

For the twelve months ended 31 December 2016, finance costs of the Group were approximately RMB194,085,000 (2015: RMB49,913,000 (restated)), representing a significant increase of approximately 288.8% (restated) as compared to 2015. Under the asset-light strategy, new projects of the Group mainly included non-consolidated projects of joint ventures and associates. As a result, the interests payable could no longer be capitalized and were entirely charged to finance costs for the year. In addition, the interest income on shareholders' borrowings received from joint ventures and associates were credited to other income for the year. Therefore, it is more reasonable to consider finance costs and interest income credited to other cost of the Group on an aggregate basis. For the twelve months ended 31 December 2016, net finance costs of the Group were approximately RMB62,204,000 (2015: RMB25,585,000 (restated)) in aggregate. During the year, average borrowings and its finance costs increased, attributable to the fund requirement for project development during the Group's rapid growth.

TAXATION

For the twelve months ended 31 December 2016, the Group recorded taxation charge of approximately RMB225,631,000 (2015: RMB184,261,000 (restated)), representing an increase of 22.5% (restated) as compared to 2015. The increase was mainly due to the increase in assessable profit of the Group and a higher tax rate in the US.

EARNINGS PER SHARE

For the year ended 31 December 2016, the basic and diluted earnings per share attributable to the owners of the Company were RMB0.147 and RMB0.131 respectively (2015: RMB0.133 and RMB0.118 (restated) respectively), representing increases of approximately 10.5% and 11.0% (restated) respectively as compared with that of 2015.

LAND RESERVES

As at 31 December 2016, the Group had land reserves with total gross floor areas of 6,796,449 square meters. Calculated according to equity interests, the total gross floor areas of the land reserves attributable to the Group were 2,854,037 square meters.

Projects		Equity Holding	GFA	Developed GFA	Developing GFA	GFA for Future Development
			(Square Meters)	*(Square Meters)*	*(Square Meters)*	*(Square Meters)*
1.	Shanghai Future Block	100%	233,791	124,068	109,723	–
2.	Shanghai The Course of The Future	100%	108,264	30,324	77,940	–
3.	Nanjing Youth Block	100%	303,941	55,577	199,319	49,045
4.	Nanjing Future Home	50.1%	133,530	44,928	88,602	–
5.	Nanjing China Merchants Evian County	30%	161,925	72,693	89,232	–
6.	Nanjing Landsea Xihua Mansion	12.97%	202,487	–	202,487	–
7.	Nanjing Poly Landsea Weilan	29.94%	250,567	–	250,567	–
8.	Hangzhou Mer De Fleus	100%	180,473	180,473	–	–
9.	Hangzhou Liangzhu Wanke Future Life	34%	192,536	192,536	–	–
10.	Suzhou 8 Renmin Road	51%	85,231	–	85,231	–
11.	Suzhou Green County of Landsea	55%	444,819	82,124	239,750	122,945
12.	Suzhou Landsea Lvzhou	20%	99,952	–	99,952	–
13.	Wuxi Tiancui	100%	48,772	48,772	–	–
14.	Wuxi Luka Small Town	100%	140,468	40,495	99,973	–
15.	Chengdu Southern Gate Green County of Landsea	25%	235,149	–	235,149	–
16.	Shanghai New Mansion	38.46%	15,787	–	15,787	–
17.	Hangzhou Landsea Xihua Mansion	49%	90,321	–	90,321	–
18.	Hangzhou Le Mansion	50%	55,468	–	–	55,468
19.	Chengdu Golden Sand City	9.91%	684,572	–	246,473	438,099
20.	Nanjing Qixia District, Huadian Road Project	100%	5,729	–	–	5,729
21.	Tianjin Zhong Xin Eco-City Project	75%	174,700	–	55,469	119,231
22.	Tianjin Huoli Gang Project	35%	112,789	–	–	112,789
23.	Shanghai Putuo Changfeng, Project	23%	18,406	–	18,406	–
24.	Suzhou High-Speed Rail New Town Project	30%	68,390	–	–	68,390
25.	Wuhan Xudong Project	20%	135,238	–	–	135,238
26.	Chengdu Muhua Road Project	4.86%	1,022,400	–	–	1,022,400
27.	Wuhan Sanjintan Project	5%	486,382	–	230,000	256,382
28.	Changsha Jurong Shuixi Project	1%	266,216	19,000	19,426	227,790
29.	Chengdu Landsea Xihua Mansion	100%	359,098	–	–	359,098
30.	Hangzhou Yuhang North Upper Loop Bridge Project	100%	37,699	–	–	37,699
31.	Hefei Wanxin Hi-tech District Project*	49%	131,445	–	–	131,445
32.	Kingswood	100%	19,350	13,486	4,788	1,076
33.	Avora	100%	23,832	–	23,832	–
34.	The Westerly	100%	34,678	–	–	34,678
35.	Pierce Boston	25%	11,772	–	11,772	–
36.	Stoney Ridge & Stoney Hill	100%	5,017	–	497	4,520
37.	Portola Center South	100%	137,545	–	–	137,545
38.	The Vale	70%	77,710	–	–	77,710
Total			6,796,449	904,476	2,494,696	3,397,277

* As of 31 December 2016, the transaction was still under processing.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

As at 31 December 2016, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB2,976,852,000 (2015: RMB1,389,123,000 (restated)), representing an increase of 114.3% as compared to 2015 (restated). As at 31 December 2016, the Group's current ratio (current assets divided by current liabilities) was approximately 2.0 times (2015: 1.7 times (restated)).

Indebtedness

As at 31 December 2016, the total indebtedness of the Group amounted to approximately RMB6,083,341,000 (2015: RMB6,886,356,000 (restated)), which mainly comprised shareholder's loans, secured bank loans, senior private notes, junior private notes and EB5 financing. As at 31 December 2016, the proportion of short-term debts was 20.8% and long-term debts was 79.2%.

Analysis of Indebtedness:

	31 December 2016		31 December 2015 (restated)	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of indebtedness by currency:				
Denominated in RMB	**4,514,862**	**74.2%**	5,004,523	72.7%
Denominated in USD	**1,359,567**	**22.4%**	1,687,112	24.5%
Denominated in HK$	**208,912**	**3.4%**	194,721	2.8%
	6,083,341	**100.0%**	6,886,356	100.0%
Analysis of indebtedness by maturity:				
Within one year	**1,267,990**	**20.8%**	1,111,117	16.1%
Between one and two years	**2,022,747**	**33.3%**	3,138,401	45.6%
Over two years	**2,792,604**	**45.9%**	2,636,838	38.3%
	6,083,341	**100.0%**	6,886,356	100.0%

GEARING RATIOS

The Group has been working hard on optimizing its capital and debt structure. As at 31 December 2016, the net debts to equity ratio# of the Group was approximately 101.8% (2015: 280.7% (restated)), representing a significant decrease of 178.9 percentage-point as compared to 31 December 2015. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 33.8% as at 31 December 2016 (2015: 48.7% (restated)), representing a decrease of 14.9 percentage-point as compared to 31 December 2015. In addition, the debt to assets ratio of the Group was 83.0% (2015: 86.2% (restated)), representing a significant decrease of 3.2 percentage-point as compared to that as of 31 December 2015, or 55.7% (2015: 65.1% (restated)) if advanced proceeds received from customers were excluded, representing a significant decrease of 9.4 percentage-point as compared to that as of 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 31 December 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, restricted cash and guarantees provided by controlling shareholders. Senior private notes were guaranteed by shares of subsidiaries of the Company.

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 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 31 December 2016, the debts payable borne with fixed rate interest accounted for approximately 62.5% of the total debts of the Group and 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 Group entered into the sales 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 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 certain land parcels in the City of Sunnyvale, County of Santa Clara, State of California, the United States of America 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 details).

On 29 March 2016, Shanghai Langyu Properties Development Company Limited* (上海朗域房地產發展有限公司) ("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* (上海昆宏實業有限公司). The total consideration was RMB134,000,000. (Please refer to the announcement of the Company dated 29 March 2016 for details).

On 15 July 2016, Hangzhou Langhan Investment Management Company Limited* (杭州朗瀚投資管理有限公司), a wholly-owned subsidiary of the Company, and Shanghai Puliang Investment Management Centre (Limited Partnership)* (上海浦樑投資管理中心(有限合夥)) ("Puliang Investment Management") entered into a cooperation agreement for the property development project in Hangzhou, the PRC through a project company. Upon completion of the transactions contemplated under the cooperation agreement, the project company will be held as to 50% by the Group and as to 50% by Puliang Investment Management. The project company is accounted for as joint venture of the Company. (Please refer to the announcement of the Company dated 15 July 2016 for details.)

On 12 December 2016, Hangzhou Langhui Investment Management Company Limited* (杭州朗輝投資管理有限公司) ("Hangzhou Langhui"), Nanjing Langming Properties Development Company Limited* (南京朗銘房地產發展有限公司) ("Nanjing Langming") and Hangzhou Langdong Investment Company Limited* (杭州朗動投資有限公司) ("Hangzhou Langdong"), the wholly-owned subsidiaries of the Company, and Shanghai Weiying Investment Management Center (Limited Partnership)* (上海衛贏投資管理中心(有限合夥)) ("Shanghai Weiying") entered into an equity transfer and advance assignment agreement under which (1) Hangzhou Langhui conditionally agreed to sell/assign, and Shanghai Weiying conditionally agreed to purchase/accept the assignment of the entire equity interest in Hangzhou Langdong and the advance of Hangzhou Langhui respectively; and (2) Nanjing Langming conditionally agreed to assign, and Shanghai Weiying conditionally agreed to accept the assignment of, the advance of Nanjing Langming, at the total consideration of RMB293,293,700. (Please refer to the announcement of the Company dated 12 December 2016 for details.)

On 19 December 2016, Shanghai Langzhi Properties Company Limited* (上海朗智置業有限公司) ("Shanghai Langzhi"), a wholly-owned subsidiary of the Company, Shenzhen Langxin Cooperation Investment Center (Limited Partnership)* (深圳朗信合投資中心(有限合夥)) ("Shenzhen Langxin Limited Partnership"), and certain other parties entered into an agreement pursuant to which Shanghai Langzhi agreed to sell, and Shenzhen Langxin Limited Partnership agreed to purchase 99.8% equity interest in Shanghai Langyu Properties Development Company Limited (上海朗域房地產開發有限公司)* ("Shanghai Langyu"), a wholly-owned subsidiary of the Company, and the shareholder loan owed by Shanghai Langyu to Shanghai Langzhi for a total consideration of RMB201,375,932. (Please refer to the announcement of the Company dated 19 December 2016 for details.)

Save as disclosed above, the Group was not involved in any material acquisition or disposal during the twelve months ended 31 December 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 31 December 2016, the outstanding guarantees amounted to approximately RMB2,648,983,000 (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. In addition, as at 31 December 2016, the Group provided a guarantee of RMB141,558,000 to Fenway Ventures Point Properties LLC, a 50% joint venture of LS-Boston Point LLC, for its bank borrowings. Obligations under such guarantee shall be discharged pursuant to the counter-indemnity provided by Landsea Group Co., Ltd.

As at 31 December 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 31 December 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had 1,612 employees (31 December 2015: 1,000 (restated)) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the United Stated 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.

SUBSEQUENT EVENTS

On 3 January 2017, Hangzhou Langhui, a wholly-owned subsidiary of the Company, and Ningbo Jinwo Real Estate Development Company Limited* (寧波金沃房地產開發有限公司) ("Ningbo Jinwo") entered into an acquisition agreement pursuant to which Hangzhou Langhui conditionally agreed to acquire, and Ningbo Jinwo conditionally agreed to sell, the entire equity interest in Ningbo Jinwo Commercial Investment Company Limited* (寧波金沃商業投資有限公司) at the consideration of not more than RMB270,000,000. (Please refer to the announcement of the Company dated 3 January 2017 for details.)

On 3 January 2017, Hangzhou Langhui, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Hangzhou Hongbao Electric Fuel Company Limited* (杭州紅寶電力燃料有限公司) ("Hangzhou Hongbao Electric Fuel"), pursuant to which Hangzhou Langhui has conditionally agreed to purchase and Hangzhou Hongbao Electric Fuel has conditionally agreed to sell the entire equity interest in Zhejiang Tianyuan Properties Development Company Limited* (浙江天元房地產開發有限公司) ("Zhejiang Tianyuan"), and Hangzhou Langhui has conditionally agreed to provide the shareholder's loan to Zhejiang Tianyuan. The total consideration is RMB286,910,039. (Please refer to the two announcements of the Company both dated 3 January 2017 for details.)

On 10 February 2017, Chengdu Langhui Corporate Management Consulting Company Limited* (成都朗輝企業管理諮詢有限公司) ("Chengdu Langhui"), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Masque Enterprises Limited ("MASQUE"), pursuant to which Chengdu Langhui has conditionally agreed to purchase and MASQUE has conditionally agreed to sell the entire equity interest in Chengdu Hanfei Properties Development Company Limited* (成都漢飛房地產開發有限公司) at the consideration of RMB186,000,000. (Please refer to the announcements of the Company dated 10 February 2017 and 13 February 2017 for details.)

On 24 February 2017, Shanghai Langsong Enterprises Company Limited* (上海朗松實業有限公司) ("Shanghai Langsong"), a wholly-owned subsidiary of the Company, has successfully won the bid for the office building located at No.18, Huangxing Road, Shanghai, the PRC ("the Property") held by China Pacific Life Insurance Co., Ltd. ("China Pacific Life Insurance") at the public auction held by Shanghai United Assets and Equity Exchange and has entered into the Shanghai property right transfer agreement, pursuant to which Shanghai Langsong has agreed to acquire, and China Pacific Life Insurance agreed to sell the Property, at the consideration of RMB312,000,000. (Please refer to the announcement of the Company dated 27 February 2017 for details.)

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, 26 May 2017 ("AGM"), the distribution of a final dividend out of contributed surplus account of RMB3.54 cents per share (equivalent to HK cents 4.00) for the year ended 31 December 2016 to be paid on Monday, 3 July 2017 to the shareholders whose names appear on the register of members of the Company on Wednesday, 7 June 2017.

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 Monday, 22 May 2017 to Friday, 26 May 2017, both dates inclusive, during which period no transfer of shares will be effected. All transfer documents 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 Friday, 19 May 2017.

For determining the entitlement of the shareholders to the proposed distribution of final dividend out of contributed surplus account, the register of members of the Company will be closed from Wednesday, 7 June 2017 to Thursday, 8 June 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfer documents 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 Tuesday, 6 June 2017.

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 2016, 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 2016.

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 2016, the Company was in compliance with all the relevant code provisions under the CG Code.

AUDIT COMMITTEE

The Audit Committee 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 review of the Company's financial reporting procedure, control systems and interim and annual results of the Group and to review the risk management and internal control systems of the Group. The audited consolidated financial statements of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee.

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

Hong Kong, 24 March 2017

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.