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LANDSEA 朗诗
— 引 领 绿 色 生 活 —

LANDSEA GREEN GROUP CO., LTD.
朗詩綠色集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 106)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHT

- The Group recorded revenue of RMB2.05 billion for the six months ended 30 June 2018. During the Period, the overall gross profit margin of the Group was approximately 24.8%, representing an increase of 9 percentage point as compared with the corresponding period of last year.

- The net profit of the Group was approximately RMB368.6 million, representing an increase of 184.5% as compared with the corresponding period of last year; net profit margin was approximately 18.0%, representing an increase of 12.4 percentage point as compared with the corresponding period of last year.

- The profit attributable to the shareholders of the Company was approximately RMB281.8 million, representing an increase of 304.4% as compared with the corresponding period of last year.

- The net core profit of the Group was approximately RMB326.8 million, representing an increase of 60.0% as compared with the corresponding period of last year.

- The earning per share attributable to the shareholders of the Company was approximately RMB7 cents per share, representing an increase of 366.7% as compared with the corresponding period of last year.

- For the six months ended 30 June 2018, contracted sales amount of approximately RMB16.36 billion was recorded under “Landsea Products”, representing an increase of 47.7% as compared with the corresponding period of last year.

The board (the "Board") of directors (the "Directors") of Landsea Green Group Co., Ltd. (the "Company") would like to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018 (the "Period") together with the comparative figures. The unaudited interim condensed consolidated results have been reviewed by the audit committee of the Board (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018 — Unaudited

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*4, 5*	**2,045,694**	2,314,434
Cost of sales and services		**(1,539,257)**	(1,948,580)
Gross profit		**506,437**	365,854
Selling expenses		**(75,448)**	(44,056)
Administrative expenses		**(219,941)**	(196,544)
Other income	*6*	**69,235**	81,503
Other gains/(losses), net	*7*	**192,234**	(51,666)
Fair value gain on investment properties	*12*	**2,480**	26,030
Operating profit		**474,997**	181,121
Finance income	*8*	**10,313**	–
Finance costs	*8*	**(162,203)**	(68,060)
Finance costs, net	*8*	**(151,890)**	(68,060)
Share of net profit of associates		**140,520**	77,043
Share of net profit/(loss) of joint ventures		**41,016**	(4,877)
Profit before income tax		**504,643**	185,227
Income tax expenses	*9*	**(136,004)**	(55,645)
Profit for the Period		**368,639**	129,582
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Exchange differences on translation of foreign operations		**(47,055)**	63,851
Items that will not be reclassified to profit or loss:			
— Revaluation gain on the property transferring from property, plant and equipment to investment properties		**14,515**	–
Other comprehensive (loss)/income for the Period, net of tax		**(32,540)**	63,851
Total comprehensive income for the Period		**336,099**	193,433

	Notes	For the six months ended 30 June **2018** ***RMB'000***	2017 *RMB'000*
Profit for the Period attributable to:			
— The shareholders of the Company		**281,784**	69,675
— Non-controlling interests		**86,855**	59,907
		368,639	129,582
Total comprehensive income for the Period attributable to:			
— The shareholders of the Company		**248,227**	150,529
— Non-controlling interests		**87,872**	42,904
		336,099	193,433
Earnings per share attributable to the shareholders of the Company for the Period (expressed in RMB per share)			
Basic earnings per share	*11*	**0.070**	0.015
Diluted earnings per share	*11*	**0.061**	0.015

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2018 — Unaudited

	Notes	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
ASSETS			
Non-current assets			
Investment properties	*12*	**383,090**	319,830
Property, plant and equipment		**877,158**	656,245
Interests in associates	*13*	**1,077,251**	983,077
Interests in joint ventures	*14*	**2,316,058**	1,885,436
Trade and other receivables, prepayments and deposits	*16*	**1,183,798**	1,552,361
Deferred income tax assets		**291,840**	237,735
Goodwill		**9,460**	9,460
		6,138,655	5,644,144
Current assets			
Properties held for sale		**851,518**	847,831
Properties under development	*15*	**7,789,649**	6,658,882
Inventories		**112,836**	52,069
Contract assets		**221,268**	–
Trade and other receivables, prepayments and deposits	*16*	**3,248,809**	3,493,788
Restricted cash		**495,556**	281,952
Cash and cash equivalents		**3,835,387**	3,341,835
		16,555,023	14,676,357
Total assets		**22,693,678**	20,320,501

	Notes	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	17	**4,162,028**	2,731,823
Borrowings	18	**5,027,255**	3,254,957
Deferred income tax liabilities		**156,044**	75,537
		9,345,327	6,062,317
Current liabilities			
Trade and other payables	17	**3,351,478**	4,064,098
Advanced proceeds received from customers		**–**	4,051,066
Contract liabilities		**5,145,507**	–
Borrowings	18	**1,033,200**	2,174,458
Current income tax liabilities		**156,838**	270,499
		9,687,023	10,560,121
Total liabilities		**19,032,350**	16,622,438
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**31,800**	31,800
Convertible perpetual securities		**501,491**	495,425
Reserves		**3,014,796**	2,964,716
		3,548,087	3,491,941
Non-controlling interests		**113,241**	206,122
Total equity		**3,661,328**	3,698,063
Total liabilities and equity		**22,693,678**	20,320,501

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

1. GENERAL INFORMATION

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

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 development and sales of properties, provision of management services, leasing of long-term rental apartment and provision of elderly care services.

The interim financial information, unless otherwise stated, is presented in thousands of Renminbi ("RMB'000") and was approved by the Board for issue on 23 August 2018.

The interim financial information has been reviewed by the Company's auditor, not audited, as well as been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017 ("2017 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's interim financial information due to changes in accounting policies.

3.1 Impact on the interim financial information

The Group has elected to apply the practical expedients and the modified retrospective approach permitted under HKFRS 9 and HKFRS 15 respectively. The effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparatives are not restated. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated with the exception of certain aspects of hedge accounting. Consequently, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Condensed consolidated balance sheet (extract)	*Notes*	**1 January 2018 as originally presented** *RMB'000*	**HKFRS 9** *RMB'000*	**HKFRS 15** *RMB'000*	**1 January 2018 Restated** *RMB'000*
Non-current assets					
Trade and other receivables, prepayments and deposits	*16*	1,552,361	(14,091)	–	1,538,270
Deferred income tax assets		237,735	13,139	–	250,874
Interests in joint ventures	*14*	1,885,436	–	(165)	1,885,271
Current assets					
Properties under development	*15*	6,658,882	–	120,984	6,779,866
Trade and other receivables, prepayments and deposits	*16*	3,493,788	(31,708)	(225,267)	3,236,813
Contract assets		–	(6,758)	225,267	218,509
Total assets		20,320,501	(39,418)	120,819	20,401,902
Current liabilities					
Advanced proceeds received from customers		4,051,066	–	(4,051,066)	–
Contract liabilities		–	–	4,178,144	4,178,144
Total liabilities		16,622,438	–	127,078	16,749,516
Equity					
Retained earnings		2,232,712	(39,418)	(5,253)	2,188,041
Non-controlling interests		206,122	–	(1,006)	205,116
Total equity		3,698,063	(39,418)	(6,259)	3,652,386

4. REVENUE

Revenue recognised during the period is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Revenue recognised at a point in time		
Property development and sales		
— The People Republic of China (the "PRC")	**838,004**	1,555,540
— The United States of America (the "United States")	**736,053**	524,483
Management services		
— The PRC	**189,876**	118,451
— The United States	**–**	–
	1,763,933	2,198,474
Revenue recognised over period		
Property development and sales		
— The PRC	**–**	–
— The United States	**52,739**	–
Management services		
— The PRC	**176,372**	95,264
— The United States	**11,553**	7,823
	240,664	103,087
Rental income		
— Investment property	**13,754**	12,873
— Long-term rental apartments	**27,343**	–
	41,097	12,873
	2,045,694	2,314,434

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive Directors that are used to make strategic decisions. These reports are prepared on the same basis as those of the 2017 Financial Statements.

The executive Directors consider the business from services perspective and have identified the following operating segments:

- Property development and sales;
- Management services;
- Property investment; and
- Long-term rental apartments.

The executive Directors assess the performance of the operating segments based on a measure of segment revenue and segment profit.

Segment profit includes net profits from subsidiaries, share of net profit of joint ventures and share of net profit/(loss) of associates. This represents the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses and finance costs charged in the condensed consolidated statement of profit or loss and other 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 six months ended 30 June 2018 is as follows:

	For the six months ended 30 June 2018				
	Property development and sales *RMB'000*	**Management services** *RMB'000*	**Property investment** *RMB'000*	**Long-term rental apartments** *RMB'000*	**Total** *RMB'000*
Segment revenue (from external customers) *(Note 4)*					
— Revenue recognised at a point in time under HKFRS 15	**1,574,057**	**189,876**	**–**	**–**	**1,763,933**
— Revenue recognised over period under HKFRS 15	**52,739**	**187,925**	**–**	**–**	**240,664**
— Rental income	**–**	**–**	**13,754**	**27,343**	**41,097**
	1,626,796	**377,801**	**13,754**	**27,343**	**2,045,694**
Segment profit/(loss)	**617,272**	**144,538**	**12,883**	**(49,670)**	**725,023**
Depreciation of property, plant and Equipment *(Note 12)*	**(2,311)**	**(1,064)**	**(6)**	**(3,348)**	**(6,729)**
Fair value gain on investment properties *(Note 12)*	**–**	**–**	**2,480**	**–**	**2,480**
Share of net profit of associates *(Note 13)*	**140,520**	**–**	**–**	**–**	**140,520**
Share of net profit of joint ventures *(Note 14)*	**41,016**	**–**	**–**	**–**	**41,016**
At 30 June 2018					
Segment assets	**18,005,789**	**3,653,189**	**422,622**	**612,078**	**22,693,678**
Interests in associates *(Note 13)*	**1,077,251**	**–**	**–**	**–**	**1,077,251**
Interests in joint ventures *(Note 14)*	**2,316,058**	**–**	**–**	**–**	**2,316,058**
Additions to non-current assets (excluding financial assets)	**540,564**	**45,444**	**66,475**	**210,591**	**863,074**
Segment liabilities	**16,217,797**	**2,590,901**	**70,871**	**152,781**	**19,032,350**

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2017 is as follows:

	For the six months ended 30 June 2017			
	Property development and sales *RMB'000*	Management services *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue (from external customers) *(Note 4)*	2,080,023	221,538	12,873	2,314,434
Segment profit	185,767	100,247	20,021	306,035
Depreciation of property, plant and equipment *(Note 12)*	(2,348)	(640)	(4)	(2,992)
Fair value gain on an investment property *(Note 12)*	–	–	26,030	26,030
Share of net profit of associates *(Note 13)*	77,043	–	–	77,043
Share of net loss of joint ventures *(Note 14)*	(4,877)	–	–	(4,877)
At 30 June 2017				
Segment assets	15,776,019	2,301,592	635,572	18,713,183
Interests in associates *(Note 13)*	1,083,998	–	–	1,083,998
Interests in joint ventures *(Note 14)*	739,498	–	–	739,498
Additions to non-current assets (excluding financial assets)	924,101	17,168	33,783	975,052
Segment liabilities	14,494,395	895,214	118,619	15,508,228

The Group does not have any single customer which contributes more than 10% of the Group's revenue. 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**	
	For the six months ended 30 June		**As at 30 June**	As at 31 December
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**1,245,349**	1,782,128	**5,472,638**	5,064,967
The United States	**800,345**	532,306	**665,315**	578,475
Hong Kong (domicile)	**–**	–	**702**	702
	2,045,694	2,314,434	**6,138,655**	5,644,144

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.

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Segment profit	**725,023**	306,035
Bank interest income *(Note 6)*	**–**	7,003
Finance cost, net *(Note 8)*	**(151,890)**	(68,060)
Unallocated corporate expenses	**(68,490)**	(59,571)
Profit before income tax	**504,643**	185,227

Reconciliations of segments' assets and liabilities to total assets and total liabilities are as follows:

	30 June	31 December
	2018	2017
	RMB'000	*RMB'000*
Segment assets	**22,693,678**	20,320,501
Unallocated assets	**–**	–
Total assets	**22,693,678**	20,320,501
Segment liabilities	**19,032,350**	16,622,438
Unallocated liabilities	**–**	–
Total liabilities	**19,032,350**	16,622,438

6. OTHER INCOME

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest income from amounts due from joint ventures and associates	**36,430**	47,583
Interest income from non-controlling interests	**12,738**	12,483
Interest income from loan to third parties	**4,494**	–
Government grants	**7,452**	3,969
Sundry income	**8,121**	10,465
Bank interest income	**–**	7,003
	69,235	81,503

7. OTHER GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Gains on disposal of subsidiaries	**119,581**	63,192
Gains on remeasurement of existing interest in joint ventures upon conversion to a subsidiary	**19,653**	–
Net exchange gains/(losses)	**51,834**	(114,858)
Gains on disposal of property, plant and equipment	**6**	–
Others	**1,160**	–
	192,234	(51,666)

8. FINANCE COSTS, NET

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Finance cost:		
— Bank borrowings	**61,734**	85,655
— Loans from the ultimate holding company	**58,527**	57,340
— Senior notes	**46,544**	33,324
— Sell and buy-back arrangement	**43,192**	–
— EB-5 loans	**8,838**	11,607
— Loans from related parties	**46,604**	27,367
— Loans from non-controlling interest	**654**	2,628
— Loans from other financial institute	**8,402**	–
— Discounted bank accepted note	**3,499**	1,814
— Financing component of contract with customers	**81,464**	–
Less: interest capitalised	**(197,255)**	(151,675)
	162,203	68,060
Finance income		
— Bank interest income	**(10,313)**	–
	151,890	68,060

The average interest rate of borrowing costs capitalised for the six months ended 30 June 2018 was approximately 6.67% per annum (2017: 7.01% per annum).

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current income tax	**171,058**	116,771
Deferred income tax	**(39,534)**	(61,126)
Land appreciation tax	**4,480**	–
	136,004	55,645

Hong Kong profits tax at the rate of 16.5% (2017: 16.5%) has not been provided for since the Group has no estimated assessable profit arising in Hong Kong for the six months ended 30 June 2018.

The Group's subsidiaries in the PRC are subject to PRC enterprise income tax at the rate of 25% (2017: 25%) for the six months ended 30 June 2018, except for Shanghai Landsea Planning and Architectural Design Co.,Ltd. (上海朗詩規劃建築設計有限公司) which enjoys a preferential income tax rate of 15% as approved by relevant tax authorities.

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

Under the law of the United States on Federal tax and state tax, the blended tax rate of the United States's subsidiaries is 38%. The United States profit tax is provided for at 38% of the profits for the United States statutory financial reporting purpose, adjusted for those items which are not assessable or deductible. (The Tax Cuts and Jobs Act was passed on December 22, 2017, which reduced the corporate tax rate from 35% to 21%, and the new 21% tax rate is effective for tax years beginning after December 31, 2017.)

10. DIVIDEND

The Board made a distribution out of contributed surplus of RMB3.54 cents (equivalent to HK cents 4.42) (2017: RMB3.54 cents (equivalent to HK cents 4.00)) per ordinary share amounting to a total of RMB138,682,000 (2017: RMB138,652,000). The distribution was based on 3,917,570,961 shares (2017: 3,917,570,961 shares) in issue as at 5 June 2018. The distribution out of contributed surplus was approved by the shareholders at the annual general meeting of the Company held on 28 May 2018.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2018.

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**281,784**	69,675
Accrued distribution of the convertible perpetual securities	**(9,183)**	(9,978)
Profit used to determine basic earnings per share	**272,601**	59,697
Weighted average number of ordinary shares	**3,917,571**	3,917,571
Earnings per share — Basic (expressed in RMB per share)	**0.070**	0.015

(b) Diluted

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.

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**281,784**	69,675
Weighted average number of ordinary shares	**3,917,571**	3,917,571
Adjustment — Assumed conversion of convertible perpetual securities	**669,909**	660,530
Adjusted weighted average number of ordinary shares for diluted earnings per share	**4,587,480**	4,578,101
Earnings per share — Diluted (expressed in RMB per share)	**0.061**	0.015

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Property, plant and equipment

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**656,245**	21,070
Additions	**269,073**	14,179
Depreciation *(Note 5)*	**(6,729)**	(2,992)
Reclass to investment properties (i)	**(41,427)**	–
Disposals	**(110)**	(9)
Exchange difference	**106**	(115)
At 30 June	**877,158**	32,133

(b) Investment properties

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**319,830**	290,920
Reclass from property, plant and equipment (i)	**60,780**	–
Fair value gain on revaluation (ii)	**2,480**	26,030
At 30 June	**383,090**	316,950

(i) In June 2018, the Group completed construction of an apartment building (Nanjing Huafei Apartment) located in Nanjing and commenced the leasing of the apartment. Accordingly, the Group reclassified the apartment from property, plant and equipment to investment properties.

As at the transfer date, the net book value and the fair value of the property is RMB41,427,000 and RMB60,780,000 respectively.

(ii) Investment properties were valued at 30 June 2018 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

The valuation of the investment properties as at 30 June 2018 were determined using income approach based on significant unobservable inputs and were recognised under level 3 of the fair value hierarchy.

For Landsea Tower, the key unobservable inputs of the valuation include reversionary yield of 5.5% (30 June 2017: 5.5%), vacancy rate of 6% (30 June 2017: 6%) and the average daily rental per square meter of RMB2.86 (30 June 2017: RMB3.01) during reversionary period.

For Nanjing Huafei Apartment, the key unobservable inputs of the valuation include reversionary yield of 3.5%, vacancy rate of 25% and the average daily rental per square meter of RMB1.25 during reversionary period.

As at 30 June 2018, Landsea Tower with carrying amount of RMB322,310,000 (2017: RMB319,830,000) was pledged as collateral for the Group's borrowings (Note 18). Property, plant and equipment with carrying amount of RMB129,707,000 (2017: nil) was pledged as collateral for the Group's borrowings (Note 18).

13. INTERESTS IN ASSOCIATES

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**983,077**	744,099
Additions:		
— Additional investments in an existing associate	**400**	264,684
Share of net profit of associates	**140,520**	77,043
Elimination of unrealized profit from transaction with associates	**(26,746)**	(1,828)
Dividends from associates	**(20,000)**	–
At 30 June	**1,077,251**	1,083,998

14. INTERESTS IN JOINT VENTURES

	2018	2017
	RMB'000	*RMB'000*
At 1 January, as previously stated	**1,885,436**	261,610
Adjustment on adoption of HKFRS 15, net of tax *(Note 3.1)*	**(165)**	–
At 1 January, after the adoption of HKFRS 15	**1,885,271**	261,610
Additions:		
— Additional investments in existing joint ventures	**355,792**	188,028
— Subsidiaries becoming joint ventures	**274,655**	317,755
Disposals:		
— Disposal of joint venture in subsidiaries	**(143,216)**	–
— Partial disposal of shares of joint ventures	**(1,500)**	–
Share of net profit/(loss) of joint ventures	**41,016**	(4,877)
Elimination of unrealized profit from transaction with joint ventures	**(91,966)**	(23,018)
Dividends from joint ventures	**(3,994)**	–
At 30 June	**2,316,058**	739,498

15. PROPERTIES UNDER DEVELOPMENT

	30 June 2018 RMB'000	31 December 2017 RMB'000
Properties under development located:		
— In the PRC	**4,079,744**	3,277,259
— In the United States	**3,709,905**	3,381,623
	7,789,649	6,658,882
Amount comprises:		
— Development expenditures and improvements	**3,018,246**	2,097,565
— Leasehold land payments	**3,928,304**	3,849,021
Leasehold land, the PRC	**2,242,600**	2,179,574
Freehold land, the United States	**1,685,704**	1,669,447
— Interest capitalized	**843,099**	712,296
	7,789,649	6,658,882

All of the properties under development are within normal operating cycle and hence included under current assets. The amount of properties under development expected to be completed after more than one year is RMB2,950,522,000 (2017: RMB3,005,694,000). The remaining balance is expected to be completed within one year.

As at 30 June 2018, no leasehold land and development expenditures included in properties under development (2017: RMB2,138,953,000) were pledged as collateral for the Group's borrowings.

16. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Included in non-current assets:		
Prepayments		
— Prepayments for acquisition of subsidiaries	**3,538**	55,539
— Value added tax to be offset (a)	**3,336**	1,000
	6,874	56,539
Amounts due from related parties	**1,064,788**	1,370,535
Less: Provision for bad debt	**(10,648)**	–
	1,054,140	1,370,535
Amounts due from non-controlling interests (b)	**18,037**	–
Less: Provision for bad debt	**(180)**	–
	17,857	**–**
Other receivables		
— Lending to third parties (c)	**93,657**	113,459
— Deposits for property maintenance	**12,386**	12,386
— Less: Provision for bad debt	**(1,116)**	(558)
	104,927	125,287
	1,183,798	1,552,361

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Included in current assets:		
Trade receivables		
— Related parties (d)	**386,720**	223,651
— Third parties (d)	**178,888**	411,153
	565,608	634,804
Less: Provision for bad debt		
— Related parties	**(3,867)**	–
— Third parties	**(11,845)**	(5,342)
	(15,712)	(5,342)
	549,896	629,462
Prepayments		
— Prepayments for value added tax and other surcharges (a)	**217,173**	152,596
— Prepayments for rental fee	**98,254**	59,916
— Prepaid Taxes	**220,705**	139,534
— Other prepayments and deposits	**95,945**	22,616
	632,077	374,662
Amounts due from related parties	**1,094,267**	1,559,826
Less: Provision for bad debt	**(10,943)**	–
	1,083,324	1,559,826
Amounts due from non-controlling interests (b)	**492,781**	571,500
Less: Provision for bad debt	**(4,928)**	–
	487,853	571,500
Deposits for purchase of land (e)	**268,978**	212,125
Less: Provision for bad debt	**(2,690)**	–
	266,288	212,125
Other receivables		
— Deposits for apartments rental	**64,540**	33,483
— Deposits for land bidding	**31,670**	–
— Deposits for building construction	**31,564**	20,540
— Deposits in housing fund	**18,604**	18,712
— Others	**87,271**	80,356
— Less: Provision for bad debt	**(4,278)**	(6,878)
	229,371	146,213
	3,248,809	3,493,788

(a) Effective from 1 May 2016, the Group's PRC subsidiaries are subject to value added tax ("VAT") for its sales of properties. The applicable tax rate is 11% under normal VAT arrangement and is 5% for qualified old projects with a simplified method. Input VAT under normal VAT arrangement is deductible and is recorded as "trade and other receivables, prepayments and deposits" when there is a debit balance.

(b) In January 2018, 中福頤養(天津)置業有限公司 (Zhongfu Yiyang (Tianjin) Properties Company Limited*)("Zhongfu Yiyang"), an indirect non-wholly owned subsidiary of the Company, signed an agreement with its owners, pursuant to which Zhongfu Yiyang would advance loan to its owners on pro-rata basis according to their respective shareholding interest in Zhongfu Yiyang. The loan is unsecured, repayable within two years, and Zhongfu Yiyang shall charge an annual interest rate of 6.50% per annum on the actual amount of drawdown. As at 30 June 2018, the outstanding amount due from the non-controlling shareholders of Zhongfu Yiyang amounted to RMB18,037,000.

In December 2017, 蘇州朗坤置業有限公司 (Suzhou Langkun Properties Company Limited*) ("Suzhou Langkun"), an indirect non-wholly owned subsidiary of the Company, renewed the loan agreements with its non-controlling owners, pursuant to which Suzhou Langkun would advance loans to its non-controlling owners on pro-rata basis according to their respective shareholding interest in Suzhou Langkun. The loans are unsecured, repayable within one year, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amount of drawdown. As at 30 June 2018, the outstanding amount due from the non-controlling shareholders of Suzhou Langkun amounted to RMB492,781,000.

(c) The balances of lending to third parties bear interest ranging from 6%–14%. Of the total lending to third parties, RMB 49,235,000 (2017: RMB 66,443,000) was secured by the equity interests of two companies which hold properties in the PRC.

(d) As at 30 June 2018 and 31 December 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Related Parties		
— Less than one year	**277,871**	213,869
— One to two years	**100,936**	9,782
— Two to three years	**7,913**	–
	386,720	223,651
Third parties		
— Less than one year	**99,541**	343,735
— One to two years	**71,683**	52,720
— Two to three years	**7,139**	14,698
— Three to four years	**525**	–
	178,888	411,153
	565,608	634,804

(e) Deposits for purchase of land are mainly related to acquisition of land use rights upon successfully bidding at the land auctions. The relevant land use right certificates have not been obtained at 30 June 2018.

17. TRADE AND OTHER PAYABLES

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Included in non-current liabilities:		
— Amounts due to related parties	**4,151,167**	2,714,606
— Warranty Accrual	**10,861**	–
— Amounts due to non-controlling interests	**–**	17,217
	4,162,028	2,731,823
Included in current liabilities:		
— Payables for construction materials and services	**1,269,703**	1,162,081
— Amounts due to related parties	**1,148,352**	2,044,080
— Interest payable	**304,923**	235,257
— Deposits received from rental and construction services	**239,184**	190,115
— Dividend payable	**103,459**	–
— Accruals for staff costs	**90,640**	159,949
— Due to joint venture partner	**50,000**	–
— Payables for acquisition of investments	**52,144**	92,144
— Value added tax and other tax payables	**33,835**	126,353
— Amounts due to non-controlling interests	**17,813**	18,110
— Warranty accrual	**7,705**	–
— Other payables	**33,720**	36,009
	3,351,478	4,064,098

As at 30 June 2018 and 31 December 2017, the aging analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Less than one year	**864,355**	1,035,053
One to two years	**385,196**	30,933
Two to three years	**20,029**	5,865
Over three years	**123**	90,230
	1,269,703	1,162,081

18. BORROWINGS

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Included in non-current liabilities:		
— Bank borrowings (a)	**1,999,322**	1,896,496
— Loans from the ultimate holding company	**1,665,000**	1,665,000
— Senior notes (b)	**1,324,572**	659,534
— Sell and buy-back arrangement	**499,661**	270,345
— EB-5 loan (c)	**441,900**	521,334
— Discounted bank accepted note	**130,000**	90,000
— Loans from other financial institutes	**–**	326,706
Less: short-term borrowings and current portion of long-term borrowings	**(1,033,200)**	(2,174,458)
	5,027,255	3,254,957
Included in short-term borrowings and current portion of long-term borrowings		
— Bank borrowings (a)	**903,200**	1,098,218
— Discounted bank accepted note	**130,000**	90,000
— Senior notes (b)	**–**	659,534
— Loans from other financial institutes	**–**	326,706
	1,033,200	2,174,458
	6,060,455	5,429,415

Borrowings carry interest ranging from 3.19% to 13.50% (2017: 4.75% to 8.0%) per annum.

The movements in borrowings of the Group were analysed as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**5,429,415**	6,083,341
Proceeds from borrowings	**3,055,566**	1,462,599
Repayments of borrowings	**(2,484,188)**	(2,571,955)
Exchange difference	**59,662**	132,129
At 30 June	**6,060,455**	5,106,114

The carrying amounts of borrowings are denominated in the following currencies:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
RMB	**2,910,300**	3,202,900
USD	**2,905,656**	1,995,807
HKD	**244,499**	230,708
	6,060,455	5,429,415

(a) Bank borrowings were jointly secured by:

(i) properties held for sale RMB526,511,000 (2017: RMB526,511,000);

(ii) investment properties of the Group with total carrying values of RMB322,310,000 (2017: RMB319,830,000);

(iii) guarantee provided by the ultimate holding company;

(iv) equity interest of certain subsidiaries of the Group;

(v) property, plant and equipment with carrying amount of RMB129,707,000 (2017: Nil).

(b) Senior notes

All senior notes newly issued were listed on the Singapore Exchange Securities Trading Limited.

All of the Group's senior notes will mature at 25 April 2020, with 9.625% per annum paid semi-annually in arrears.

All of the Group's senior notes are subject to the fulfilment of covenants relating to certain of the Group's debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 30 June 2018, none of the covenants had been breached.

At any time, the Company will be entitled at its option to redeem the senior notes in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the proceeds from sales of certain kinds of capital stocks of the issuer at a redemption price of 109.625% of the principal amount of the senior notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

(c) EB-5 loan

EB-5 Loans represent loans from third parties and carry interest ranging from 4.0% to 5.5% per annum and are guaranteed by a subsidiary. The balances are repayable ranging from 18 February 2021 to 8 June 2023.

CHAIRMAN'S REPORT

I am pleased to present to our shareholders the business review for the six months ended 30 June 2018 and the prospects for the second half of 2018 of the Group.

REVIEW OF THE FIRST HALF OF 2018

OPERATING RESULTS

During the period under review, the contracted sales amount of "Landsea Products" (referring to development operation and the equity-related projects managed by the Group or the ultimate controlling shareholder of the Company 朗詩集團股份有限公司 (Landsea Group Co., Ltd.) ("Landsea Group"), was approximately RMB16.36 billion with contracted gross floor area of approximately 783,231 square meters. The Group realized a profit of RMB368.6 million, representing an increase of 184.5% as compared with the corresponding period of last year. The net core profit amounted to RMB326.8 million, representing a significant increase of 60.0% as compared with the same period of the previous year. During the period, the Group's revenue structure was further optimized and its overall profitability continued to improve, with financial leverage stayed at a relatively stable and healthy level.

PROACTIVE IMPLEMENTATION OF VERTICAL DIVERSIFICATION STRATEGY

In the past, Landsea was engaged in the provision of green technology-based residential products only. Under the background of deep strategic transformation, many non-real estate business, new business and new business model are no longer in the category of green properties, "Landsea Green Properties" can not fully reflect the panorama of the future development of Landsea. Accordingly, the Company has changed its name to "Landsea Green Group Co., Ltd." in the early 2018 . Currently, Landsea has five major business segments: the PRC properties business, the United States properties business, the long-term rental apartments business, elderly care services business and green financial services business, which forms a "Group Headquarters — Business Segment Secondary Control Model" to build professional capabilities in vertical diversification continuously.

PRC PROPERTIES DEVELOPMENT BUSINESS

Property development is the core business of the Group. 2018 is the fourth year of comprehensive implementation of "product-differentiation, asset-light and market internationalisation" strategy under Landsea's property business, which has shown gradual results in terms of transformation and upgrades.

Product differentiation has long been a distinctive feature that makes Landsea stand out from other developers. In the first half of 2018, Landsea launched the first self-developed green technology-based residential product, namely Landsea — Le Mansion. Adhering to the principle of "Building first, and the equipment second" (先上建築，後上設備), Le Mansion establishes a highly functional intelligent system that integrates anti-haze ventilation and convectional refrigeration on the basis of passive house, in order to create higher-quality human-oriented ecological products for our customers in terms of health, comfort, energy saving, environmental protection and intelligence, which further highlighted the Group's leading position in product design concepts and technology research and development applications.

The long-term insistence to green living and the market demand-oriented iterative upgrade contribute to Landsea's unique advantage in "product differentiation". In the first half of this year, at the "22nd International Passive House Conference" held in Munich, Germany, the Beijing Yanqing Passive House Project, created by Landsea, was awarded the gold certification of PHI Plus in Germany. Landsea created "The first in China" once again following the success of its Bruck passive house.

"Asset-light" is another core competitive strategy of Landsea property business. The Group actively expanded the asset-light business focusing on minority interests with its principal green building technology, positive brand premium capability and project management experiences.

As for the expansion of property development business, Landsea continues to maintain its prudent and pragmatic approach. In the first half of 2018, the Group has achieved satisfactory results in project expansion in view of the unfavourable market conditions by undertaking the comprehensive analysis on the changes in policies and future market demands. The Group secured a total of 9 projects in Guangzhou, Hangzhou, Chengdu, Suzhou, Wuhan, Suqian and the United States respectively, including 6 projects in the PRC, 3 projects in the United States, among which 8 projects were under development for sale and 1 was the properties held for rent. For projects under development for sale, the Group recorded a saleable gross floor area of approximately 790,000 square meters and expected saleable value of approximately RMB9.67 billion. We expect that there will be better investment and expansion opportunities in the second half of this year.

UNITED STATES PROPERTY DEVELOPMENT BUSINESS

The Group continued to deepen the development in prime locations such as New York, Los Angeles and San Francisco, and continued to expand its market presence through a domestic operating model. At the same time, we actively explored development opportunities in high-growth markets. During the period, new acquisitions of the three projects, namely Danville and Santa Clara in San Francisco Bay Area and Chandler in Arizona, further expanded our presence in the United States market. Total 14 projects were acquired by the Group in the United States.

As at 30 June 2018, the total contracted sales of the United States projects amounted to approximately RMB2.07 billion with sales area of 46,201 square meters. The revenue from sale of properties of approximately RMB788.8 million, representing an increase of approximately 50.4% as compared with the corresponding period of last year, and sales area of approximately 29,401 square meters were recognised during the period.

During the period, projects in Sunnyvale, Siena, StoneyRidge located in San Francisco Bay Area, and IronRidge and Westerly located in Los Angeles continue to enjoy soaring sales while the sales price and destocking process were better than the forecast made at its investment stage. The project of Pierce in Boston has been completed and delivered in succession. Avora, a high-end green residential project located in New York and the winner of Gold Award for the "Best Community of the Year" in the United States in 2018, also entered the stage of delivery.

LONG-TERM RENTAL APARTMENTS BUSINESS

Leveraging the experienced advantage in the green residential segment of Landsea, "Landsea Apartment" is a long-term rental apartment business platform of the Group which fully explored its resource endowments and strived to create the natural, comfortable, humanistic and vitality residence for renters. Its products are divided into youth apartment, white collar apartment, boutique apartment and service apartment. "Landsea Apartment" has secured 75 projects in 13 cities and confirmed 22,708 rooms available for rent with 4,286 rooms in operation as at 30 June 2018. The scale and quality of our houses ranked the top five in the industry, and the operational efficiency and customer satisfaction continued to rise. "Landsea Apartment" won a number of awards, namely "Household Lease Industry Demonstration Unit", "Best Apartment Operator of the Year" and "15th Jingrui Science and Technology Award".

ELDERLY CARE SERVICES BUSINESS

Adhere to the business philosophy of "neighborhood elderly care", "Landsea Chang Qingteng" is the elderly care services business platform of the Group which provided one-stop comprehensive aged care services spreading in home, community, and institution. It would offer high quality lifestyle to the elderly in their old age by providing professional products and services. Currently, "Landsea Chang Qingteng" has been operating in 5 cities, namely Beijing, Shanghai, Hangzhou, Nanjing and Suzhou, securing a total of 22 projects and 3,279 expanding beds. At the same time, the Group is considering the integration of its elderly care service business into the 8 projects held by the controlling shareholder.

GREEN FINANCIAL SERVICES BUSINESS

"Green Fir Investment" is our green financing division, which serves as a professional investment and financing management platform focusing on the green industry chain. Currently, Green Fir Investment has jointly established several themed funds and investment platforms with CITIC Capital, Cinda Investment, Pingan Real Estate and Zhongrong Trust, respectively. The inventory properties and distressed assets in first-tier and strong second-tier cities are the primary targets for mergers and acquisitions, with an aim to creating comprehensive capabilities for fundraising, acquisition, transformation, asset management and divestment. The Group will explore and practice the integrated business model of investment, financing, management and disinvestment through integrating projects and financial resources, and consolidating fund management, asset management and capital operating capabilities, so as to gradually build up capabilities in investing and financing and providing financial services for internal and external markets. In May of 2018, Green Fir Investment won the award of "2017 Top 10 Real Estate Equity Investment Fund", and the two funds managed by it were accredited as the "2017 Largest Real Estate M&A Fund" and the "2017 Most Appreciable Stock Real Estate Investment Fund" respectively. As at 30 June 2018, the management fund size of Green Fir Investment was approximately RMB8 billion.

WIDENING OF FINANCING CHANNELS AND OPTIMISATION OF DEBT STRUCTURE

Under the background of financial deleveraging and strong supervision, the Group leveraged on its own competitive edges to optimize its debt structure, widening its financing channels and explored innovative financing. Benefit on its sound financial strategy and effective liability control, the Group's net debt remained at a healthy level (47.2%) and the debt structure continued to be optimized (coverage ratio of cash to debt matured within 1 year is 4.2:1), providing a foundation for the Group to cope with external environment changes and to enhance its risk management ability.

The Group has obtained the international credit rating for the first time at the beginning of the year, of which Moody's assigned B2 rating with positive outlook, Fitch assigned B rating with positive and Standard & Poor's (S&P) assigned B rating with stable. In April 2018, the Group took advantage of favorable market conditions to successfully issue the green bonds in an aggregated amount of US$200 million. The bonds received the world's highest rating in terms of green standard certification by S&P.

The Group has established long-term strategic partnerships with a number of financial institutions. In the first half of this year, the Group signed a strategic cooperation agreement with the head office of Bank of Nanjing and Industrial Bank for a large credit facility. In-depth cooperation in various aspects such as operating loans, project loans, domestic and foreign debts of enterprises and green financing facilitated the business development of each division within the Group, providing sufficient financial resources for the development of the Group in the second half of the year.

CORPORATE SOCIAL RESPONSIBILITY AND SUBSTAINABLE DEVELOPMENT

Landsea has encouraged other property development enterprises to participate in "China's Real Estate Industry Green Supply Chain Action" which adhered to green procurement, green upstream and downstream industrial chains to improve environmental efficiency and resource utilization efficiency by issuing green product standards to upstream partners with their own purchasing rights. As of the first half of the year, 97 enterprises has participated in " Green Supply Chain Action" with significant increase in total green procurement compared with the corresponding period of last year.

Outlooks for the second half of 2018

With the continuous implementation of the national supply-demand reforms, the PRC's economy has gradually entered a stage of development from high-speed growth to high-quality growth. New real estate industry cycle will be also driven by the transformation of the PRC's economic development model.

Looking forward to the second half of the year, internal and external uncertainties such as Sino-US trade war, pressure on exchange rate depreciation and directional deleveraging will continue to affect the trend of macroeconomics and industry development, while domestic real estate industry regulation will continue to be unsettled due to the regulation of urban policy which will further accelerate the differentiation of regional markets and the switching of market demand.

We have the forward-looking understanding from policy, market and customer levels. In the second half of the year, the Group will continue promoting the strategic transformation and upgrading plan, maintaining the prudent and stable business strategy while taking into account the flexible capital structure to seize market opportunities that may arise at any time. In the future, the five business segments of the Group will develop actively and enhance their internal strategic coordination so as to make Landsea a unique green technology-focused property operator and daily service provider with sales and rental businesses spreading across the Pacific region.

Acknowledgement

Last but not least, on behalf of the Board, I would like to take this opportunity to extend our heartfelt gratitude to our staff, shareholders and business associates for their support as well as their cooperation in the strategic transformation and upgrading of Landsea.

We will insist on creating value for our customers, staff, shareholders and relevant stakeholders, with a hope to promote social progress and lead a green life.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Owing to the ongoing strategic development and upgrading, the Group has transformed from a property developer focused on green properties to an international provider of property development services specialised in environmental protection and vertical business integration. From there, we will strive to grow into a people-oriented and green technology-focused property developer/operator and daily service provider committed to the building of a green life regime for our customers that covers the full life cycle, as it continues to lead and guide in the pursuit of the green life. The Group has five major business segments, namely the PRC property business, the United States property business, the long-term rental apartments business, the elderly care services business and the green financial services business, which forms a "Group Headquarters — Business Segment Secondary Control Model" to continuously build professional capabilities in vertical diversification within various market segments.

The revenue of the Group for the six months ended 30 June 2018 amounted to approximately RMB2.05 billion (30 June 2017: approximately RMB2.31 billion), representing a decrease of approximately 11.3% as compared with the corresponding period of last year. The decrease in revenue was principally attributable to the implementation of cooperation development model for the new projects of the Company under its asset-light strategy. Those project companies will be accounted as joint ventures or associates and its revenue will be no longer included in the Group's combined statement. Despite the decrease in revenue, the net profit amounted to approximately RMB368.6 million, representing an increase of approximately 184.5% as compared with last year, with net profit margin of approximately 18.0% (30 June 2017: approximately 6.0%). The net core profit (i.e. net profit excluded after tax exchange gain/loss and change of fair value on investment property) amounted to approximately RMB326.8 million (30 June 2017: approximately RMB204.2 million), representing a significant increase of approximately 60.0% as compared with the corresponding period of last year. Net core profit margin was approximately 16.0% (30 June 2017: approximately 8.8%). The increase in net profit and net profit margin were principally attributable to the increasing number and gradually delivery of projects of joint ventures or associates since the implementation of asset-light strategy. Gains attributable to the joint ventures and associates increased accordingly as compared with the corresponding period of last year. At the same time, good progress in the segment of development and management services is also the essential factor contributing to a significant increase in net profit and net core profit margin. For the six months ended 30 June 2018, the Group had entered into projects in relation to development and management services with independent third parties or cooperating parties, with contract sum of approximately RMB358.5 million (30 June 2017: approximately RMB350.0 million), whereas the revenue recognised from the provision of development and management services amounted to approximately RMB377.8 million (30 June 2017: approximately RMB221.5 million), representing an increase of approximately 70.6% as compared with the corresponding period of last year. For the six months ended 30 June 2018, reporting segment profit before income tax arising from projects in relation to development and management services with independent third parties amounted to approximately RMB144.5 million (30 June 2017: approximately RMB100.2 million), representing an increase of approximately 44.2%.

For the six months ended 30 June 2018, "Landsea Products" recorded contracted sales of approximately RMB16.36 billion (including approximately RMB15.98 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (30 June 2017: approximately RMB11.07 billion), representing an increase of 47.7% as compared with the corresponding period of 2017, with contracted gross floor areas of approximately 783,231 square meters (30 June 2017: 518,072 square meters), representing an increase of 51.2% as compared with the corresponding period of 2017 (including 759,001 square meters from the Group and a small amount of remaining projects entrusted by Landsea Group).

BUSINESS DEVELOPMENT

The Group achieved a satisfactory result in project expansion in view of the unfavourable market conditions. In the first half of 2018, the Group secured a total of 9 projects in Guangzhou, Hangzhou, Chengdu, Suzhou, Wuhan, Suqian and the United States respectively, of which 6 were in the PRC and 3 were in the United States, among which 8 projects were under development for sale (including 6 projects in which the Group held equity interests and 2 development management projects by entrusted independent third parties) and 1 property held for rent.

In the first half of 2018, the Group recorded an increase in the projects under development for sales with a saleable gross floor area (GFA) of 790,434 square meters and expected saleable value of approximately RMB9.67 billion, in which 580,478 square meters in gross floor areas, saleable GFA of approximately 471,426 square meters and expected saleable value of approximately RMB6.89 billion secured for equity-held projects of the Group, with gross floor areas of approximately 289,426 square meters, saleable GFA of 231,544 square meters and expected saleable value of approximately RMB3.43 billion attributable to the Group and gross floor areas of 406,236 square meters, saleable GFA of 319,007 square meters and expected saleable value of approximately RMB2.78 billion secured for entrusted development management projects. Approximately 80% of the new projects were obtained through mergers and acquisitions, entrusted development and in form of share, which has effectively prevented the occurrence of record-high land prices.

As at 30 June 2018, the Group had project reserves with saleable GFA of 6,151,365 square meters and expected saleable value of approximately RMB109.59 billion, in which total gross floor areas of 8,929,169 square meters, saleable GFA of 3,599,962 square meters and saleable value of approximately RMB64.31 billion secured for the equity-held projects, with saleable GFA of 1,304,262 square meters and saleable value of approximately RMB25.68 billion attributable to the Group. The Group had also acquired 26 development management projects by entrusted independent third parties, with saleable area of 2,551,403 square meters and expected sales amount of approximately RMB45.28 billion. The Group held the leased properties with total gross floor areas of 98,695 square meters and the equity-held projects with gross floor areas of 72,070 square meters.

Leveraging the experienced advantage in the green residential segment of Landsea Group, "Landsea Apartment" is a long-term rental apartment business of the Group which fully explored its resource endowments and strived to create the natural, comfortable, humanistic and vitality residence for residents. It has four product lines, namely youth apartment, white collar apartment, boutique apartment and serviced apartment. Currently, "Landsea Apartment" covers a total of 13 core cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Nanjing, Chengdu, Xi'an and Suzhou etc. For the six months ended 30 June 2018, "Landsea Apartment" secured 75 projects and confirmed 22,708 rooms available for rent with 4,286 rooms in operation which contributed revenue of approximately RMB27.3 million to the Group. The long-term rental apartments business is expected to contribute considerable revenue to the Group in the future.

Adhere to the business model of "neighborhood elderly care", the Group's elderly care services business platform, namely "Landsea Chang Qingteng", has established the integrated business model of elderly care services spread in home, community and institution which offer high quality lifestyle to the elderly in their old age by providing professional products and services. For the six months ended 30 June 2018, "Landsea Chang Qingteng" has been operating in 5 cities, namely Beijing, Shanghai, Hangzhou, Nanjing and Suzhou, securing a total of 38 projects and 3,263 expanding beds. Meanwhile, 8 projects acquired by Landsea Group are being considered to be injected into the Group's business though no terms have been agreed and no injection agreement has been signed at the moment.

"Green Fir Investment" is a green financial service business of the Group focusing on the professional investment and financing management platform of the green industry chain. Currently, Green Fir Investment has established different kinds of fund and joint investment platforms with Cinda Investment, Pingan Real Estate, Zhongrong Trust and CITIC Capital, respectively. It primarily focused on the real estate inventory in both first-tier cities and strong second-tier city and acquisition of distressed assets for creating comprehensive capabilities of fund raising, acquisition, reconstruction, asset management and fund withdrawal, exploring and practicing an integrated model of green financial investment and financing, integrating projects and financial resources as well as consolidating the capabilities of fund management, asset management and capital management which would gradually form investment and financing and financial service capabilities for internal and external markets. As at 30 June 2018, the management fund size of Green Fir Investment has been reached nearly RMB8.0 billion.

Further, the business sector and architectural design companies in the United States were injected into the Group in 2016. 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, the assets of the United States business accounted for approximately 22.6% of the Group's assets as at 30 June 2018. For the six months ended 30 June 2018, the total contracted sales of the United States projects amounted to approximately RMB2.07 billion. The revenue from sale of properties of approximately RMB736.1 million and sales areas of 18,672 square meters were recognised by the United States business of the Group for the six months ended 30 June 2018. The revenue from sale of lands of approximately RMB52.7 million and sales areas of 10,729 square meters were recognised for the sale of land in 2017 according to the percentage of completion in the current period. The business strategy of the Group for market globalization began to yield positive results.

OPERATION INCOME AND GROSS PROFIT

For the six months ended 30 June 2018, the Group's revenue was mainly derived from development and management services income of approximately RMB377.8 million, income from sale of properties of approximately RMB1.63 billion and rental and property management fee income of approximately RMB41.1 million, which in aggregate was approximately RMB2.05 billion, representing a decrease of 11.6% as compared with the corresponding period of 2017. The decrease in revenue was mainly due to a decrease of approximately 21.8% in revenue from sales of properties as compared with the corresponding period of last year, principally attributable to a decrease in the consolidated projects of the Company as compared with the corresponding period of last year since the implementation of asset-light strategy. Total development and management services income increased by approximately 70.5%. Services income charged to independent third parties or cooperating parties amounted to approximately RMB357.1 million, representing an increase of 61.5% as compared with the corresponding period of last year (30 June 2017: RMB221.1 million).

With the Group's operation strategy of "asset-light", the number of entrusted development management contracts entered into with independent third parties or cooperating parties also increased.

For the six months ended 30 June 2018, the gross profit of the Group was approximately RMB506.4 million, representing an increase of approximately 38.4% as compared with that for the corresponding period of 2017. The overall gross profit margin of the Group was approximately 24.8% (30 June 2017: approximately 15.8%), representing an increase of 9 percentage point as compared with the corresponding period of 2017. It was mainly due to an increase of approximately 70.5% in revenue from the development and management services with higher gross profit margins as compared with the corresponding period of last year. The gross profit margin of joint ventures and associates was approximately 24.6% (30 June 2017: approximately 18.0%).

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the six months ended 30 June 2018, the profit attributable to the Shareholders of the Company was approximately RMB281.8 million, representing an increase of approximately 304.4% as compared with the corresponding period of 2017. The net core earnings attributable to shareholders of the Company amounted to approximately RMB239.9 million, after deducting unrealized foreign exchange losses arising from foreign currency loans and foreign currency exchanges between the subsidiaries within the Group during the year, as well as the gain on fair value changes, representing a significant increase of approximately 66.2% as compared with the corresponding period of 2017.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

For the six months ended 30 June 2018, "Landsea Products" recorded contracted sales of approximately RMB16.36 billion (including the contracted sales of approximately RMB15.98 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (30 June 2017: 11.07 billion), representing an increase of approximately 47.7% as compared with the corresponding period of 2017. The contracted gross floor area of 783,231 square meters, representing an increase of approximately 51.2% as compared with the corresponding period of 2017 (including 759,001 square meters from the Group and a small amount of remaining projects entrusted by Landsea Group) (30 June 2017: 518,072 square meters), among which the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB11.03 billion with contracted sales area of approximately 488,563 square meters, i.e. an average selling price of RMB22,577 per square meter. The contracted sales were mainly from the on-sale projects in Shanghai, Hangzhou, Nanjing, Chengdu, Tianjin, Suzhou etc. in the PRC and the first-tier portal cities in the United States. As at 30 June 2018, the Group's accumulated areas of properties sold but not recognised were 1,557,557 square meters, amounting to approximately RMB33.24 billion, in which areas of properties sold but not recognised attributable to the Group were 636,222 square meters, amounting to approximately RMB13.83 billion.

	Projects	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(Square Meters)*	Average Contracted Sales Selling Price per Square Meter *(RMB)*
	Property sales				
1.	Nanjing Youth Block	100%	16,088	973	16,534
2.	Nanjing Future Home	50.10%	8,787	578	15,202
3.	Nanjing Poly Landsea Weilan	29.94%	21,984	390	56,369
4.	Nanjing Landsea Xihua Mansion	12.97%	76,040	1,500	50,693
5.	Shanghai Future Block	100%	103,683	4,312	24,045
6.	Shanghai New Mansion	100%	226,401	2,409	93,981
7.	Shanghai Putuo Changfeng	23%	378,854	7,079	53,518
8.	Yixin Xindu Mansion	26%	325,386	29,112	11,177
9.	Wuxi Tiancui	100%	8,101	601	13,479
10.	Wuxi Luka Small Town	100%	7,323	352	20,804
11.	Suzhou Green County of Landsea	55%	628,033	34,594	18,154
12.	Suzhou 8 Renmin Road	51%	226,959	6,523	34,794
13.	Hangzhou Mer De Fleus	100%	15,508	311	49,865
14.	Hangzhou Landsea Xihua Mansion	49%	984,059	17,254	57,034
15.	Hangzhou Le Mansion	50%	1,298,284	26,343	49,284
16.	Hangzhou Light of City	40%	1,341,040	57,964	23,136
17.	Chengdu Southern Gate Green	25%	29,367	430	68,295
18.	Chengdu Golden Sand City	9.91%	1,321,811	96,989	13,628
19.	Chengdu Landsea Future Home	50%	337,667	51,165	6,600
20.	Chengdu Landsea Xihua Mansion	33%	963,954	58,135	16,581
21.	Tianjing Feicuilanwan	75%	640,113	45,348	14,116
22.	Pierce Boston	25%	64,214	454	141,441
23.	Avora	51%	63,250	996	63,504
24.	Stoney Ridge & Stoney Hill	100%	110,726	2,297	48,205
25.	The Vale	71%	1,230,759	22,181	55,487
26.	IronRidge	100%	309,161	11,215	27,567
27.	Siena	100%	214,468	5,442	39,410
28.	The Westerly	100%	78,425	3,616	21,688
	Total		11,030,445	488,563	22,577

RECOGNISED SALES

For the six months ended 30 June 2018, the Group recorded recognised sales revenue of approximately RMB2.05 billion (30 June 2017: approximately RMB2.31 billion), representing an overall decrease of approximately 11.3%. In particular, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area were approximately RMB1.63 billion and 75,184 square meters respectively, mainly attributable to Nanjing Poly Landsea Weilan, Nanjing Youth Block, Shanghai Future Block, Suzhou Green County of Landsea, Wuxi Luka Small Town, Nanjing Future Home, Hangzhou Mer De Fleus Project in the PRC, and The Vale Project and IronRidge Project in the United States. The average selling price of recognised sales in the PRC was RMB12,911 per square meters while the average selling price of recognised sales in the United States was RMB39,420 per square meters.

RECOGNISED SALE OF PROPERTIES OF JOINT VENTURES AND ASSOCIATES

For the six months ended 30 June 2018, it is recognised the sales of joint ventures and associates attributable to the Group of approximately RMB879.4 million (30 June 2017: approximately RMB93.4 million), represent an overall increase of approximately 841.5% and 27,621 square meters in gross floor areas attributable to the Group. Sales attributable to the Group is mainly generated from Nanjing Poly Landsea Weilan, Nanjing Future Home, Chengdu Southern Gate Green, Shanghai Putuo Changfeng Project in the PRC, and Pierce Boston Project and Avora Project in the United States. The average selling price in the PRC regions was approximately RMB24,225 per square meter and the average selling price in the United States regions was approximately RMB92,162 per square meter.

PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

For the six months ended 30 June 2018, the Group recorded property development and management services income of approximately RMB377.8 million (30 June 2017: RMB221.5 million), representing an overall increase of approximately 70.6%. Services income charged to independent third parties or cooperating parties amounted to approximately RMB357.1 million, representing an increase of approximately 61.5% as compared with the corresponding period of last year (30 June 2017: approximately RMB221.1 million). All of those are the income from property development and management services provided to independent third parties or cooperating parties. Therefore, benefiting from the implementation and enhancement of the operation strategy of "asset-light" in full of the Group, the income from provision of property development and management services received from independent third parties or cooperating parties increased significantly.

RENTAL AND MANAGEMENT FEE

The Group's investment properties are Shenzhen Landsea Tower and Nanjing Huafei Apartment located in the PRC. For the six months ended 30 June 2018, the Group recognised rental income of approximately RMB13.8 million (30 June 2017: approximately RMB12.9 million), representing an increase of approximately 7.0% as compared with the corresponding period of 2017. Leveraging its prime location and quality property management services, Landsea Tower maintained a high occupancy rate during the period. In addition, under the effective cost control, stable net operation income from such investment properties was guaranteed. Moreover, revenue contributed by the Group's long-term rental apartments business amounted to approximately RMB27.3 million (30 June 2017: Nil), with aggregate rental and management fee income of approximately RMB41.1 million (30 June 2017: RMB12.9 million).

INVESTMENT PROPERTIES

For the six months ended 30 June 2018, the Group's fair value gain on the investment properties was approximately RMB2.5 million. The fair value of investment properties 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. In addition, as at 30 June 2018, the renovation of Huafei Apartment in Nanjing has been completed and started to be leased out by the Group. Therefore, the Group reclassified the property from fixed asset to investment properties. The change in fair value of the property is approximately RMB19.4 million, which is included in other comprehensive income.

SELLING EXPENSES

For the six months ended 30 June 2018, the Group recorded selling expenses of approximately RMB75.4 million (30 June 2017: approximately RMB44.1 million), representing an increase of 71.3% as compared with the corresponding period of 2017. The increase in selling expenses was mainly attributable to an increase of 62.2% in contract sales during this period as compared with the corresponding period of last year, and the corresponding pre-project promotion fees and sales commissions increased accordingly.

ADMINISTRATIVE EXPENSES

The Group continued to implement its strict budget management in 2018. For the six months ended 30 June 2018, the Group recorded administrative expenses of approximately RMB219.9 million (30 June 2017: approximately RMB196.5 million), representing an increase of approximately 11.9% as compared with the corresponding period of 2017 and within the budget control. During the year, the Group made an active expansion in new business field including the long-term rental apartments and the staff costs increased by 39.4% as compared with the corresponding period of 2017, therefore the administrative expenses increased.

FINANCE COSTS

During the six months ended 30 June 2018, the Group recorded interest expense of approximately RMB359.5 million (30 June 2017: approximately RMB219.7 million), as a result of its effective management of borrowing balance and the weighted average finance cost. Under the asset-light strategy, new projects of the Group mainly included non-consolidated projects of joint ventures and associates. In particular, part of the finance costs recognised for advance receipts under the new revenue guidelines amounted to approximately RMB81.5 million (30 June 2017: Nil) which is initially capitalised to the property development and subsequently carried forward to cost of sales. Excluding such effect, the finance costs of the Group increased by approximately 27% as compared with the corresponding period of 2017. As a result, the capitalized portion of interest payable which was charged to finance costs recognized for the year declined, with the capitalization rate of interest expenses of 42% as at 30 June 2018 (30 June 2017: 69%). For the six months ended 30 June 2018, the expensed finance costs of the Group were RMB162.2 million (30 June 2017: RMB68.1 million). For the six months ended 30 June 2018, the interest income of the Group was approximately RMB64.0 million. Net finance costs of the Group were approximately RMB98.2 million (30 June 2017: net finance costs of RMB0.99 million). For the six months ended 30 June 2018, the weighted average finance costs was 7.4% (31 December 2017: 7.4%).

TAXATION

For the six months ended 30 June 2018, the Group recorded taxation charge of approximately RMB136.0 million (30 June 2017: approximately RMB55.6 million). The increase was mainly due to the significant increase of 172.4% in assessable profit of the Group during the period.

EARNINGS PER SHARE

For the six months ended 30 June 2018, the basic and diluted earnings per share attributable to the Shareholders of the Company were RMB0.070 and RMB0.061 respectively (30 June 2017: RMB0.015 and RMB0.015 respectively). The basic core earnings per share was RMB0.059 (30 June 2017: RMB0.034), representing an increase of 73.5% as compared with the corresponding period of 2017.

LAND RESERVES

As at 30 June 2018, the Group had project reserves with total GFA of 13,505,081 square meters, saleable GFA of 6,151,365 square meters and expected saleable value of approximately RMB109.59 billion. In terms of equity interests, the total gross floor areas of the project reserves attributable to the Group were 3,835,442 square meters, saleable GFA of 1,304,262 square meters and expected saleable value of approximately RMB25.68 billion. The Group had also acquired 26 development management projects by entrusted independent third parties, with saleable GFA of approximately 2,551,403 square meters and expected sales value of RMB45.28 billion.

	Projects	Equity Holding	GFA	Developed GFA	Developing GFA	GFA for Future Development	Value Sold	GFA Sold	Saleable Value	Saleable GFA
			(Square Meters)	*(Square Meters)*	*(Square Meters)*	*(Square Meters)*	*(RMB'000)*	*(Square Meters)*	*(RMB'000)*	*(Square Meters)*
1.	Shanghai Future Block	100%	233,791	233,791	–	–	2,037,542	109,184	1,110,044	40,364
2.	Hangzhou Mer De Fleus	100%	180,473	180,473	–	–	1,410,721	120,166	20,857	683
3.	Shanghai The Course of The Future	100%	108,264	108,264	–	–	1,312,639	79,400	44,744	1,577
4.	Nanjing Youth Block	100%	314,704	167,558	147,146	–	2,817,147	242,150	135,460	3,263
5.	Nanjing Future Home	50.1%	133,530	133,530	–	–	920,101	105,958	43,253	3,622
6.	Suzhou 8 Renmin Road	51%	85,231	–	85,231	–	1,528,783	49,407	543,134	15,144
7.	Suzhou Green County of Landsea	55%	432,700	184,200	248,500	–	4,263,803	250,195	1,399,953	77,133
8.	Wuxi Tiancui	100%	48,772	48,772	–	–	477,876	33,281	27,710	1,711
9.	Wuxi Luka Small Town	100%	140,420	134,650	–	5,770	690,085	93,274	35,897	9,980
10.	Nanjing Poly Landsea Weilan	29.94%	250,567	72,265	178,302	–	5,523,430	194,613	148,967	2,929
11.	Nanjing Landsea Xihua Mansion	12.97%	202,487	–	202,487	–	5,158,830	149,295	449,400	3,178
12.	Chengdu Southern Gate Green	25%	235,149	152,737	82,412	–	2,443,182	149,654	324,165	6,114
13.	Shanghai New Mansion	100%	15,787	–	15,787	–	838,847	8,348	588,384	6,686
14.	Hangzhou Landsea Xihua Mansion	49%	139,152	–	139,152	–	4,156,389	87,012	229,332	1,748
15.	Hangzhou Le Mansion	50%	80,602	–	80,602	–	2,536,054	53,231	148,426	1,607
16.	Chengdu Golden Sand City	9.91%	685,684	–	440,759	244,925	2,685,284	190,361	4,457,756	167,371
17.	Tianjin Emerald Tsuen Wan	75%	144,100	–	144,100	–	640,113	45,348	915,171	62,912
18.	Tianjin Huoli Gang Project (Plot CD)	35%	95,804	–	–	95,804	–	–	1,007,317	66,994
19.	Tianjin Cuiweilan Pavilion	35%	59,332	–	59,332	–	–	–	630,180	42,631
20.	Shanghai Putuo Changfeng, Project	23%	18,406	–	18,406	–	708,345	13,352	186,848	5,054

	Projects	Equity Holding	GFA *(Square Meters)*	Developed GFA *(Square Meters)*	Developing GFA *(Square Meters)*	GFA for Future Development *(Square Meters)*	Value Sold *(RMB'000)*	GFA Sold *(Square Meters)*	Saleable Value *(RMB'000)*	Saleable GFA *(Square Meters)*
21.	Suzhou High-Speed Rail New Town Project	51%	91,348	–	–	91,348	–	–	847,560	63,634
22.	Wuhan Xudong Project	30%	130,529	–	–	130,529	–	–	3,928,660	100,326
23.	Chengdu Tianfu New District Project (Muhua Road Project)	4.85%	1,022,400	–	–	1,022,400	–	–	8,259,760	724,177
24.	Wuhan Yue Mansion Project	5%	235,532	–	235,532	–	2,225,101	129,366	558,592	33,251
25.	Changsha Lu Island Project	1%	245,541	–	91,163	154,378	307,197	61,703	615,079	106,761
26.	Chengdu Landsea Xihua Mansion	33%	367,753	–	367,753	–	2,866,711	170,878	2,194,452	84,533
27.	Hangzhou Yuhang North Upper Loop Bridge Project (Linping North)	50%	48,574	–	48,574	–	–	–	569,825	37,280
28.	Hefei Wanxin Lu Yard	25%	131,445	–	131,445	–	–	–	1,933,224	91,124
29.	Avora	51%	31,776	4,694	27,082	–	447,612	6,484	1,396,461	13,602
30.	The Westerly	100%	34,559	1,802	3,440	29,318	78,407	3,616	720,312	30,943
31.	Pierce Boston	25%	39,202	34,044	5,158	–	1,029,396	9,412	1,541,652	24,632
32.	IronRidge	100%	143,781	5,303	64,114	74,364	797,633	59,827	2,288,237	83,954
33.	Stoney Ridge & Stoney Hill	100%	4,969	331	3,147	1,491	150,013	3,158	87,987	1,811
34.	The Vale	71%	77,694	12,334	57,221	8,139	2,351,511	58,414	881,566	19,280
35.	Hangzhou Light of City	40%	94,095	–	94,095	–	1,341,354	69,145	140,269	3,493
36.	Ningbo Jiangbei Project	100%	94,282	–	94,282	–	–	–	1,119,129	72,879
37.	Chengdu Landsea Future Home	50%	146,733	–	146,733	–	615,978	95,631	265,873	12,191
38.	Chengdu North Jianshe Road	50%	30,157	–	30,157	–	–	–	358,912	23,929
39.	Xian Jiapeng Project	70%	72,196	–	–	72,196	–	–	550,586	55,384
40.	Hefei Feidong Jade Garden	10%	57,398	–	42,557	14,841	–	–	626,546	40,422
41.	Yixing Xindu Mansion	26%	220,044	–	82,524	137,520	325,386	29,112	1,271,715	133,677
42.	Suqian Weilan Creek Yard	51%	225,000	–	18,474	206,526	–	–	1,585,524	161,276
43.	Suqian Weilan Elegant Yard	51%	193,500	–	6,436	187,064	–	–	1,611,882	138,807
44.	Chongqing Yue Mansion	25.5%	405,554	–	62,122	343,432	–	–	5,201,230	268,640
45.	Haining University District Project	80%	108,965	–	108,965		–	–	1,096,388	82,560
46.	Nanjing Lishui Project G06	20%	210,485	–	–	210,485	–	–	3,278,930	151,153
47.	Sanctuary – Village II	100%	259,745	–	226,026	33,719	1,045,430	226,026	869,299	33,719
48.	Siena	100%	12,079	–	7,280	4,799	214,417	5,442	253,536	6,637
49.	Lido Villas	100%	4,350	–	–	4,350	–	–	372,479	4,350
50.	Synagogue	90%	4,049	641	3,408	–	–	–	544,035	3,408
51.	Suzhou Liu Garden	100%	12,458	–	–	12,458	–	–	288,000	7,311
52.	Hangzhou Linan Hengjie Village	30%	127,886	–	–	127,886	–	–	2,967,011	126,661
53.	Chengdu Golden Hall	51%	411,291	–	–	411,291	–	–	2,825,485	308,611
54.	Abigail Place	100%	5,086	–	–	5,086	–	–	208,053	5,086
55.	Catalina	100%	8,779	–	–	8,779	–	–	414,977	8,779
56.	Sonora Crossing	100%	14,978	–	–	14,978	–	–	190,939	14,978
57.	Nanjing Xinglong Avenue Project	0%	278,684	278,684	–	–	8,907,665	198,207	700,081	23,828
58.	Nanjing Jinpu Project	0%	307,241	–	307,241	–	3,336,380	121,156	2,978,320	97,697
59.	Nanjing Jiulonghu Plot C	0%	44,271	–	44,271	–	–	–	1,135,350	40,916
60.	Nanjing Jiulonghu Plot A/B	0%	115,000	115,000	–	–	1,844,348	78,894	244,902	9,915
61.	Changhou Landsea Garden	0%	219,675	219,675	–	–	1,719,082	160,774	91,170	4,900
62.	Hefei Wanxin's Green County	0%	139,409	139,409	–	–	1,332,040	102,269	10,405	653
63.	Wuxi New County Project	0%	205,189	51,519	153,670	–	960,290	60,290	2,293,435	87,661
64.	Neijiang Lexian Project	0%	255,343	–	255,343	–	166,064	27,958	1,603,530	180,011
65.	Baoding Xishanyue Project	0%	14,040	–	14,040	–	124,149	4,824	280,972	9,216
66.	Wuzhong Hongzhuang Project in Suzhou	0%	131,102	–	–	131,102	–	–	996,592	42,704
67.	Chengdu Jixian Xipu Project	0%	51,934	–	51,934	–	417,090	32,214	125,000	3,346

	Projects	Equity Holding	GFA (Square Meters)	Developed GFA (Square Meters)	Developing GFA (Square Meters)	GFA for Future Development (Square Meters)	Value Sold (RMB'000)	GFA Sold (Square Meters)	Saleable Value (RMB'000)	Saleable GFA (Square Meters)
68.	Century Plaze Project in Yancheng Dongtai	0%	209,251	–	46,740	162,511	257,555	32,014	1,374,327	127,303
69.	Nanjing G68 Project	0%	191,800	–	–	191,800	–	–	9,000,000	150,000
70.	Wuxi New County Project 2A3	0%	268,752	–	–	268,752	–	–	3,911,600	188,000
71.	Jiangyin Lingang Project	0%	131,098	–	–	131,098	–	–	671,323	105,716
72.	Beijing Kangzeyuan Project	0%	45,860	–	–	45,860	–	–	1,778,095	33,998
73.	Xuzhou Peixian Fankuai Road Project	0%	433,637	–	–	433,637	–	–	2,031,528	333,498
74.	Ma'anshan Hori Hill Road	0%	330,339	–	34,814	295,525	318,094	36,593	1,971,596	207,395
75.	Jurong Baohua Project	0%	192,905	–	24,398	168,507	228,812	11,605	1,563,120	104,008
76.	Beijing Zhangjiakou Project	0%	128,446	–	–	128,446	–	–	966,684	75,699
77.	Tangshan Yutian Project	0%	134,625	–	–	134,625	–	–	774,146	124,046
78.	Nanjing Jiangnin Project G45	0%	105,896	–	–	105,896	–	–	2,625,000	105,000
79.	Shangfang Project G22 in Nanjing Jiangning	0%	101,138	–	–	101,138	–	–	2,546,455	75,324
80.	Shangfang Project G62 in Nanjing Jiangning	0%	134,041	–	–	134,041	–	–	2,827,480	101,562
81.	Siyang Wisdom City	0%	206,398	–	–	206,398	–	–	1,470,000	206,398
82.	Wuhan West Coast	0%	199,838	28,000	171,838	–	–	–	1,305,795	112,609
	Total		13,505,081	2,307,675	4,904,191	6,293,215	73,556,887	3,769,239	109,588,066	6,151,365
	Of which Subtotal of Equity-held Projects		8,929,169	1,475,388	3,799,903	3,653,878	53,945,318	2,902,442	64,311,161	3,599,962
	Subtotal of Entrusted Development and Management Projects		4,575,912	832,287	1,104,288	2,639,337	19,611,569	866,797	45,276,905	2,551,403

Projects	Equity holding	Status	Usage	GFA *(Square Meters)*
Shanghai Huangxing Building	100%	Under renovation	To be leased	11,427
Shanghai Senlan Apartment*	50%	Under renovation	To be leased	46,296
Nanjing Huafei Apartment	100%	Completed	Leasing	5,729
Shenzhen Landsea Tower	100%	Completed	Leasing	23,736
Guangzhou Jiefang Tower*	62.5%	Under renovation	To be leased	11,507
Total				98,695

* The property is held by a joint venture of the Company

LIQUIDITY AND FINANCIAL RESOURCES

Cash Positions

As at 30 June 2018, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB4.33 billion (As at 31 December 2017: approximately RMB3.62 billion), representing an increase of 19.6% as compared with 31 December 2017. As at 30 June 2018, the Group's current ratio (current assets divided by current liabilities) was approximately 1.7 times (As at 31 December 2017: 1.4 times).

Indebtedness

As at 30 June 2018, the total indebtedness of the Group amounted to approximately RMB6.06 billion (As at 31 December 2017: approximately RMB5.43 billion), representing an increase of 11.6% as compared with 31 December 2017, mainly comprised shareholder's loans, secured bank loans, senior notes and EB-5 financing. As at 30 June 2018, total net liabilities were approximately RMB1.73 billion (As at 31 December 2017: RMB1.81 billion). As at 30 June 2018, the proportion of short-term debts was 17.0% (As at 31 December 2017: 40.0%) and long-term debts was 83.0% (As at 31 December 2017: 60.0%).

Analysis of Indebtedness:

	30 June 2018		31 December 2017	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of indebtedness by currency:				
Denominated in RMB	**2,910,300**	**48.0%**	3,202,900	59.0%
Denominated in USD	**2,905,656**	**48.0%**	1,995,807	36.8%
Denominated in HK$	**244,499**	**4.0%**	230,708	4.2%
	6,060,455	**100.0%**	5,429,415	100.0%
Analysis of indebtedness by maturity:				
Within one year	**1,033,200**	**17.0%**	2,174,458	40.0%
Between one and two years	**3,844,507**	**63.4%**	188,019	3.5%
Over two years	**1,182,748**	**19.6%**	3,066,938	56.5%
	6,060,455	**100.0%**	5,429,415	100.0%

OFF-BALANCE SHEET EQUITY DATA

With the implementation of the asset-light strategy, the newly added projects to the pipeline of the Group primarily relates to joint ventures and associates accounted for using the equity method, the balance sheet information of which has not yet been included to the combined financial statements of the Group. As at 30 June 2018, the balance of monetary capital attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB2.21 billion (As at 31 December 2017: approximately RMB2.35 billion), while the balance of interest-bearing liabilities attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB2.70 billion (As at 31 December 2017: approximately RMB1.89 billion), and the net liabilities balance attributable to the Group in proportion to the equity in joint ventures and associates was RMB490.0 million (As at 31 December 2017: net cash balance attributed approximately RMB456.3 million).

GEARING RATIOS

The Group has been working hard on optimizing its capital and debt structure. As at 30 June 2018, the net debts to equity ratio# of the Group was approximately 47.2% (As at 31 December 2017: 48.8%), representing a decrease of 1.6 percentage point as compared with 31 December 2017, and off-balance sheet net balance of liabilities and cash as at 30 June 2018 was net cash balance. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 26.7% as at 30 June 2017 (As at 31 December 2017: 26.7%), which was the same as that of 31 December 2017. In addition, the debt to assets ratio of the Group was 83.9% (As at 31 December 2017: 81.8%), representing a slight increase of 2.1 percentage point as compared with 31 December 2017. The management will continue to monitor the Group's capital and debt structure from time to time with an aim to mitigating its exposure to the risk of gearing.

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

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2018, the bank loans of the Group were secured by one or a combination of the following securities: investment properties, leasehold land payments, properties under development, properties held for sale, restricted cash and guarantees provided by controlling shareholders. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans are guaranteed by a subsidiary.

FOREIGN EXCHANGE AND CURRENCY RISK

As at 30 June 2018, the Group's cash and cash equivalents and restricted cash were mainly denominated in Renminbi, Hong Kong dollar and United States dollar. The functional currency of the Group's subsidiaries in the United States is United States dollar while that of the Hong Kong subsidiaries is Hong Kong dollar, and that of the domestic subsidiaries is Renminbi. As of 30 June 2018, the borrowing of RMB1.67 billion to the Group's subsidiary in the United States from the ultimate controlling shareholder was the long-term financial support to the Group. The amounts of RMB2.17 billion of the Group's Hong Kong subsidiary due to its domestic subsidiary were dealt in transactions within the Group. The exchange rate changes in the said amounts resulted in exchange gains recorded by the Group of RMB51.8 million (30 June 2017: exchange losses of RMB114.9 million). The exchange gain or loss is unrealized profit or loss and hence no financial instrument is required for hedging purposes.

INTEREST RATE RISK

As at 30 June 2018, the debts payable borne with fixed interest rate accounted for approximately 72.0% (As at 31 December 2017: 84.2%) of the total debts of the Group. In this regard, the exposure to interest rate risk was 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

On 8 February 2018, the Group completed the acquisition of the entire equity interest of 廣州市建昭置業有限公司 (Guangzhou Jianzhao Properties Company Limited*) ("Guangzhou Jianzhao"), a company holding properties in Yuexiu District, Guangzhou, at the consideration of RMB230,000,000 (subject to adjustment), and accepted the assignment of the loan at the consideration of RMB30,000,000. Guangzhou Jianzhao has become a wholly-owned subsidiary of the Company since then. For details of the transaction, please refer to the announcement of the Company dated 18 December 2017.

On 7 February 2018, 上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Limited*) ("Shanghai Langqing") and 南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Limited*) ("Nanjing Langming"), wholly-owned subsidiaries of the Company, entered into the partnership property share transfer agreement with CITIC Capital Holdings Limited and 上海平安闔鼎投資管理有限責任公司 (Shanghai Pingan Heding Investment & Management Co., Ltd.*) regarding the acquisition of the entire equity interest of 上海睿開投資合伙企業(有限合伙) (Shanghai Rui Kai Investment Partnership (limited partnership)*) ("Partnership") at an aggregate consideration of RMB221.0 million. The Partnership holds 100% equity interest in Best Benefit Limited ("Best Benefit"), and Best Benefit and the Company hold 61.54% and 38.46% equity interest of Silver Knight Global Limited ("Silver Knight") respectively. Silver Knight is a special purpose vehicle incorporated for the purpose of holding and developing the properties in 中國上海市長寧區青溪路770弄25號 (the unsold 40 residential units, car parks and public facilities located at No. 25, Alley 770, Qingxi Road, Changning District, Shanghai, the PRC*). Upon completion of the acquisition on 13 February 2018, the Group holds the entire interest in Silver Knight. The transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). For further details, please refer to the announcement of the Company dated 7 February 2018.

On 28 June 2018, 杭州朗輝投資管理有限公司 (Hangzhou Langhui Investment Management Company Limited*) ("Hangzhou Langhui"), a wholly-owned subsidiary of the Company, entered into the cooperation agreement with 杭州朗杉有限公司 (Hangzhou Langshan Company Limited*)("Hangzhou Langshan"), 杭州國俊資產管理有限公司 (Hangzhou Guojun

Asset Management Company Limited*)("Hangzhou Guojun") and 無錫萬都投資發展有限公司 (Wuxi Wandu Investment Development Company Limited*)("Wuxi Wandu"), pursuant to which Hangzhou Langhui agreed to sell and Hangzhou Guojun and Wuxi Wandu agreed to acquire 40% equity interest in Hangzhou Langshan at a consideration of RMB2.0 million and 40% of the loan owed by Hangzhou Langshan to Hangzhou Langhui at a consideration of RMB110.0 million. Upon completion of the disposal on 28 June 2018, Hangzhou Langshan was held as to 20%, 40% and 40% by Hangzhou Langhui, Hangzhou Guojun and Wuxi Wandu. Hangzhou Langshan holds 80% equity interest in 海寧朗宏房地產開發有限公司 (Haining Langhong Real Estate Development Company Limited*), a company which holds a project in 編號為海國用 (2014)第06540號《國有土地使用證》項下土地坐落於海寧市長安鎮仰山路東側、01省道北側 (the land parcel no. Haiguoyong (2014) 06540 under the Certificate for the Use of State-owned Land, located to the North of 01 provincial highway and East of Yangshan Road, Chang'an Township, Haining City*), which is of commercial and residential use with land use right of 30,095 square meters. The transaction contemplated thereunder constitute a discloseable transaction under Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 28 June 2018.

On 29 June 2018, (1) 南京朗慶置業有限公司 (Nanjing Langqing Property Co., Ltd.*) ("Nanjing Langqing"), an indirect wholly-owned subsidiary of the Company, 宿遷朗鑫置業有限公司 (Suqian Langxin Property Co., Ltd.*) ("Project Company I") and 四川藍光和駿實業有限公司 (Sichuan BRC Hejun Industrial Co., Ltd.*) ("Sichuan BRC") entered into the supplemental agreement to the equity transfer agreement dated 27 December 2017 ("Supplemental Agreement I") to amend, among others, the equity interest in Project Company I to be sold to be 49% at a consideration of RMB105.8 million and the shareholder's loan to be provided to not exceeding RMB17.2 million, and (2) Nanjing Langqing, 宿遷朗詩置業有限公司 (Suqian Landsea Property Co., Ltd.*) ("Project Company II") and Sichuan BRC entered into the supplemental agreement to equity transfer agreement dated 27 December 2017 ("Supplemental Agreement II") to amend, among others, the equity interest in Project Company II to be sold to be 49% at a consideration of RMB91.0 million and the shareholder's loan to be provided to not exceeding RMB17.2 million. The transactions contemplated under the equity transfer agreement (as supplemented by the supplemental agreements) were completed on 29 June 2018. The Group recognized a gain on disposal of approximately RMB110.6 million. The transactions contemplated under the equity transfer agreement (as supplemented by the supplemental agreements) constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 27 December 2017 and 29 June 2018.

GUARANTEE

The Group cooperates with various financial institutions to arrange mortgage loan facilities for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 30 June 2018, the outstanding guarantees amounted to approximately RMB2.07 billion (2017: approximately RMB2.14 billion). Such guarantees will be discharged upon the earlier of (i) the issuance of the real estate ownership certificate; and (ii) the satisfaction of relevant mortgage loan by purchasers. In addition, the Group provides guarantee to secure the bank borrowings granted to Fenway Ventures Point Properties LLC (a joint venture owned as to 50% by its joint venture LS-Boston Point LLC) and LS-NJ Port Imperial JV LLC (a joint venture owned as to 51% by the Group) for their bank borrowing as at 30 June 2018 amounted to RMB831.5 million and RMB551.4 million respectively. Such guarantee provided to Fenway Ventures Point Properties LLC will be discharged upon the release of corresponding indemnity provided by Landsea Group.

As at 30 June 2018, there were certain corporate guarantees provided by the subsidiaries of the Group for each other in respect of their borrowings. The management considered that the subsidiaries had sufficient financial resources to fulfill their obligations.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 2,346 employees (2017: 2,110) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the United States 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 Share Option Scheme adopted on 25 April 2012 and the Share Award Scheme adopted on 2 July 2014, the Company will grant share options or awarded shares to the Group's management and staff based on their individual performance.

EVENTS AFTER THE REPORTING PERIOD

On 19 July 2018, Hangzhou Langhui and 寧波金沃商業投資有限公司 (Ningbo Jinwo Commercial Investment Company Limited*) ("Subject Company"), indirect wholly-owned subsidiaries of the Company, entered into the investment agreement with 南京中駿達投資有限公司 (Nanjing Zhongjunda Investment Co., Limited*) ("Zhongjunda Investment"), pursuant to which Hangzhou Langhui and Zhongjunda Investment agreed to cooperate in the development of the property development project on 寧波市江北區莊橋街道謝家村濱江1#-1地塊 (land parcel No. 1#-1 located in Xiejia Village, Zhuang Qiao Street, Binjiang, Jiangbei District, Ningbo City*) held by the Subject Company, whereby Hangzhou Langhui conditionally agreed to sell and Zhongjunda Investment conditionally agreed to purchase 60% equity interest in the Subject Company at the consideration of RMB42.0 million. The transaction contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 19 July 2018.

On 15 August 2018, 西安朗詩銘房地產開發有限公司 (Xi'an Langshiming Real Estate Development Company Limited*) ("Xi'an Langshiming"), a wholly-owned subsidiary of the Company, entered into the agreement with 西安嘉益房地產開發有限公司 (Xi'an Jiayi Real Estate Development Company Limited*) (the "Target Company") and Mr. Zhao Fangni (collectively the "Borrowers"), pursuant to which Xi'an Langshiming conditionally agreed to grant the Borrowers no more than a total of RMB180.0 million. Xi'an Langshiming or its designated related party shall enter into Entrusted Development Management Contract with the Target Company and entrust Xi'an Langshiming or its designated related party to provide project development management services for the residential part of the land located in 中國西安市曲江新區雁南五路與啟元路西南角 (Yannan 5th Road and Southwest Corner of Qiyuan Road, Qujiang New District, Xi'an, China*). The transaction contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 15 August 2018.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2018 (2017: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018, other than those purchased by the trustee for the Share Award Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2018.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2018, in the opinion of the Directors, the Company was in compliance with all relevant code provisions set out in the CG Code.

REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2018 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises one non-executive Director, namely Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Ding Yuan (as chairman), Mr. Xu Xiaonian and Mr. Lee Kwan Hung. The principal duties of the Audit Committee include the overview of the Company's financial reporting system, risk management and internal control systems and financial information of the Group. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2018 has been reviewed by the Audit Committee.

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

Hong Kong, 23 August 2018

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.

* *For identification purposes only*