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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 2019

FINANCIAL HIGHLIGHT

1. The net profit for the first half of the year was RMB460.7 million, representing an increase of 25.0% as compared to the corresponding period of last year;

2. The net core earnings for the first half of the year was RMB454.4 million, representing an increase of 39.1% as compared to the corresponding period of last year;

3. Net profit margin increased to 22.0%, representing an increase of 3.8 percentage points as compared with the corresponding period of last year; gross profit margin was 25.9%, remained stable as compared with corresponding period of last year; off-balance sheet gross profit margin of joint ventures or associates' projects was 33.9%, representing an increase of 9.3 percentage points as compared with the corresponding period of last year; and

4. Net profit of joint ventures or associates attributable to the Group for the first half of the year was RMB389.4 million, representing an increase of 114.5% as compared to 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 2019 together with the comparative figures. The unaudited interim condensed consolidated results have been reviewed by the Company's audit committee (the "**Audit Committee**").

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		For the six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*4, 5*	**2,091,075**	2,018,351
Cost of sales and services		**(1,550,178)**	(1,501,647)
Gross profit		**540,897**	516,704
Other income	*6*	**138,637**	69,235
Selling expenses		**(77,776)**	(64,166)
Administrative expenses		**(307,823)**	(191,386)
Fair value gain on investment properties	*13(b)*	**3,670**	2,480
Other gains/(losses), net	*7*	**34,707**	191,849
Operating profit		**332,312**	524,716
Finance income	*8*	**13,415**	10,286
Finance costs	*8*	**(156,737)**	(160,998)
Finance costs, net	*8*	**(143,322)**	(150,712)
Share of net profit of associates	*14*	**398,589**	140,520
Share of net (loss)/profit of joint ventures	*10, 15*	**(9,192)**	41,016
Profit before income tax		**578,387**	555,540
Income tax expenses	*9*	**(131,937)**	(148,679)
Profit from continuing operations		**446,450**	406,861
Profit/(loss) from discontinued operation	*10*	**14,280**	(38,222)
Profit for the period		**460,730**	368,639

	Notes	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Unaudited)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Exchange differences on translation of foreign operations		**(4,715)**	(47,055)
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 for the period, net of tax		**(4,715)**	(32,540)
Total comprehensive income for the period		**456,015**	336,099
Profit for the period attributable to:			
— The shareholders of the Company		**263,663**	281,784
— Non-controlling interests		**197,067**	86,855
		460,730	368,639
Profit/(loss) for the period attributable to the shareholders of the Company arises from:			
— Continuing operations		**249,383**	320,006
— Discontinued operation		**14,280**	(38,222)
		263,663	281,784
Total comprehensive income for the period attributable to:			
— The shareholders of the Company		**257,456**	248,227
— Non-controlling interests		**198,559**	87,872
		456,015	336,099

	Notes	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Unaudited)
Total comprehensive income/(loss) for the period attributable to the shareholders of the Company arises from:			
— Continuing operations		**243,176**	286,449
— Discontinued operation		**14,280**	(38,222)
		257,456	248,227
Earnings per share for profit from continuing operations attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic earnings per share	*12*	**RMB 0.053**	RMB 0.079
Diluted earnings per share	*12*	**RMB 0.053**	RMB 0.070
Earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic earnings per share	*12*	**RMB 0.056**	RMB 0.070
Diluted earnings per share	*12*	**RMB 0.056**	RMB 0.061

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	*13(b)*	**509,300**	505,630
Property, plant and equipment	*13(a)*	**582,780**	1,234,573
Right-of-use assets	*3.1*	**39,775**	–
Intangible assets		**–**	2,279
Interests in associates	*14*	**1,724,543**	1,315,706
Interests in joint ventures	*15*	**2,400,382**	2,596,047
Trade and other receivables, prepayments and deposits	*17*	**1,715,210**	2,168,445
Deferred income tax assets		**467,693**	352,469
Goodwill		**–**	9,460
		7,439,683	8,184,609
Current assets			
Properties held for sale		**1,249,685**	876,881
Properties under development	*16*	**9,585,959**	8,688,579
Inventories		**118,972**	116,561
Contract assets	*4*	**103,017**	107,941
Trade and other receivables, prepayments and deposits	*17*	**3,472,482**	2,676,639
Financial assets at fair value through profit or loss		**–**	176,809
Restricted cash	*18*	**349,702**	542,299
Cash and cash equivalents	*18*	**4,611,209**	5,404,956
		19,491,026	18,590,665
Total assets		**26,930,709**	26,775,274

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	*19*	**2,595,522**	2,829,643
Advanced proceeds received from customers		**29,675**	–
Lease liabilities	*3.1*	**34,973**	–
Borrowings	*20*	**5,416,887**	6,341,015
Deferred income tax liabilities		**141,073**	122,556
		8,218,130	9,293,214
Current liabilities			
Trade and other payables	*19*	**6,069,489**	6,912,769
Advanced proceeds received from customers		**2,969**	13,869
Contract liabilities	*4*	**4,923,299**	4,510,186
Lease liabilities	*3.1*	**7,884**	–
Borrowings	*20*	**2,130,440**	683,580
Current income tax liabilities		**448,452**	600,761
		13,582,533	12,721,165
Total liabilities		**21,800,663**	22,014,379
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**38,702**	38,702
Reserves		**4,415,214**	4,344,853
		4,453,916	4,383,555
Non-controlling interests		**676,130**	377,340
Total equity		**5,130,046**	4,760,895
Total liabilities and equity		**26,930,709**	26,775,274

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

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. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**" or "**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 and leasing of properties.

The ultimate holding company and the ultimate controlling shareholder of the Company are 朗詩集團股份有限公司 (Landsea Group Co., Ltd. ("**Landsea Group**")) and Mr. Tian Ming, a director of the Company, respectively.

The interim financial information, unless otherwise stated, is presented in thousands of Renminbi ("**RMB'000**") and was approved by the Board of Directors for issue on 16 August 2019.

The interim financial information has been reviewed but not audited.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2019 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 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2018 ("**2018 Financial Statements**") and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

2.1. New and amended standards adopted by the Group

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2019:

- HKFRS 16 — Leases ("**HKFRS 16**")
- Amendments to HKFRS 9 — Prepayment Features with Negative Compensation
- Amendments to HKAS 28 — Long-term Interests in Associates and Joint Ventures
- Annual Improvements to HKFRS Standards 2015–2017 Cycle
- Amendments to HKAS 19 — Plan Amendment, Curtailment or Settlement, and
- HK (IFRIC) 23 Uncertainty over Income Tax Treatments.

The Group also elected to early adopt the following amendments which is mandatory for annual periods beginning on or after 1 January 2020:

- Amendments to HKFRS 3 — Definition of a Business.

The effects of the adoption of HKFRS 16 and Amendments to HKFRS 3 are disclosed in note 3. The other standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's interim financial information.

2.2. New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2019 and relevant to the Group and have not been early adopted by the Group.

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Revised Conceptual Framework for Financial Reporting	Conceptual Framework	1 January 2020
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's interim financial information.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 and Amendments to HKFRS 3 on the Group's interim financial information and also discloses the new accounting policies that have been applied from 1 January 2019.

3.1 Adoption of HKFRS 16 — Leases

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

3.1.1 Adjustments recognised on adoption of HKFRS 16

(a) 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 below.

Condensed consolidated balance sheet (extract)	As at 31 December 2018 *RMB'000*	Effect of adoption of HKFRS 16 *RMB'000*	As at 1 January 2019 *RMB'000*
Non-current assets			
Investment properties	505,630	5,960,000	6,465,630
Property, plant and equipment	1,234,573	(670,430)	564,143
Right-of-use assets	–	58,206	58,206
Deferred income tax assets	352,469	(2,605)	349,864
Current assets			
Trade and other receivables, prepayments and deposits	2,676,639	(307,937)	2,368,702
Total assets	26,775,274	5,037,234	31,812,508
Non-current liabilities			
Lease liabilities	–	4,893,570	4,893,570
Current liabilities			
Trade and other payables	6,912,769	(64,284)	6,848,485
Lease liabilities	–	200,132	200,132
Total liabilities	22,014,379	5,029,418	27,043,797
Equity			
Retained earnings	3,078,033	7,816	3,085,849
Total equity	4,760,895	7,816	4,768,711

(*b*) On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The discount rates applied to the lease liabilities on 1 January 2019 were ranging from 6.0% to 8.5%.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	8,790,894
Discounted using the lessee's incremental borrowing rate of at the date of initial application	5,345,721
Less: Short-term leases recognised on a straight-line basis as expense	(194)
Low-value leases recognised on a straight-line basis as expense	(123)
Contracts cancelled	(251,702)
Lease liability recognised as at 1 January 2019	5,093,702
Of which are:	
Current lease liabilities	200,132
Non-current lease liabilities	4,893,570
	5,093,702

Right-of-use assets together with leasehold improvements leased out as long-term rental apartment were classified as investment properties and carried at fair value. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	30 June 2019 *RMB'000*	**1 January 2019** *RMB'000*
Investment properties *(note 13(b))*	–	5,960,000
Office properties	38,817	57,497
Furniture, fixtures and office equipment	958	709
	39,775	6,018,206

	RMB'000
Reconciliation with lease liability:	
Lease liability recognised as at 1 January 2019	5,093,702
Adjusted by:	
— Prepaid lease	307,937
— Accrued rental payable	(64,284)
Add: Leasehold improvement reclassified from property, plant and equipment to investment property	670,430
Fair value gain on investment property	10,421
Right-of-use assets recognised as at 1 January 2019	6,018,206

(c) *Impact on segment disclosures and earnings per share*

Adjusted segment assets and segment liabilities for 30 June 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment profit *RMB'000*	**Segment assets** *RMB'000*	**Segment liabilities** *RMB'000*
Property development and sales — The United States of America (the "US" or "United States")	(420)	25,980	26,290
Property development and sales — The People's Republic of China (the "PRC" or "Mainland China")	(515)	7,421	7,813
Management services	149	6,360	6,248
	(786)	39,761	40,351

Earnings per share decreased by RMB0.002 per share for the six months to 30 June 2019 as a result of the adoption of HKFRS 16.

Earnings per share for profit from continuing operations was not significantly affected by the adoption of HKFRS 16.

(d) During the six months ended 30 June 2019, cash payments for the interest portion of the lease liability amounted to RMB90,715,000 and was included in the interest paid of operating activities in the condensed consolidated statement of cash flows, while the principal element of lease payment was included in financing activities.

(e) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

3.1.2 HKFRS 16 — Accounting policies applied from 1 January 2019

The Group leases various offices, equipment and vehicles.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets that meet the definition of investment property are measured at fair value applying the fair value model.

Other right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets which do not meet the definition of investment property are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

3.2 Adoption of amendments to HKFRS 3 — Definition of a Business

The Group elected to adopt the "Amendments to HKFRS 3 — Definition of a Business" from 1 January 2019.

The definition of a business was amended. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The new model also introduces an optional concentration test that, if met, eliminates the need for further assessment.

Concentration test

Under the concentration test, the Group considers whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets). If so, the assets acquired would not represent a business and no further analysis is required. Gross assets acquired exclude cash, deferred tax assets and any goodwill that results from the effects of deferred tax liabilities. The fair value of the gross assets acquired can usually be determined based on the consideration transferred (plus the fair value of any non-controlling interest and previously held interest, if any) plus the fair value of any liabilities assumed, other than deferred tax liabilities. In order to compare like with like, any items excluded from the "gross assets acquired" would also be excluded from the fair value of gross assets acquired calculation.

The Group carefully considers the specific facts and circumstances, including class of property and location when concluding whether assets purchased in a transaction are similar. A group of properties are not similar if they have significantly different risk characteristics.

Amended definition of business

The amended HKFRS 3 requires a business to include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Outputs are defined as "the results of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities".

If there is no outputs, an acquired process is considered substantive where:

- the process is critical in converting an acquired input to an output;
- the inputs acquired include an organized workforce that has the necessary skills, knowledge and experience to perform that process; and
- other inputs are acquired that can be developed or converted into outputs by the organized workforce, for example, intellectual property, other economic resources that could be developed to create outputs, or rights to obtain materials or that enable future output to be created.

If outputs exist, an acquired process is considered substantive where, either:

- the process is critical in continuing to produce outputs, and the input includes an organized workforce with the necessary skills, knowledge or experience to perform that process; or
- the process significantly contributes to the ability to continue to produce outputs and is unique or scarce or cannot be replaced without significant cost.

The early adoption of the amendments to HKFRS 3 does not have any impact on the Group's beginning retained earnings, nor is profit for the six-month period ended 30 June 2019 affected. Nevertheless, it resulted in more acquisitions accounted for as asset acquisition.

4. REVENUE

Revenue recognized during the period is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue recognised at a point in time		
Property development and sales		
— Mainland China	**247,315**	838,004
— US	**1,249,846**	736,053
Management services		
— Mainland China	**187,593**	189,876
	1,684,754	1,763,933
Revenue recognised over period		
Property development and sales		
— US	**251,968**	52,739
Management services		
— Mainland China	**130,847**	176,372
— US	**9,040**	11,553
	391,855	240,664
Rental income		
— Office property investment	**14,466**	13,754
	14,466	13,754
	2,091,075	2,018,351

The Group has recognized the following assets and liabilities related to contracts with customers:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Contract assets related to property development and sales	**172**	119,934
Contract assets related to management services	**104,404**	–
Less: provision for bad debt	**(1,559)**	(11,993)
	103,017	107,941
Contract liabilities related to		
— Property development and sales	**4,881,747**	4,456,933
— Management services	**41,552**	53,253
	4,923,299	4,510,186

5. SEGMENT INFORMATION

Management determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. As the property development and sales in the US has increased significantly and constitutes a large portion of the revenue for the Group, management has determined to separate the property development and sales in the US as an individual operating segment for the six months ended 30 June 2019. As a result, the corresponding segment information for the six months ended 30 June 2018 has been presented in the same way.

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

- Property development and sales in Mainland China;
- Property development and sales in the US;
- Management services; and
- Office property investment.

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

Segment profit includes net profit from subsidiaries, share of net (loss)/profit of joint ventures and share of net profit 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 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 2019 is as follows:

	For the six months ended 30 June 2019				
	Property development and sales				
	US	Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 4)*					
— Revenue recognized at a point in time under HKFRS 15	**1,249,846**	**247,315**	**187,593**	**–**	**1,684,754**
— Revenue recognized over period under HKFRS 15	**251,968**	**–**	**139,887**	**–**	**391,855**
— Rental income	**–**	**–**	**–**	**14,466**	**14,466**
	1,501,814	**247,315**	**327,480**	**14,466**	**2,091,075**
Depreciation of property, plant and equipment	**(2,242)**	**(5,154)**	**(5,371)**	**(524)**	**(13,291)**
Fair value gain on investment properties *(note 13(b))*	**–**	**–**	**–**	**3,670**	**3,670**
Share of net profit of associates *(note 14)*	**–**	**398,589**	**–**	**–**	**398,589**
Share of net (loss)/profit of joint ventures *(note 10, 15)*	**(37,302)**	**28,110**	**–**	**–**	**(9,192)**
Segment profit	**60,554**	**617,468**	**143,720**	**13,477**	**835,219**
At 30 June 2019					
Segment assets	**6,051,126**	**15,657,245**	**4,697,766**	**524,572**	**26,930,709**
Interests in associates *(note 14)*	**–**	**1,724,543**	**–**	**–**	**1,724,543**
Interests in joint ventures *(note 15)*	**287,735**	**2,112,647**	**–**	**–**	**2,400,382**
Additions to non-current assets (excluding financial assets)	**35,933**	**(5,650)**	**1,511**	**3,157**	**34,951**
Segment liabilities	**3,291,378**	**15,100,561**	**3,303,333**	**105,391**	**21,800,663**

The restated 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 (Restated)				
	Property development and sales				
	US	Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 4)*					
— Revenue recognized at a point in time under HKFRS 15	736,053	838,004	189,876	–	1,763,933
— Revenue recognized over period under HKFRS 15	52,739	–	187,925	–	240,664
— Rental income	–	–	–	13,754	13,754
	788,792	838,004	377,801	13,754	2,018,351
Depreciation of property, plant and equipment	(1,257)	(1,054)	(1,064)	(6)	(3,381)
Fair value gain on investment property *(note 13(b))*	–	–	–	2,480	2,480
Share of net profit of associates *(note 14)*	–	140,520	–	–	140,520
Share of net profit of joint ventures *(note 15)*	35,109	5,907	–	–	41,016
Segment profit	101,535	515,737	144,538	12,883	774,693
At 31 December 2018					
Segment assets	6,058,371	15,569,861	3,424,012	515,642	25,567,886
Interests in associates *(note 14)*	–	1,315,706	–	–	1,315,706
Interests in joint ventures *(note 15)*	419,446	2,176,601	–	–	2,596,047
Additions to non-current assets (excluding financial assets)	13,635	61,543	6,831	190,352	272,361
Segment liabilities	4,350,626	15,146,185	2,081,024	73,569	21,651,404

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
	2019	2018 Restated	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**580,221**	1,218,006	**7,069,907**	7,721,296
US	**1,510,854**	800,345	**366,108**	463,253
Hong Kong	**–**	–	**3,668**	60
	2,091,075	2,018,351	**7,439,683**	8,184,609

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.

Reconciliation of segment profit to profit before income tax from continuing operations is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Segment profit	**835,219**	774,693
Finance costs, net *(note 8)*	**(143,322)**	(150,712)
Unallocated corporate expenses	**(113,510)**	(68,441)
Profit before income tax from continuing operations	**578,387**	555,540

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Segment assets	**26,930,709**	25,567,886
Discontinued operation	**–**	1,207,388
Total assets	**26,930,709**	26,775,274

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
Segment liabilities	**21,800,663**	21,651,404
Discontinued operation	**–**	362,975
Total liabilities	**21,800,663**	22,014,379

6. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income from:		
— Amounts due from joint ventures and associates	**67,890**	36,430
— Amounts due from non-controlling interests	**14,308**	12,738
— Loan to third parties and deposit paid for acquisition of an associate	**14,664**	4,494
Government grants (a)	**40,544**	7,452
Sundry income	**1,231**	8,121
	138,637	69,235

(a) Government grants for the six months ended 30 June 2019 was mainly tax rebate with amount of RMB37,994,000.

7. OTHER GAINS /(LOSSES), NET

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Gains on disposal of subsidiaries	**24,650**	119,581
Gains on re-measurement of existing interest in a joint venture upon conversion to a subsidiary	**–**	19,653
Net exchange gains	**5,200**	51,834
Gains on disposal of property, plant and equipment	**(2)**	6
Gain on financial assets at fair value through profit or loss	**2,708**	–
Others	**2,151**	775
	34,707	191,849

8. FINANCE COSTS, NET

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Finance costs:		
— Bank borrowings	**126,710**	60,529
— Loans from the ultimate holding company	**68,098**	58,527
— Senior notes	**75,271**	46,544
— Sell and buy-back arrangement	**–**	43,192
— EB-5 loans	**13,876**	8,838
— Interest expense on amounts due to related parties	**10,547**	46,604
— Loans from non-controlling interest	**8,577**	654
— Loans from other financial institutes	**16,331**	8,402
— Discounted bank accepted note	**3,017**	3,499
— Financing component of contract with customers	**91,122**	81,464
— Lease liabilities	**1,815**	–
	415,364	358,253
Less: interest capitalised	**(258,627)**	(197,255)
	156,737	160,998
Finance income		
— Bank interest income	**(13,415)**	(10,286)
	143,322	150,712

The average interest rate of borrowing costs capitalised for the six months ended 30 June 2019 was approximately 7.54% per annum (For the six months ended 30 June 2018: 6.67% per annum).

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current income tax	**222,991**	171,058
Deferred income tax	**(108,403)**	(26,859)
Land appreciation tax	**17,349**	4,480
	131,937	148,679

Hong Kong profits tax at the rate of 16.5% (For the six months ended 30 June 2018: 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 2019.

The Group's subsidiaries in Mainland China are subject to enterprise income tax ("**EIT**") at the rate of 25% (For the six months ended 30 June 2018: 25%) for the six months ended 30 June 2019.

Land appreciation tax ("**LAT**") in Mainland China 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. The tax is incurred upon transfer of property ownership.

In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 28.28% (For the six months ended 30 June 2018: 28.28%). This is then adjusted for items which are not assessable or deductible to arrive at an effective tax rate of 26.68% (For the six months ended 30 June 2018: 34.43%).

10. DISCONTINUED OPERATION

(a) Description

On 10 June 2019, the Group announced its intention to dispose the long-term rental apartment business and sell its subsidiary Shanghai Landsea Apartment Industry Development Co., Ltd. (上海朗詩寓實業發展有限公司) to Landsea Group. The disposal was completed on 26 June 2019. The long-term rental apartment business was reported in the financial information for the six months ended 30 June 2019 as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operations for the period from 1 January 2019 to 26 June 2019.

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**154,158**	27,343
Cost of sales and services	**(36,084)**	(37,610)
Gross profit/(loss)	**118,074**	(10,267)
Selling expenses	**(21,057)**	(11,282)
Administrative expenses	**(29,368)**	(28,555)
Fair value gain on investment properties	**24,285**	–
Other gains/(losses) — net	**2,278**	385
Finance income	**49**	27
Finance costs	**(201,209)**	(1,205)
Finance costs — net	**(201,160)**	(1,178)
Share of net profit of joint ventures	**18**	–
Loss before income tax	**(106,930)**	(50,897)
Income tax expenses	**26,163**	12,675
Loss after income tax of discontinued operation	**(80,767)**	(38,222)
Gain on sale of subsidiary after income tax	**95,047**	–
Profit/(loss) from discontinued operation	**14,280**	(38,222)
Net cash outflow from operating activities	**(188,357)**	(75,100)
Net cash outflow from investing activities	**(147,976)**	(201,967)
Net cash inflow from financing activities	**304,599**	288,826
Net (decrease)/increase in cash generated by the subsidiary	**(31,734)**	11,759
Basic earnings per share from discontinued operations (expressed in RMB per share)	**RMB0.003**	RMB(0.009)
Diluted earnings per share from discontinued operations (expressed in RMB per share)	**RMB0.003**	RMB(0.009)

11. DIVIDEND

The Board made a distribution out of contributed surplus account of HK cents 4.50 (equivalent to RMB cents 3.83) (2018: HK cents 4.42 cents (equivalent to RMB cents 3.54)) per ordinary share amounting to a total of RMB180,864,000 (For the six months ended 30 June 2018: RMB138,682,000). The proposed distribution was based on 4,722,307,545 shares in issued as at 22 March 2019. The distribution out of contributed surplus account was approved by the shareholders at the annual general meeting of the Company held on 27 May 2019.

12. 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 2019.

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Profit from continuing operations attributable to the shareholders of the Company	**249,383**	320,006
Profit/(loss) from discontinued operation attributable to the shareholders of the Company	**14,280**	(38,222)
Accrued distribution of the convertible perpetual securities	**–**	(9,183)
Profit used to determine basic earnings per share	**263,663**	272,601
Weighted average number of ordinary shares (in thousands)	**4,722,307**	3,917,571
Earnings per share — Basic (expressed in RMB per share)	**0.056**	0.070
Earnings per share from continuing operations — Basic (expressed in RMB per share)	**0.053**	0.079

(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. For the six months ended 30 June 2019, the company has no dilutive factors (For the six months ended 30 June 2018: 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	
	2019	2018
	RMB'000	*RMB'000*
Profit from continuing operations attributable to the shareholders of the Company	**249,383**	320,006
Profit/(loss) from discontinued operation attributable to the owners of the Company	**14,280**	(38,222)
	263,663	281,784
Weighted average number of ordinary shares (in thousands)	**4,722,307**	3,917,571
Adjustment — Assumed conversion of convertible perpetual securities	**–**	669,909
Adjusted weighted average number of ordinary shares for diluted earnings per share	**4,722,307**	4,587,480
Earnings per share — Diluted (expressed in RMB per share)	**0.056**	0.061
Earnings per share from continuing operations — Diluted (expressed in RMB per share)	**0.053**	0.070

13. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Property, plant and equipment

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
At 1 January, as previously stated	**1,234,573**	656,245
Adjustment on adoption of HKFRS 16, net of tax *(note 3.1)*	**(670,430)**	–
At 1 January, after the adoption of HKFRS 16	**564,143**	656,245
Acquisition of subsidiaries	**109**	–
Additions	**37,676**	269,073
Depreciation	**(13,398)**	(6,729)
Reclassification to investment properties	**–**	(41,427)
Disposals of subsidiaries	**(5,718)**	
Disposals	**(37)**	(110)
Exchange difference	**5**	106
At 30 June	**582,780**	877,158

Property, plant and equipment with carrying amount of RMB520,569,000 (2018: RMB502,576,000) was pledged as collateral for the Group's borrowings (note 20).

(b) Investment properties

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
At 1 January, as previously stated	**505,630**	319,830
Adjustment on adoption of HKFRS 16, net of tax *(note 3.1)*	**5,960,000**	–
At 1 January, after the adoption of HKFRS 16	**6,465,630**	319,830
Reclassification from property, plant and equipment	**–**	60,780
Addition	**145,715**	–
Fair value gain on revaluation from continuing operations	**3,670**	2,480
Fair value gain on revaluation from discontinued operations	**24,285**	–
Disposal of subsidiaries	**(6,130,000)**	–
At 30 June	**509,300**	383,090

Investment properties were valued at 30 June 2019 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 2019 were determined using income approach based on significant unobservable inputs and were recognised under level 3 of the fair value hierarchy.

The key unobservable inputs of the valuation include reversionary yield ranging from 5.5% to 6.0% (2018: from 5.5% to 6.0%), vacancy rate ranging from 5% to 10% (2018: from 5% to 10%), the average daily rental per square meter ranging from 1.55 to 4.24 (2018: from 1.45 to 3.47).

As at 30 June 2019, investment properties with carrying amount of RMB401,240,000 (2018: RMB401,210,000) was pledged as collateral for the Group's borrowings (note 20).

14. INTERESTS IN ASSOCIATES

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
At 1 January	**1,315,706**	983,077
Additions:		
— Additional investments in an existing associate	**–**	400
Share of net profit of associates	**398,589**	140,520
Elimination of transactions with associates	**10,248**	(26,746)
Dividends from associates	**–**	(20,000)
At 30 June	**1,724,543**	1,077,251

15. INTERESTS IN JOINT VENTURES

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
At 1 January	**2,596,047**	1,885,271
Additions:		
— Additional investments in existing joint ventures	**123,613**	355,792
— Subsidiaries becoming joint ventures	**6,000**	274,655
Disposals:		
— Disposal of joint ventures in subsidiaries	**(418)**	(143,216)
— Partial disposal of shares of joint ventures	**–**	(1,500)
— Joint ventures becoming subsidiaries	**(149,503)**	–
Share of net (loss)/profit of joint ventures	**(9,174)**	41,016
Elimination of transactions with joint ventures	**(84,704)**	(91,966)
Collection of investments in joint ventures	**(33,893)**	–
Dividends from joint ventures	**(46,745)**	(3,994)
Exchange difference	**(841)**	–
At 30 June	**2,400,382**	2,316,058

16. PROPERTIES UNDER DEVELOPMENT

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Properties under development located:		
— Mainland China	**4,958,194**	4,506,998
— US	**4,627,765**	4,184,601
	9,585,959	8,691,599
Less: provision for decline in the value of properties under development	**–**	(3,020)
	9,585,959	8,688,579
Amount comprises:		
— Land payments	**5,276,679**	4,824,473
Leasehold land, Mainland China	**3,358,066**	3,029,651
Freehold land, US	**1,918,613**	1,794,822
— Development expenditures and improvements	**3,533,681**	3,071,764
— Interest capitalized	**775,599**	795,362
	9,585,959	8,691,599

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 RMB3,185,053,000 (2018: RMB1,660,010,000). The remaining balance is expected to be completed within one year.

As at 30 June 2019, properties under development with carrying amount of RMB2,371,063,000 (2018: RMB3,033,882,000) were mortgaged as collateral for the Group's borrowings (note 20).

17. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Included in non-current assets:		
Prepayments		
— Prepayments for acquisition of subsidiaries	**–**	3,539
	–	3,539
Amounts due from related parties	**1,069,495**	1,631,495
Less: provision for bad debt	**(10,695)**	(16,315)
	1,058,800	1,615,180
Amounts due from non-controlling interests (a)	**621,106**	515,965
Less: provision for bad debt	**(6,211)**	(5,160)
	614,895	510,805
Other receivables		
— Lendings to third parties (b)	**30,245**	27,652
— Deposits for property maintenance	**12,386**	12,385
	42,631	40,037
— Less: provision for bad debt	**(1,116)**	(1,116)
	41,515	38,921
	1,715,210	2,168,445
Included in current assets:		
Trade receivables (c)		
— Related parties	**306,193**	335,294
— Third parties	**215,579**	185,927
	521,772	521,221
Less: provision for bad debt		
— Related parties	**(3,417)**	(3,353)
— Third parties	**(17,140)**	(10,160)
	(20,557)	(13,513)
	501,215	507,708

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Prepayments		
— Prepaid taxes (d)	**193,570**	177,738
— Prepaid VAT and other surcharges (d)	**255,339**	208,947
— Prepayments for rental fee	**–**	309,131
— Prepayments for land bidding	**–**	89,439
— Other prepayments	**42,825**	139,716
	491,734	924,971
Amounts due from related parties	**1,496,927**	745,811
Less: provision for bad debt	**(14,913)**	(7,458)
	1,482,014	738,353
Amounts due from non-controlling interests (a)	**185,044**	3,425
Less: provision for bad debt	**(1,850)**	(34)
	183,194	3,391
Deposits for purchase of land (e)	**219,692**	242,689
Less: provision for bad debt	**(2,346)**	(2,427)
	217,346	240,262
Other receivables		
— Rental deposits	**1,635**	85,002
— Deposits for land bidding	**294,510**	–
— Deposits for building construction	**2,923**	2,284
— Deposits in housing fund	**17,917**	16,874
— Lendings to third parties (b)	**228,893**	104,894
— Others	**57,568**	59,505
	603,446	268,559
Less: provision for bad debt	**(6,467)**	(6,605)
	596,979	261,954
	3,472,482	2,676,639

(a) In December 2018, 蘇州朗坤置業有限公司 (Suzhou Langkun Real Estate Co., Ltd.) ("**Suzhou Langkun**"), an indirect non-wholly owned subsidiary of the Company, entered into the supplemental agreement with its owners, pursuant to which Suzhou Langkun agreed to extend the loan term from 31 December 2018 to 31 December 2021. The loan is unsecured, repayable within three years, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amounts of drawdown. As at 30 June 2019, the outstanding amounts due from the non-controlling shareholders of Suzhou Langkun amounted to RMB621,106,000.

In January 2018, 中福頤養(天津)置業有限公司 (Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.) ("**Zhongfuyiyang**"), an indirect non-wholly owned subsidiary of the Group signed an agreement with its owners, pursuant to which Zhongfuyiyang would advance loan to its owners on pro-rata basis according to their respective shareholding interest in Zhongfuyiyang. The loan is unsecured, repayable within one year and Zhongfuyiyang shall charge an annual interest rate ranging from 4.35% to 6.50% per annum on the actual amounts of drawdown. As at 30 June 2019, the outstanding amounts due from the non-controlling shareholders of Zhongfuyiyang amounted to RMB61,619,000.

The remaining amounts are interest-free and repayable on demand.

(b) The balances of lending to third parties bear interest ranging from 8%–14%. Of the total lending to third parties, RMB197,343,000 (2018: RMB87,651,000) was secured by the equity securities of two companies which hold properties in Mainland China.

(c) As at 30 June 2019 and 31 December 2018, the ageing analysis of the current trade receivables based on invoice date were as follows:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Related parties		
— Less than one year	**242,613**	290,912
— One to two years	**36,393**	35,738
— Two to three years	**27,187**	8,644
	306,193	335,294
Third parties		
— Less than one year	**139,707**	123,315
— One to two years	**28,304**	61,664
— Two to three years	**47,568**	598
— Three to four years	**–**	350
	215,579	185,927
	521,772	521,221

(d) Effective from 1 May 2016, the Group's subsidiaries in Mainland China are subject to VAT for its sales of properties. The applicable tax rate is 9% (10% before 1 May 2019) 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 "prepayments — VAT to be offset" when there is a debit balance.

The Group's subsidiaries in Mainland China which develop properties for sale are subjected to prepayment of VAT at the rate of 3% on advance collected from customers. Such prepayments are recorded as "prepayments — prepaid VAT and other surcharges".

These subsidiaries are also subjected to prepayments of EIT and LAT on expected profit margin and LAT based on advance collected from customers together. Such prepayments are recorded as "prepayments — prepaid tax".

(e) As at 30 June 2019, deposits for purchase of land mainly related to acquisition of land use right upon successfully bidding at the land auctions.

18. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Restricted cash		
Restricted for project developments	**7,582**	66,847
Restricted under escrow account for investments	**40,000**	40,000
Deposits as security for property purchasers' mortgage loans	**164,944**	166,228
Pledged for discounted bank accepted notes *(note 20)*	**30,000**	85,000
Pledged for the Group's bank borrowings *(note 20)*	**107,165**	183,866
Others	**11**	358
	349,702	542,299
Cash on hand and cash at banks	**4,611,209**	5,404,956

The carrying amounts of restricted cash and cash and cash equivalents were denominated in below currencies:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
RMB	**3,950,770**	5,008,955
US$	**997,510**	920,273
HK$	**12,631**	18,027
	4,960,911	5,947,255

19. TRADE AND OTHER PAYABLES

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Included in non-current liabilities:		
— Amounts due to related parties	**2,556,207**	2,804,826
— Warranty accrual	**39,315**	24,817
	2,595,522	2,829,643
Included in current liabilities:		
— Amounts due to related parties	**2,953,743**	2,908,526
— Payables for construction materials and services	**1,592,038**	1,964,956
— Amounts due to non-controlling interests (a)	**209,893**	410,045
— Interest payable	**200,865**	348,592
— Deposits received from rental and construction services	**129,610**	348,045
— Amounts due to joint venture partners (b)	**567,648**	320,000
— Accruals for staff costs	**112,539**	252,813
— Value added tax and other tax payables	**183,856**	180,823
— Consideration payables (c)	**63,955**	141,667
— Dividend payable	**28,472**	–
— Other payables	**26,870**	37,302
	6,069,489	6,912,769

As at 30 June 2019 and 31 December 2018, the aging analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Less than one year	**1,379,317**	1,808,395
One to two years	**195,078**	145,160
Two to three years	**17,643**	11,401
	1,592,038	1,964,956

(a) As of 30 June 2019, current amounts due to non-controlling interests bear interest at 4.65% per annum.

(b) As of 30 June 2019, the amounts due to joint venture partners include RMB120,000,000 bearing interest ranging from 6.00% to 8.00% and the remaining amounts are interest-free.

(c) As of 30 June 2019, consideration payables are mainly related to payables for acquisition of investments, of which RMB6,811,000 was due to the former shareholders of 成都海興冷業貿易股份有限公司 (Chengdu Haixing Cold Industry Trading Co., Ltd.) ("**Chengdu Haixing**"), RMB52,144,000 was due to the former shareholder of 武漢朗泓置業有限公司 (Wuhan Langhong Real Estate Co., Ltd.), and the remaining amount, RMB5,000,000 was due to the former shareholder of 西安朗詩銘房地產開發有限公司 (Xi'an Langshiming Real Estate Development Company Co., Ltd. ("**Xi'an Langshiming**")).

20. BORROWINGS

	30 June 2019		31 December 2018	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
— Bank borrowings (a)	**569,632**	**1,994,346**	266,597	1,224,335
— Sell and buy-back arrangements (f)	**82,168**	**77,412**	–	285,967
— Discounted bank accepted notes	**60,000**	**–**	316,983	–
— Loans from other financial institutions (e)	**–**	**423,306**	–	310,306
Total secured borrowings	**711,800**	**2,495,064**	583,580	1,820,608
Unsecured				
— Bank borrowings (a)	**30,000**	**–**	100,000	859,772
— Guaranteed senior notes 2018	**1,388,640**	**–**	–	1,380,523
— Guaranteed senior notes 2019 (c)	**–**	**1,341,626**	–	–
— Loans from the ultimate holding company (b)	**–**	**917,577**	–	1,665,000
— EB-5 loans (d)	**–**	**622,620**	–	575,112
— Loans from other financial institutions (e)	**–**	**40,000**	–	40,000
Total unsecured borrowings	**1,418,640**	**2,921,823**	100,000	4,520,407
Total borrowings	**2,130,440**	**5,416,887**	683,580	6,341,015

Borrowings carry interest ranging from 3.34% to 13.50% (2018: 3.19% to 13.50%) per annum.

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
At 1 January	**7,024,595**	5,429,415
Proceeds from borrowings	**3,052,580**	3,055,566
Acquisition of subsidiaries	**421,564**	–
Repayments of borrowings	**(2,584,650)**	(2,484,188)
Disposal of subsidiaries	**(372,999)**	–
Amortisation of guaranteed senior notes	**9,951**	–
Exchange difference	**(3,714)**	59,662
At 30 June	**7,547,327**	6,060,455

At the end of each reporting period, the carrying amounts of borrowings were denominated in the following currencies:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
RMB	**2,845,083**	3,508,890
US$	**4,464,725**	3,169,781
HK$	**237,519**	345,924
	7,547,327	7,024,595

(a) Bank borrowings

Bank borrowings carry interest ranging from 3.34% to 8.94% (2018: 3.34% to 8.60%) per annum.

(b) The loans from the ultimate holding company

The loans from the ultimate holding company carry interest ranging from 5.30% to 5.65% (2018: 5.30% to 5.65%) per annum.

(c) Guaranteed senior notes 2019

Guaranteed senior notes 2019 issued by the Company were listed on the Singapore Exchange Securities Trading Limited on 20 June 2019 and will mature on 20 June 2022, with 10.5% per annum paid on June 20 and 20 December of each year commencing 20 December 2019. All of the guaranteed senior notes are subject to the fulfilment of covenants relating to certain of the Company's debt servicing financial indicators. The Company regularly monitors its compliance with these covenants. As at 30 June 2019, 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 110.5% 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.

(d) EB-5 loans

EB-5 Loans represent loans from third parties and carry interest of 4.00% (2018: 4.00%) per annum The balances are repayable ranging from 24 July 2020 to 29 June 2023.

(e) Loans from other financial institutions

Loans from other financial institutions carry interest from 8.00% to 11.50% (2018: 8.00% to 11.50%) per annum. The balance is repayable from 6 July 2020 to 27 December 2020.

(f) Sell and buy-back arrangements

Sell and buy back arrangements carry interest from 13.50% (2018: 13.50%) per annum. The balance is repayable from 31 December 2019 to 31 August 2020.

(g) The Group's borrowings were jointly secured by:

- (i) restricted cash with carrying amount of RMB137,165,000 (2018:RMB268,866,000) (note: 18);

- (ii) properties under development with carrying amount of RMB2,371,063,000 (2018: RMB3,033,882,000) (note 16);

- (iii) investment properties of the Group with carrying amount of RMB401,240,000 (2018: RMB401,210,000) (note 13(b));

- (iv) property, plant and equipment with carrying amount of RMB520,569,000 (2018: RMB502,576,000) (note 13(a));

- (v) guarantee provided by the ultimate holding company; and

- (vi) equity interest of certain subsidiaries of the Group.

CHAIRMAN'S REPORT

I am pleased to present to our shareholders the business review for the half year ended 30 June 2019 and the prospects for the second half of 2019 of the Group.

REVIEW OF THE FIRST HALF OF 2019

Operating Results

During the period under review, the Group' s overall profitability continued to improve and realized a net profit of RMB0.46 billion, representing an increase of 25% as compared with the corresponding period of last year; the net core profit amounted to RMB0.45 billion, representing an increase of 39% as compared with the corresponding period of last year. The financial leverage also remained at a relatively stable and healthy level, with net debt ratio at 57.2%, which is lower than the average of the industry. During the period, "Landsea Products" recorded contracted sales of approximately RMB11.48 billion with contracted gross floor areas of 0.693 million square meters.

The PRC properties business did not achieve the contracted sales target, mainly due to:

I. Exorbitant land prices and insufficient expansion. In 2018 and in the first half of 2019, the PRC market suffered from exorbitant land price. It was not a good investment opportunity when the land prices are higher than those of property. The investment target has not been achieved in 2018 and the first half of 2019, which has a certain impact on contract sales. However, we consider that failure to achieve investment target is more conducive to the Company's long-term development.

II. Exploration of stock land acquisition and merger projects. Landsea jointly invests in various stock land projects with partners, which has long and arduous development cycle with relatively slow turnaround.

Landsea experienced the year of operational efficiency. We continue to strengthen our own development and operational capabilities so as to improve product standardisation and organizational capabilities. Landsea will have more investment opportunities as the market goes downward and gradually returns to rationality.

FOCUSING ON GREEN TECHNOLOGY AND PROPERTY BUSINESS

In first half of the year, the Group adjusted its strategies and tactics, segregating the loss-making business of long-term rental apartments as well as non-property development-related businesses including architectural design and garden greening and landscape services provided to third parties, with a view to focusing on development and management of green technology and property to become a green property expert with a clear business line. We believe that, through this strategic adjustment, the Group could optimise its resource allocation and enhance its operational efficiency. Leveraging on the experience accumulated in green architecture over the past 15 years and enhancement of our capability, we will specialise in and improve our green differentiation products, with an aim to continuously enhance our profitability and shareholders' return.

PROPERTIES DEVELOPMENT BUSINESS IN PRC

Property development is the core business of the Group. 2019 is the fifth year since Landsea's property business started deepening the implementation of "Product differentiation, Asset-light transformation and Revenue-diversification" strategy, which has shown gradual results in terms of transformation and upgrades.

"Product differentiation" has been a unique feature to distinguish Landsea from the others. It has been 15 years since Landsea established in 2004 a competitive strategy of focusing on green technology and properties for differentiation, which has been persistently implemented.

The long-standing insistence on green living and the market demand-oriented iterative upgrade contribute to Landsea's unique advantage in "Product differentiation". Further to the achievement of global winner of Health & Comfort Prize in the Green Solutions Awards last year, Landsea New Mansion Project was granted the pioneer "Healthy Building Demonstration(健康建築示範基地)" in the PRC in March this year and has become a model project for healthy architecture in PRC and abroad. Hangzhou Le Mansion of Landsea was honored the "Residential Property of the Year(年度住宅優秀獎)" by Royal Institution of Chartered Surveyors (RICS), a well-known international professional organisation, in April.

"Asset-light transformation" is another core competitive strategy of Landsea's green property business. The Group took advantage of its competitive edge in green product differentiation, positive brand premium capability and project management experiences to develop various"asset-light" businesses focusing on minority interests with financial institutions and well-known large and medium-sized enterprises for advantages complementary to each other.

Thanks to its product differentiation and asset-light business model, Landsea recorded multiple streams of revenue from collaboration, including development service income, product integration income and shares from surplus results.

In March this year, Landsea out performed its peers of substantial strengths across the nation as one of the top 10 performers, and ranked among the top 100 in terms of operating results for nine consecutive years. In May, Landsea once again ranked top five of fastest-growing enterprises among Real Estate Listed Companies(房地產上市公司發展速度五強) by leveraging on its business model and development strategies.

For expansion of real estate development in the PRC, Landsea continued to take a prudent and pragmatic approach. In first half of 2019, the Group secured 5 projects in total located in cities such as Xi'an, Wuxi and Zhongshan. All of these projects were properties under development for sale, with an additional saleable area of 0.32 million square meters and expected saleable value of approximately RMB7.4 billion. We expect to have better opportunities for investment and expansion in second half of this year.

In April this year, Landsea commenced Zhongshan Nanlang Project to tap into the Greater Bay Area and officially set its foothold in Southern China, marking the completion of Landsea's fundamental nationwide coverage. As Southern China is characterized by high temperature and humidity all year round, Landsea's green architecture products with "health, comfort, environmental protection, energy saving" features can adapt to local climate and satisfy customers' need. Landsea will expand its presence in the Greater Bay Area to provide users with quality products adapting to local climate including residence, apartment and office buildings.

PROPERTY DEVELOPMENT BUSINESS IN THE UNITED STATES

The Group continued to deepen the development in such gateway cities 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, the Group secured eight projects in cities including Phoenix and Chandler, with an additional saleable area of 0.25 million square meters and expected saleable value of approximately RMB2.9 billion.

As at 30 June 2019, projects in the United States recorded total contracted sales of approximately RMB1.93 billion and saleable area of 47,695 square meters. The Group realised income from sales of properties and land of approximately RMB1.5 billion, representing an increase of 90% as compared with corresponding period of last year. The recognised sales gross area was 77,706 square meters.

During the Period, Landsea Homes in the United States announced its successful acquisition of Pinnacle West Homes and, in turn, full access to the residential project market with solid demands in Arizona. The acquisition of this quality asset not only complements the existing high-end products of Landsea Homes, but also optimizes assets and business structure of Landsea Homes as well as strengthens its market competitiveness in Arizona. This progress marked another key milestone of Landsea Homes in Arizona, recognizing another solid step forward under the guidance of Landsea Homes' localization strategy.

INVESTMENT, FINANCING AND ASSET MANAGEMENT BUSINESSES

In additional to the traditional property development business, the Company also focuses on the investment in existing assets and asset management in the core city, which is committed to identifying value in newer segments of the market and creating integrated asset management capabilities for investment, fund raising, positioning, transformation, operation and fund withdrawal, and has accumulated a wealth of experience in project acquisition, cooperation model, asset management, asset securitization and financial innovation. The Company has established various themed funds and joint investment platforms with Cinda Investment, Pingan Real Estate, Riverhead Capital, CITIC Capital and Zhongrong Trust respectively. As at 30 June 2019, the assets under management of the Company were approximately RMB10 billion.

During the Period, the Company has worked with its partners to co-invest in such projects as Beijing Shipbuilding Building at Dongsanhuan, Beijing, Zhangjiang Jiali Building at Pudong, Shanghai and Jingan Xingxing Mansion at Jingan District, Shanghai. The Company will implement repositioning and green transformation for these projects before commencement of leasing, operation and management to secure capital appreciation in and return on the properties. Landsea gained access to the CBDs of Beijing, for the first time, and Shanghai by way of inventory asset acquisition, which will not only generate good rental income and capital appreciation but will also bear great significance to Landsea's strategy of gaining presence in first-tier cities across the nation.

WIDENING OF FINANCING CHANNELS AND OPTIMISATION OF DEBT STRUCTURE

Against the backdrop of financial deleveraging and robust regulation, the Group leveraged on its own competitive edges to optimize its debt structure, widening its financing channels and explored innovative financing. Thanks to its sound financial strategy and effective liability control, the Group's net debt remained at a healthy level (57.2%) and the debt structure continued to be optimized (coverage ratio of cash to debt due within 1 year is 2.3:1), providing the Group with a foundation for coping with changes in the external environment and enhancing its risk management ability.

The Group remained stable in terms of international credit ratings, including B2 rating with positive outlook from Moody's, B rating with positive from Fitch and B rating with stable from Standard & Poor's ("**S&P**"). In June this year, once again the Group took advantage of favorable market conditions to successfully issue the green bonds in an aggregated amount of US$200 million, which received the world's highest rating in terms of green standard certification from 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 strategic cooperation agreements with Bank of Jiangsu and JIC Trust 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

Leveraging on its own purchasing rights, Landsea has been promoting and actively involved in the "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. As at the end of June 2019, the "Green Supply Chain Action" was endorsed by 99 real estate enterprises with an aggregated annual sales making up approximately 20% of the total sales of the real estate sector.

According to the white list of the "China's Real Estate Industry Green Supply Chain Action" released on the "World Environment Day" on 5 June this year, the number of suppliers increases from 575 last year to 3,491. So far the "Green Supply Chain Action" has introduced 7 green procurement models, successfully exploring and establishing practical green standard for the real estate sector. During the Period, Landsea continued to encourage more real estate enterprises and suppliers to join the action by adhering to the principle of "green procurement only".

OUTLOOK FOR THE SECOND HALF OF 2019

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 regulation on the domestic real estate industry will remained tight. The city-specific approach to regulation will further accelerate the division of regional markets and the switching of market demand.

Compared with the advocate of "the property sector will be used as a means and tools of stimulus for economic growth when the GDP goes downward", this is more intelligent and important to clearly stated "Housing properties are used for residential purpose, instead of speculation. By implementing a long-term management mechanism, the property sector will not be used as a means of short-term economic stimulus" by the Political Bureau of the Central Committee in the meeting on July 30. The central government realises that using property sector as a means of stimulus for economic growth has its drawbacks. On the other hand, due to the high leverage of the residential houses at this stage, using property sector as a means of stimulus for economic growth is no longer effective when implementing a deleveraging strategy.

Landsea considers that the adjustment to the existing real estate industry will be a long-term momentum, which is the turning point to the rapid growth of the real estate industry in the PRC over the past 20 years. Landsea is keen on "Bear Market" and watch for a better opportunity for development while undergoing industry downturn. On the other hand, Landsea always adhere to the prudent investor rule without bidding for prime lot. We will have more opportunities to obtain quality projects as the prices of land and inventory asset will be reasonable or undervalued in the downturn cycle. On the other hand, an advocate of "Houses are for living but not for speculating" will weaken the investment nature of commercial housing and highlight its commodity use instead. With strategy of product differentiation, Landsea will provide customers with comfortable, healthy, intelligent, energy-saving and environmentally friendly products to achieve better sales performance.

With a forward-looking understanding at policy, market and customer levels, in the second half of the year, Landsea will continue to promote its stated plan of strategic transformation and upgrading, adopt a prudent and stable business strategy and maintain a flexible capital structure to seize market opportunities that may arise from time to time. Landsea never pays attention to the gains and losses, but pursues long-term development. We firmly believe that running farther is more important than running fast.

ACKNOWLEDGEMENT

Last but not least, I would like to take this opportunity to extend my 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

In the first half of 2019, the Group segregated non-property business, with a view to focusing on development and management of green technology and property to become a green property expert with a clear business line. The Group upheld the development strategy of "Product-differentiation, Asset-light transformation and Revenue-diversification" and leverage its resource endowments to further achieve capability of green property products differentiation. Meanwhile, with the advantages of products diversification, the Group actively expanded various projects focusing on minority interests, and vigorously developed project development and management service business, with a view to achieve revenue-diversification.

During the period under review, the Group's overall profitability continued to improve. In the first half of 2019, the Group realized a net profit for the year of RMB460.7 million, representing an increase of 25.0% as compared with last year; net profit margin was approximately 22.0% (first half of 2018: approximately 18.3%); net core profit (i.e. net profit excluding exchange gain/loss and change of fair value on investment property) amounted to approximately RMB454.4 million (first half of 2018: approximately RMB326.8 million), representing a significant increase of approximately 39.1% as compared with last year. Net core profit margin was approximately 21.7% (first half of 2018: approximately 16.2%). The increase in net profit and net profit margin were principally attributable to delivery of development projects with higher gross profit margin of joint ventures or associates during the Period.

The Group maintains a prudent financial strategy and upheld "Cash Flow Oriented (現金流為綱)" as guidance principle for its operation, as well as paid keen attention to liability risk and cash safety. At the end of the first half of 2019, the net debt ratio was 57.2% (31 December 2018: 34.0%). The net debt ratio was maintained at a low level in the real estate industry. The Group had sufficient cash. Cash-to-short-term borrowing ratio amounted to 2.3 times, reflecting healthy liquidity.

For the first half of 2019, the revenue recognised from the subsidiaries of the Group for the half year amounted to approximately RMB2.09 billion (First half of 2018: approximately RMB2.02 billion), revenue recognised from joint ventures and associates attributable to the Group amounted to RMB1.82 billion (First half of 2018: approximately RMB879.4 million), with an aggregate sales revenue recognised amounted to RMB3.91 billion, representing an increase of approximately 35.0% (First half of 2018: approximately RMB2.90 billion) as compared to the corresponding period of last year. Among which, the revenue recognised from the provision of development and management services amounted to approximately RMB327.5 million (First half of 2018: approximately RMB377.8 million).

In first half of 2019, "Landsea Products" recorded contracted sales of approximately RMB11.48 billion (including approximately RMB10.47 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (First half of 2018: approximately RMB16.36 billion), with contracted gross floor areas of 692,990 square meters (including 636,016 square meters from the Group and a small amount of remaining projects entrusted by Landsea Group)(First half of 2018: 783,231 square meters).

BUSINESS DEVELOPMENT

In first half of 2019, the Group secured a total of 16 projects, of which 8 were in the PRC and 8 were in the United States. They were in Beijing, Shanghai, Xi'an and Wuxi in the PRC as well as the second-tier cities such as Phoenix and Chandler in the United States among which 13 projects were under development for sale (including 11 projects in which the Group held equity interests and 2 development management projects by entrusted independent third parties) and 3 income-generating properties.

In first half of 2019, the Group recorded an increase in the new project saleable gross floor area ("GFA") of 573,221 square meters and expected new project saleable value of approximately RMB10.36 billion, in which 613,538 square meters in new project construction GFA, 510,803 square meters in new project saleable GFA and approximately RMB9.13 billion of expected new project saleable value are recorded from the new project the Group held interest respectively. According to the Company's attributable equity interest in the new project, the Group recorded a new project construction GFA of 447,906 square meters, new project saleable GFA of 393,242 square meters as well as expected new project saleable value of approximately RMB6.23 billion . During the year, the Group obtained new entrusted development management projects with construction GFA of 88,412 square meters, saleable GFA of 62,418 square meters and expected saleable value of approximately RMB 1.23billion. By adhering to a consistently stable and prudent investment strategy, the Group's costs for acquiring land/asset have significant advantage in resisting the market risk in the future.

As at 30 June 2019, the Group had project reserves with saleable GFA of 6,721,264 square meters and expected saleable value of approximately RMB122.01 billion, in which total gross floor areas of 10,532,142 square meters, saleable GFA of 3,806,477 square meters and saleable value of approximately RMB71.59 billion secured for the equity-held projects, with saleable GFA of 1,646,102 square meters and saleable value of approximately RMB33.95 billion attributable to the Group. The Group had also acquired 34 development management projects by entrusted independent third parties, with saleable area of 2,914,787 square meters and expected sales amount of approximately RMB50.41 billion. The Group held the leased properties with total GFA of 161,146 square meters and the equity-held projects with GFA of 102,337 square meters.

For expansion of real estate development in the PRC, Landsea continued to take a prudent and pragmatic approach. During the period, the Group secured 5 projects in total located in cities such as Xi'an, Wuxi and Zhongshan, with an additional saleable area of 0.32 million square meters and saleable value of approximately RMB7.4 billion. In April, Landsea commenced Zhongshan Nanlang Project to tap into the Greater Bay Area and officially set its foothold in Southern China, marking the completion of Landsea's fundamental nationwide coverage. As Southern China is characterized by high temperature and humidity all year round, Landsea's green architecture products with "health, comfort, environmental protection, energy saving" features can adapt to local climate and satisfy customers' need.

The Group's property development business covers both the PRC and the United States. Currently, Landsea Homes rank among the top 40 national real estate developers in the US. By successively expanding the mid to high-end residential market in Greater New York, Boston, Los Angeles, San Francisco and Arizona, Landsea Homes has developed cumulatively 34 projects. As at 30 June 2019, assets of United States business accounted for approximately 22.5% of the Group's assets. During the period, the total contracted sales of the United States projects amounted to approximately RMB1.93 billion. During the period, Landsea Homes acquired Pinnacle West Home, a company in Phoenix, for developing over 1,150 plots in 15 communities within four major urban areas of Arizona. Through this acquisition, Landsea not only optimised the product portfolio in the US market, but also further improved the business structure for developing the US business with an uncompromising attitude and ascending into the top 15 real estate developers in Arizona, which enhances the Group's performance in the US. In the future, Landsea Homes will continue to adhere to the localization strategy by deepening the first-line portal market, expanding the layout of high-growth markets, launching targeted green differentiated products for different markets, so as to continuously enhance the competitiveness of Landsea in the international real estate market.

Green Fir Investment is the Group's business platform for innovative exploration of investment in existing assets and asset management in the core cities. As at 30 June 2019, the existing assets under the management of the Company were approximately RMB10 billion. Currently, the Company has established different kinds of fund and joint investment platforms with Cinda Investment, Pingan Real Estate, Riverhead Capital and China Life Capital, etc. respectively. It focused on the existing asset of the core cities for creating integration in terms of fund raising, acquisition, reconstruction, asset management and fund withdrawal. During the reporting period, the Company cooperated with Ping An Real Estate and Riverhead Capital to acquire Zhangjiang Jiali Building in Shanghai, Xingxing Mansion in Jingan, and Shipbuilding Building in Beijing, respectively, where enjoyed prime location and cost advantage. Meanwhile, Shanghai Landsea Peak in Cloud Project, the first urban renewal project initiated by the Company has been withdrawn successfully during the reporting period, which created unexpected returns for investors. Shanghai Senlan Project, jointly invested by the Company and Ping An Real Estate at the end of 2017, only took 15 months for the whole process, from investment, transformation, opening, stable operation to the successful issuance of the nation's first single cooperative REITs in respect of long-term rental apartments by March 2019. So far, the Company possesses the rudimentary ability to integrate the fund raising, acquisition, reconstruction, asset management and fund withdrawal.

OPERATION INCOME AND GROSS PROFIT

For the half year ended 30 June 2019, the Group's revenue was mainly derived from development and management services income of approximately RMB327.5 million (First half of 2018: approximately RMB377.8 million), income from sale of properties of approximately RMB1.75 billion (First half of 2018: approximately RMB1.63 billion) and rental and property management fee income of approximately RMB14.5 million (First half of 2018: approximately RMB13.8 million), which in aggregate was approximately RMB2.09 billion (First half of 2018: approximately RMB2.02 billion), representing an increase of approximately 3.6% as compared with the first half of 2018. During the half year ended 30 June 2019, the recognised sales of joint ventures and associates attributable to the Group were approximately RMB1.82 billion (First half of 2018: approximately RMB879.4 million). The sum of on-balance sheet operating income and off-balance sheet recognised sales of joint ventures and associates attributable to the Group was RMB3.91 billion (First half of 2018: approximately RMB2.90 billion), representing an increase of approximately 34.9% as compared with the first half of 2018.

For the half year ended 30 June 2019, the gross profit of the Group was approximately RMB540.9 million (First half of 2018: approximately RMB516.7 million), representing an increase of approximately 4.7% as compared with the first half of 2018. The overall gross profit margin of the Group was approximately 25.9% (First half of 2018: approximately 25.6%), representing an increase of 0.3 percentage points as compared with the first half of 2018, basically remained stable. The gross profit margin of joint ventures and associates was approximately 33.9% (First half of 2018: approximately 24.6%), representing an increase of 9.3 percentage points as compared with last year.

PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

For the half year ended 30 June 2019, the profit attributable to the shareholders of the Company was approximately RMB263.7 million (First half of 2018: approximately RMB281.8 million), basically remained stable as compared with first half of 2018. The net core profit attributable to the shareholders of the Company after deducting unrealized foreign exchange gains arising from foreign currency loans and current accounts between the subsidiaries of the Group during this half year, as well as the gain on fair value changes, amounted to approximately RMB257.3 million (First half of 2018: approximately 239.9 million) representing an increase of approximately 7.2% as compared with first half of 2018.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

For the first half of 2019, "Landsea Products" recorded contracted sales of approximately RMB11.48 billion (including the contracted sales of approximately RMB10.47 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (First half of 2018: RMB16.36 billion). The contracted gross floor area of 692,990 square meters (including 636,016 square meters from the Group and a small amount of remaining projects entrusted by Landsea Group) (First half of 2018: 783,231 square meters), among which the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB6.92 billion with contracted sales area of approximately 406,999 square meters, i.e. an average selling price of RMB16,994 per square meter. The contracted sales were mainly from the on-sale projects in Hangzhou, Nanjing, Chengdu, Suzhou etc. in the PRC and the first-tier portal cities in the United States. As at 30 June 2019, the Group's accumulated areas of properties sold but not recognised were 1,864,759 square meters (30 June 2018: 1,557,557 square meters), amounting to approximately RMB29.57 billion (30 June 2018: approximately RMB33.24 billion), in which areas of properties sold but not recognised attributable to the Group were 732,453 square meters (30 June 2018: 636,222 square meters), amounting to approximately RMB12.25 billion (30 June 2018: 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)*
1	Nanjing Youth Block	100.00%	20,079	850	23,575
2	Nanjing Future Home	50.10%	64	–	–
3	Nanjing Poly Landsea Weilan	29.94%	10,359	–	–
4	Nanjing Landsea Xihua Mansion	19.00%	23,327	164	141,993
5	Shangshi Landsea Future Block	100.00%	3,112	164	18,987
6	Shanghai The Course of The Future	100.00%	1,866	100	18,726
7	Shanghai New Mansion	100.00%	65,198	773	84,382
8	Suzhou Green County of Taihu	55.00%	150,837	9,096	16,584
9	Wuxi Luka Small Town	100.00%	250	–	–
10	Suzhou 8 Renmin Road	100.00%	258,433	10,158	25,441
11	Yixin Xindu Mansion	26.00%	646,635	70,332	9,194
12	Suzhou Blue Square	51.00%	246,272	16,491	14,934
13	Suzhou Cheng Garden	100.00%	138,021	3,784	36,476
14	Hangzhou Mer De Fleus	100.00%	1,034	–	–
15	Hangzhou Xihua Mansion	49.00%	28,996	491	59,030
16	Hangzhou Le Mansion	50.00%	10,108	183	55,190
17	Hangzhou Light of City	40.00%	6,728	164	40,960
18	Ningbo Crystal Apartment	40.00%	233,175	16,559	14,081
19	Hangzhou Maple Union	50.00%	212,024	13,080	16,210
20	Hangzhou Weilan Block	20.00%	93,963	6,768	13,884
21	Chengdu Southern Gate Green	25.00%	5,073	242	20,959
22	Chengdu Golden Sand City	9.91%	932,183	40,565	22,980
23	Chengdu Future Home	50.00%	825	51	16,151

	Projects	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(Square Meters)*	Average Contracted Sales Selling Price per Square Meter *(RMB)*
24	Chengdu Xihua Mansion	33.00%	44,893	2,833	15,849
25	Chongqing Yue Mansion	30.00%	578,895	43,577	13,284
26	Chengdu Landsea Cuiyue	50.00%	27,576	1,966	14,027
27	Chengdu Golden Mansion Future Block	51.00%	206,737	31,929	6,475
28	Tianjin Emerald Lan Wan	75.00%	62,821	3,777	16,632
29	Tianjin Cuiweilan Pavilion	35.00%	413,408	30,285	13,651
30	Shijiazhuang Future Block	25.50%	190,000	13,200	14,394
31	Suqian Weilan Elegant Yard	51.00%	56,585	5,761	9,823
32	Suqian Weilan Court	51.00%	316,114	35,961	8,790
33	Avora	51.00%	295,406	5,743	51,442
34	Ironridge	100.00%	471,088	18,604	25,322
35	Lido	100.00%	319,980	3,544	90,278
36	Pierce Boston	25.00%	185,849	1,734	107,200
37	Sanctuary	100.00%	111,988	3,407	32,867
38	Siena	100.00%	71,154	1,862	38,207
39	Stoneyridge	100.00%	33,530	682	49,152
40	Vale	70.00%	352,945	7,858	44,916
41	Westerly	100.00%	88,908	4,261	20,866
	Equity-held projects entered into by the Group		6,916,439	406,999	16,994

RECOGNISED SALES OF PROPERTIES OF SUBSIDIARIES

For the half year ended 30 June 2019, the Group recorded recognised revenue of approximately RMB2.09 billion (First half of 2018: approximately RMB2.02 billion), representing an overall increase of approximately 3.6%. In particular, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB1.75 billion (First half of 2018: approximately RMB1.63 billion) and 38,092 square meters respectively, mainly attributable to Suzhou Green County of Taihu, Suzhou Renmin Road, Shanghai Hongqiao Luyuan, Hangzhou Mer De Fleus Project, Wuxi Landsea Tiancui in the PRC, and the IronRidge Project, Lido Project and Vale Project, etc in the United States. The average selling price in the PRC was RMB16,647 per square meter, while the average selling price in the United States was RMB38,537 per square meter.

RECOGNISED SALE OF PROPERTIES OF JOINT VENTURES AND ASSOCIATES ATTRIBUTABLE TO THE GROUP

For the half year ended 30 June 2019, the recognised sales of joint ventures and associates attributable to the Group of approximately RMB1.82 billion (First half of 2018: approximately RMB879.4 million), represent an overall increase of approximately 106.9% and 60,252 square meters in gross floor areas attributable to the Group. Sales attributable to the Group is mainly generated from Nanjing Poly Landsea Weilan and Nanjing Landsea Xihua Mansion in the PRC, and Pierce Boston Project and Avora Project in the United States. The average selling price in the PRC was approximately RMB28,893 per square meter and the average selling price in the United States was approximately RMB62,914 per square meter.

PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

Benefiting from the full commencement of "asset-light" strategy of the Group, the Group recorded property development and management services income of approximately RMB327.5 million (First half of 2018: approximately RMB377.8 million) for the half year ended 30 June 2019. Gross profit margin of property development and management services income was maintained at 51.6%.

RENTAL AND MANAGEMENT FEE

As at 30 June 2019, the Group recognised rental and management fee income of approximately RMB14.5 million (First half of 2018: approximately RMB13.8 million), representing an increase of approximately 5.2% as compared with the first half of 2018.

FAIR VALUE GAIN ON INVESTMENT PROPERTIES

The Group's investment properties included Landsea Tower in Shenzhen, Huafei Apartment in Nanjing, Neighbourhood Union in Wuxi located in the PRC. Leveraging prime location and quality property management services of investment properties, they maintained a high occupancy rate during the period. For the half year ended 30 June 2019, the Group's fair value gain on the investment properties was approximately RMB3.7 million (First half of 2018: 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.

SELLING EXPENSES

For the half year ended 30 June 2019, the Group recorded selling expenses of approximately RMB77.8 million (First half of 2018: approximately RMB64.2 million), representing an increase of approximately 21.2% as compared with the first half of 2018. The increase in selling expenses was mainly attributable to the increase of selling expenses of Real Estates Division in the United States.

ADMINISTRATIVE EXPENSES

For the half year ended 30 June 2019, the Group recorded administrative expenses of approximately RMB307.8 million (First half of 2018: approximately RMB191.4 million), representing an increase of approximately 60.8 % as compared with first half of 2018. The increase in administrative expenses was attributable to raise of administrative expenses resulting from growth of the Company's scale and high-caliber talents attracted to join the Group, however, the increase is within the budget control.

OTHER GAINS

For the half year ended 30 June 2019, the Group recorded other gains of approximately RMB34.7 million (First half of 2018: approximately RMB191.8 million). The decrease was mainly attributable to unrealized foreign exchange gains of approximately RMB5.2 million (First half of 2018: foreign exchange losses of approximately RMB51.8 million) arising from foreign currency loans and current accounts between the subsidiaries of the Group during the year.

FINANCE COSTS

For the half year ended 30 June 2019, the Group recorded interest expense (excluding the finance cost of RMB91.1 million recognised for advanced receipts) of approximately RMB324.2 million (First half of 2018: approximately RMB276.8 million). The capitalization rate of interest expenses was 51.7% in the first half of 2019 (First half of 2018: 41.8%). For the half year ended 30 June 2019, the expensed finance costs of the Group were approximately RMB156.7 million (First half of 2018: approximately RMB161.0 million). For the half year ended 30 June 2019, the interest income of the Group was approximately RMB111.5 million. Net finance costs of the Group were approximately RMB45.2 million (First half of 2018: approximately RMB97.1 million). As at 30 June 2019, the on-balance sheet weighted average finance costs was approximately 7.7% (31 December 2018: 7.4%). The off-balance sheet weighted average finance cost was approximately 7.4% (mainly borrowings for property development) (31 December 2018: approximately 6.3%).

TAXATION

For the half year ended 30 June 2019, the Group recorded taxation charge of approximately RMB131.9 million (First half of 2018: approximately RMB148.7 million). The decrease was mainly due to the decrease of profit before tax (after excluding the investment gains exempted from enterprise income tax) during the Period as compared with corresponding period of last year.

EARNINGS PER SHARE

For the half year ended 30 June 2019, the basic and diluted earnings per share attributable to the shareholders of the Company were RMB0.056 and RMB0.056 respectively (30 June 2018: RMB0.070 and RMB0.061 respectively). The basic core earnings per share was RMB0.054 (30 June 2018: approximately RMB0.059).

LAND RESERVES

As at 30 June 2019, the Group had project reserves with total GFA of 16,589,696 square meters, saleable GFA of 6,721,264 square meters and expected saleable value of approximately RMB122.01 billion. In terms of equity interests, the total GFA of the project reserves attributable to the Group were 4,867,091 square meters, saleable GFA of 1,646,102 square meters and expected saleable value of approximately RMB33.95 billion. The Group had also acquired 34 development management projects by entrusted independent third parties, with saleable GFA of approximately 2,914,787 square meters and expected sales value of RMB50.41 billion.

Number	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	100.0%	233,791	233,791	–	–	2,088,407	111,057	1,047,561	38,531
2	Hangzhou Mer De Fleus	100.0%	180,474	180,474	–	–	1,422,122	120,849	68	–
3	Shanghai The Course of The Future	100.0%	106,622	106,622	–	–	1,315,902	79,600	41,146	1,373
4	Nanjing Youth Block	100.0%	314,894	275,284	57,610	–	2,878,295	245,414	79,252	–
5	Nanjing Future Home	50.1%	133,530	133,530	–	–	959,380	109,579	9,668	–
6	Suzhou 8 Renmin Road	100.0%	85,983	85,983	–	–	1,974,817	64,359	13,772	197
7	Suzhou Green County of Taihu	55.0%	432,732	325,192	107,540	–	5,550,044	324,311	86,055	2,971
8	Wuxi Tiancui	100.0%	48,772	48,772	–	–	494,072	34,681	11,565	312
9	Wuxi Luka Small Town	100.0%	139,689	133,919	–	5,770	691,759	93,451	23,150	5,863
10	Nanjing Poly Landsea Weilan	29.9%	250,567	248,073	2,494	–	5,564,530	195,384	104,926	2,142
11	Nanjing Landsea Xihua Mansion	19.0%	201,116	201,116	–	–	5,526,087	149,459	82,143	3,014
12	Chengdu Southern Gate Green	25.0%	235,149	151,020	84,129	–	2,511,748	150,070	287,248	5,691
13	Shanghai New Mansion	100.0%	15,787	15,787	–	–	1,192,761	11,883	267,172	3,151
14	Hangzhou Xihua Mansion	49.0%	139,152	–	139,152	–	4,188,235	86,580	197,486	2,180
15	Hangzhou Le Mansion	50.0%	80,602	–	80,602	–	2,566,419	53,522	118,061	1,316
16	Chengdu Golden Sand City	9.9%	685,684	–	685,684	–	3,617,467	230,926	3,525,573	126,806
17	Tianjin Emerald Lan Wan	75.0%	142,156	–	142,156	–	1,497,556	105,167	48,167	3,093
18	Tianjin Cuiweilan Pavilion (B)	35.0%	59,332	–	59,332	–	539,373	38,559	86,581	4,073
19	Tianjin Cuiweilan Parilion (CD)	35.0%	82,708	–	82,708	–	359,806	27,449	697,459	41,883
20	Shanghai Changfenghui Silver Premier	100.0%	18,875	18,875	–	–	889,575	16,877	67,227	1,529
21	Suzhou Blue Square	51.0%	91,349	–	91,349	–	246,272	16,491	640,915	47,140
22	Wuhan Xihua Mansion	30.0%	140,270	–	140,270	–	–	–	4,345,883	99,972
23	Chengdu Muhua Road Project	4.9%	1,022,400	–	–	1,022,400	–	–	8,259,760	724,177
24	Wuhan Landsea Yue Mansion	5.0%	235,316	–	235,316	–	2,225,101	129,366	617,204	33,251
25	Changsha Lu Island Project	1.0%	245,540	25,803	82,673	137,064	443,829	81,695	499,078	80,949

Number	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)
26	Chengdu Xihua Mansion	33.0%	367,753	–	367,753	–	3,953,880	229,714	858,189	25,697
27	Hangzhou Maple Union	50.0%	48,574	–	48,574	–	508,344	30,961	133,213	6,368
28	Hefei Wanxin's Hi-tech Court	25.0%	129,919	–	129,919	–	–	–	2,070,491	91,024
29	Hangzhou Light of City	40.0%	94,095	94,095	–	–	1,417,340	72,791	52,394	–
30	Ningbo Crystal Apartment	40.0%	94,282	–	94,282	–	433,606	30,563	699,085	42,248
31	Chengdu Future Home	50.0%	146,733	–	146,733	–	648,472	96,765	223,402	11,057
32	Chengdu Landsea Cuiyue	50.0%	30,316	–	30,316	–	50,964	3,656	145,488	7,578
33	Hefei Feidong Jade Garden	10.0%	57,398	–	57,398	–	–	–	513,155	40,422
34	Yixing Xindu Mansion	26.0%	220,045	–	220,045	–	1,152,305	119,688	480,533	43,831
35	Suqian Weilan Court	51.0%	224,621	–	224,621	–	316,114	35,961	1,345,720	124,822
36	Suqian Weilan Elegant Court	51.0%	200,548	–	200,548	–	434,500	43,217	1,038,640	95,590
37	Chongqing Le Mansion	30.0%	400,856	–	216,981	183,875	1,111,794	82,714	3,761,870	187,223
38	Hangzhou Weilan Block	20.0%	108,993	–	108,993	–	453,870	34,840	119,650	7,166
39	Nanjing Lishui G06 Project	20.0%	209,516	–	209,516	–	–	–	3,174,352	151,153
40	Suzhou Cheng Garden	100.0%	12,485	–	12,485	–	133,935	3,729	162,287	3,446
41	Hangzhou Linglongyue	30.0%	153,746	–	–	153,746	–	–	1,990,000	127,214
42	Chengdu Golden Mansion Future Block	51.0%	384,307	–	306,236	78,071	206,737	31,929	2,251,430	255,619
43	Chengdu Shanglin Xihua Mansion	100.0%	265,576	–	205,995	59,581	283,424	28,433	3,738,307	163,913
44	Suzhou Hengtong Project	15.0%	129,571	–	129,571	–	–	–	2,693,000	87,604
45	Kunshan Future Block	51.0%	43,362	–	43,362	–	–	–	787,440	26,336
46	Kunshan Zhoushi Project	51.0%	43,278	–	43,278	–	–	–	797,620	27,645
47	Shijiazhuang Future Block	25.5%	162,479	–	23,984	138,495	602,970	67,160	622,870	57,715
48	Nanjing Wangjiawan Project	60.0%	144,677	–	–	144,677	–	–	1,873,557	72,483
49	Xi'an Future Block	30.0%	85,111	–	85,111	–	–	–	820,308	57,089
50	Wuzi Binhu District Xushe Project	45.0%	208,429	–	63,431	144,998	–	–	3,948,800	141,400
51	Xi'an Mingjing Project	51.0%	71,744	–	71,744	–	–	–	983,384	57,735
52	Zhongshan Nanlang Project	80.0%	79,204	–	–	79,204	–	–	1,258,000	57,508
53	Nanjing Haiyue Metropol	0.0%	278,748	278,748	–	–	9,610,126	205,953	25,465	–
54	Nanjing Landsea Golden Elephant Mangrove	0.0%	307,241	174,545	132,696	–	4,878,977	173,674	1,228,388	44,139
55	Nanjing Jiulonghu Plot C	0.0%	75,425	–	38,361	37,064	–	–	1,135,350	43,921
56	Nanjing Jiulonghu Plot A/B	0.0%	115,000	115,000	–	–	2,047,341	85,808	95,479	2,962
57	Changzhou Landsea Garden	0.0%	224,574	224,574	–	–	1,719,082	160,774	91,170	4,900
58	Hefei Wanxin's Green County	0.0%	148,441	148,441	–	–	1,332,040	102,268	10,405	655
59	Shangfang Project G22 in Nanjing Jiangning	0.0%	101,138	–	–	101,138	–	–	2,546,455	75,324
60	Nanjing Landsea Linglongjun	0.0%	134,633	–	134,633	–	279,382	10,888	2,360,278	90,167
61	Wuxi Landsea New County	0.0%	348,962	243,000	105,962	–	3,442,877	144,823	26,020	–
62	Wuxi Landsea New County (2A3)	0.0%	297,134	–	–	297,134	–	–	4,051,873	191,128
63	Baoding Xishanyue Project	0.0%	14,040	–	14,040	–	141,675	5,378	263,446	8,662
64	Suzhou Wuzhong Hongzhuang Project	0.0%	130,001	–	130,001	–	1,027,428	40,307	60,600	1,798
65	Chengdu Landsea Yue Future Block	0.0%	51,934	–	51,934	–	417,090	32,214	125,000	3,346

Number	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)*
66	Century Landsea Green County in Yancheng Dongtai	0.0%	200,269	–	124,933	75,336	259,221	32,158	1,319,043	122,927
67	Nanjing Project G68	0.0%	191,800	–	191,800	–	–	–	10,500,000	150,000
68	Jiangyin Lingang Project	0.0%	131,098	–	131,098	–	422,251	56,926	372,770	49,123
69	Beijing Kangzeyuan Project	0.0%	45,860	–	–	45,860	–	–	1,013,000	33,998
70	Xuzhou Peixian Fankuai Road Project	0.0%	433,433	–	–	433,433	–	–	2,031,528	333,498
71	Ma'anshan Xihua Mansion	0.0%	330,339	–	232,484	97,855	653,110	76,605	1,474,508	166,448
72	Jurong Wandu Linglongyue	0.0%	192,905	99,095	93,810	–	1,109,890	68,111	682,042	47,502
73	Beijing Zhangjiakou Project	0.0%	128,446	–	128,446	–	–	–	966,684	85,593
74	Tangshan Yutian Project	0.0%	134,625	–	–	134,625	–	–	774,146	124,046
75	Nanjing Jiangning Project G45	0.0%	142,633	–	142,633	–	–	–	2,300,000	105,000
76	Siyang Wisdom City	0.0%	206,398	–	–	206,398	–	–	1,470,000	206,398
77	Wuhan West Coast	0.0%	171,838	43,779	128,059	–	1,088,299	98,521	189,519	11,432
78	Jinan Zhangqiu Casting Centre	0.0%	354,093	–	–	354,093	–	–	4,300,000	243,600
79	Rugao Landsea Golden City	0.0%	287,134	–	54,536	232,598	–	–	3,322,250	250,086
80	Wujiang Shangyi Motor City	0.0%	199,904	–	–	199,904	–	–	1,484,850	97,950
81	Changzhou Xihua Mansion	0.0%	142,161	–	93,796	48,365	–	–	2,429,280	101,301
82	Chengdu Xindu Xintian Road Project	0.0%	188,641	–	188,641	–	–	–	807,550	106,727
83	Chengdu Xindu Sanmu Road Project	0.0%	191,853	–	191,853	–	–	–	1,024,010	108,310
84	Xi'an Langshiyan Nanqi	0.0%	68,441	–	68,441	–	–	–	701,631	41,428
85	Wuxi Xiangbin Street	0.0%	58,294	–	–	58,294	–	–	845,290	42,400
86	Xi'an Zhongyu	0.0%	30,118	–	–	30,118	–	–	385,830	20,018
87	Kingswood	100.0%	19,350	19,350	–	–	537,960	19,350	–	–
88	Avora	51.0%	31,776	25,689	6,087	–	783,218	12,085	951,864	8,001
89	The Westerly	100.0%	34,559	10,155	8,681	15,723	254,259	10,773	577,077	23,786
90	Pierce Boston	25.0%	39,202	39,202	–	–	2,741,511	34,044	–	–
91	Portola Center South (IronRidge)	100.0%	170,732	28,560	71,363	70,809	1,382,411	79,399	1,875,231	91,333
92	Stoney Ridge & Stoney Hill	100.0%	4,969	3,471	1,498	–	225,452	4,542	27,282	427
93	The Vale	70.0%	77,694	63,586	14,108	–	2,791,899	67,001	596,266	10,693
94	Sanctuary – Village II	100.0%	259,745	206,513	34,499	18,733	1,182,724	228,865	1,034,530	33,719
95	Siena	100.0%	12,079	6,782	5,297	–	337,294	8,220	168,541	3,859
96	Lido Villas	100.0%	4,404	–	4,404	–	298,529	3,162	101,801	1,242
97	Synagogue	90.0%	4,049	641	3,408	–	–	–	575,615	3,408
98	Abigail Place	100.0%	5,086	–	2,689	2,397	–	–	217,260	5,086
99	Catalina	100.0%	8,779	–	–	8,779	–	–	494,280	8,779
100	Sonora Crossing	100.0%	14,978	–	–	14,978	–	–	198,068	14,978
101	14th & 6th	95.0%	7,550	–	7,550	–	–	–	1,033,361	4,952
102	Tevelde	100.0%	110,350	–	–	110,350	–	–	1,896,237	110,350
103	Catalina II	100.0%	6,304	–	–	6,304	–	–	358,742	6,304
104	Crestley	100.0%	15,640	–	–	15,640	–	–	445,523	15,640
105	Novato	100.0%	10,628	–	–	10,628	–	–	400,701	10,628
106	Harvest Queen Creek	100.0%	19,122	–	–	19,122	–	–	230,402	19,122
107	North Central Phoenix (Madison Town & Country)	100.0%	12,075	–	–	12,075	–	–	239,447	12,075

Number	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)
108	Alamar	100.0%	13,803	–	–	13,803	–	–	160,469	13,803
109	Centerra	100.0%	45,047	–	709	44,338	–	–	479,049	45,047
110	Eastmark	100.0%	33,434	729	5,590	27,115	1,970	168	351,165	33,266
111	Encanta	100.0%	14,149	399	5,380	8,370	1,856	199	129,898	13,949
112	Estrella	100.0%	36,124	882	3,310	31,932	–	–	370,295	36,124
113	Verrado	100.0%	80,406	506	5,245	74,655	–	–	978,748	80,406
	Total		16,589,696	3,993,983	7,589,866	5,005,847	99,419,684	5,151,066	122,006,017	6,721,264
	Of Which Subtotal of Equity-held Project		10,532,142	2,666,801	5,211,709	2,653,632	70,990,895	3,856,658	71,592,157	3,806,477
	Subtotal of Entrusted Development and Management Project		6,057,554	1,327,182	2,378,157	2,352,215	28,428,789	1,294,408	50,413,860	2,914,787

Projects	Equity Holding	Status	Usage	GFA (Squares Meters)
Shanghai Huangxing Building	100.0%	Under renovation	To be leased	11,427
Shanghai Senlan Apartment*	50.0%	Completed	Leasing	46,296
Nanjing Huafei Apartment	100.0%	Completed	Leasing	5,729
Shenzhen Landsea Tower	100.0%	Completed	Leasing	23,736
Guangzhou Jiefang Tower*	33.3%	Completed	Leasing	11,507
Wuxi Neighbourhood Union	100.0%	Completed	Leasing	10,667
Zhangjiang Jiali Building*	30.0%	Under renovation	To be leased	10,488
Jingan Xingxing Mansion*	50.0%	Under renovation	To be leased	19,390
Beijing Shipbuilding Building*	50.0%	Under renovation	To be leased	21,906
				161,146

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash positions

As at 30 June 2019, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB4.96 billion (As at 31 December 2018: approximately RMB5.95 billion). As at 30 June 2019, the Group's current ratio (current assets divided by current liabilities) was approximately 1.4 times (As at 31 December 2018: 1.5 times).

INDEBTEDNESS

As at 30 June 2019, the total indebtedness of the Group amounted to approximately RMB7.55 billion (As at 31 December 2018: approximately RMB7.02 billion), representing an increase of 7.4% as compared with 31 December 2018, mainly comprised shareholder's loans, secured bank loans, senior notes and EB-5 financing. As at 30 June 2019, total net debts[#] were approximately RMB2.94 billion (As at 31 December 2018: RMB1.62 billion). As at 30 June 2019, the proportion of short-term debts was 28.2% (As at 31 December 2018: 9.7%) and long-term debts was 71.8% (As at 31 December 2019: 90.3%), both maintain the reasonable structure.

Analysis of Indebtedness:

	30 June 2019		31 December 2018	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Analysis of indebtedness by currency:				
Denominated in RMB	**2,845,083**	**37.70%**	3,508,890	49.95%
Denominated in USD	**4,464,725**	**59.16%**	3,169,781	45.12%
Denominated in HK$	**237,519**	**3.14%**	345,924	4.93%
	7,547,327	**100.00%**	7,024,595	100.00%
Analysis of indebtedness by maturity:				
Within one year	**2,130,440**	**28.23%**	683,580	9.73%
Between one and two years	**2,421,856**	**32.09%**	4,441,395	63.23%
Over two years	**2,995,031**	**39.68%**	1,899,620	27.04%
	7,547,327	**100.00%**	7,024,595	100.00%

net debts = total debt less cash and cash equivalents (excluding restricted cash)

OFF-BALANCE SHEET EQUITY DATA

With the implementation of the asset-light strategy, the reserves of new projects 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 consolidated financial statements of the Group. As at 30 June 2019, cash and bank balance attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB1.65 billion (As at 31 December 2018: approximately RMB1.91 billion), while the balance of interest-bearing liabilities attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB2.44 billion (As at 31 December 2018: approximately RMB2.19 billion), and the net debt balance attributable to the Group in proportion to the equity in joint ventures and associates was RMB790.6 million (As at 31 December 2018: net debt balance attributed approximately RMB273.2 million).

GEARING RATIOS

The Group has been working hard on optimizing its capital and debt structure. As at 30 June 2019, the on-balance sheet net debts to equity ratio[#] of the Group was approximately 57.2% (As at 31 December 2018: 34.0%), representing an increase of 23.2 percentage points as compared with 31 December 2018. The off-balance sheet net debts as at 30 June 2019 were RMB790.6 million. The aggregate on-balance sheet and off-balance sheet net debts were RMB3.73 billion. The aggregate on-balance sheet and off balance sheet net debts to equity ratio was approximately 72.7% as at 30 June 2019 (As at 31 December 2018: 39.8%), representing an increase of 32.9 percentage points as compared with 31 December 2018. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 28.0% as at 30 June 2019 (As at 31 December 2018: 26.2%). In addition, the debt to assets ratio of the Group was 81.0% as at 30 June 2019 (As at 31 December 2018: 82.2%), which slightly decreased as compared with 31 December 2018. 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.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2019, the bank loans of the Group were secured by one or a combination of the following items: 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.

net debts = total debt less cash and cash equivalents (excluding restricted cash)

FOREIGN EXCHANGE AND CURRENCY RISK

As at 30 June 2019, 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 at 30 June 2019, the borrowing of RMB917.6 million 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 PRC subsidiary were the internal funds transfer of the Group. The exchange rate changes in the said amounts resulted in exchange gains recorded by the Group of RMB5.2 million (the first half of 2018: exchange gains of RMB51.8 million). The exchange gain or loss is unrealized profit or loss. As at 30 June 2019, the Group's assets denominated in USD were USD880.2 million (equivalent to RMB6.05 billion) representing 22% of the total assets, and the liabilities denominated in USD were USD712.2 million (equivalent to RMB4.90 billion) representing 22% of the total liabilities. As foreign currency assets are in line with the foreign currency liabilities, no financial instrument is required for hedging purposes.

INTEREST RATE RISK

As at 30 June 2019, the debts payable borne with fixed interest rate accounted for approximately 69.0% (As at 31 December 2018: 69.3%) 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 15 February 2019, 西安朗詩銘房地產開發有限公司 (Xi'an Langshiming Real Estate Development Co., Ltd*) ("**Xi'an Langshiming**"), a wholly-owned subsidiary of the Company, entered into the cooperation agreement with Bridge Trust Co., Ltd. ("**Bridge Trust**"), pursuant to which Xi'an Langshiming and Bridge Trust agreed to cooperate in the development of 國有土地使用權證編號為「西未國用(2013出)第161號」及「西未國用(2013出)第163號」位於中國西安市未央區北二環以南，文景路以東 (the land parcel no. Xiweiguoyong (2013) 161 and Xiweiguoyong (2013) 163 under the Certificate for the Use of State-owned Land, located to the south of North Second Ring and east of Wenjing Road*) held by 西安名京房地產開發有限公司 (Xi'an Mingjing Real Estate Development Co., Ltd.*) Upon fulfilling the agreed conditions, Xi'an Langshiming shall agree to buy back the 49% equity interest acquired by Bridge Trust in 西安朗詩意企業管理諮詢有限公司 (Xi'an Langshiyi Enterprise Management Consulting Co., Ltd*) ("**Xi'an Langshiyi**") which was held by Xi'an Langshiming and the various loans obtained by Bridge Trust using the trust fund in the form of loans and transfer of loans to Xi'an Langshiyi and the special purpose vehicle company for a maximum amount of RMB600,000,000 (the "**Buy Back**"). The Buy Back under the agreement constituted 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 15 February 2019.

On 21 February 2019, 南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Co., Ltd.*) ("**Nanjing Langming**"), Xi'an Langshiming and 西安嘉鵬房地產開發有限公司 (Xi'an Jiapeng Real Estate Development Co., Ltd.*) ("**Xi'an Jiapeng**"), wholly-owned subsidiaries of the Company, entered into the cooperation framework agreement with 南京洛德德寧房地產投資合夥企業 (Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership)*) ("**Dening Fund**"), pursuant to which Dening Fund agreed to invest in the property development project on 陝西省西安市未央區西戶鐵路以東、昆明路以北，宗地編號 FD2-14-32 (land parcel No. FD2-14-32 located in the east of the Xihu Railway and the north of Kunming Road in Weiyang District, Xi'an City, Shaanxi Province*) held by Xi'an Jiapeng through the acquisition of 70% equity interest in Xi'an Jiapeng ("**Sales Shares**") at the consideration of RMB14,000,000. In addition, Dening Fund agreed to enter into the shareholder's loan agreement on the same day with Xi'an Jiapeng, whereby Dening Fund conditionally agreed to provide shareholder's loan of not exceeding RMB126,000,000 ("**Dening Fund Shareholder's Loan**") to Xi'an Jiapeng. Upon fulfilling the agreed conditions, Xi'an Langshiming shall agree to buy back the Sales Shares and Dening Fund Shareholder's Loan for a maximum amount of RMB280,000,000. Upon completion of the disposal on 28 February 2019, Xi'an Jiapeng ceased to be a subsidiary of the Company which was held as to 30% by the Group and 70% by Dening Fund, and was accounted as a joint venture of the Company. The disposal of the Sale Shares under the cooperation framework agreement did not constitute any notifiable transaction of the Company. However, the buy back under the cooperation framework agreement constituted a discloseable transaction under Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 21 February 2019.

On 4 April 2019, Nanjing Langming and 南京朗詩投資管理有限公司 (Nanjing Langshi Investment Management Co., Ltd.*) ("**Nanjing Langshi**"), wholly-owned subsidiaries of the Company, entered into the share transfer agreement with (i) 上海修宸投資管理中心 (Shanghai Xiu Chen Investment Management Center*) ("**Xiu Chen Investment**"); (ii) 上海蒼宸投資管理中心 (Shanghai Cang Chen Investment Management Center*) ("Cang Chen Investment"); and (iii) 蘇州朗宏置業有限公司 (Suzhou Langwang Properties Co., Ltd.*) ("**Suzhou Langwang Properties**"), pursuant to which Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell the respective 48% and 1% equity interest in Suzhou Langwang Properties (collectively, the "**Target Equity**"), and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the Target Equity at a total consideration of RMB173,090,000. Upon completion of the buy-back of the Target Equity on 9 May 2019, Suzhou Langwang Properties became a wholly-owned subsidiary of the Company. The buy-back of the Target Equity under the share transfer agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 4 April 2019.

On 10 May 2019, the Company entered into agreements to segregate its non-property development-related business, including the business of long-term rental apartments, property management and design, to Landsea Group Co., Ltd.* (朗詩集團股份有限公司) ("**Landsea Group**"), the controlling shareholder of the Company. Upon such segregation, the Group, through streamlining its business, is focusing on the core business of green technology property development and unleash the potential for profit margin of product differentiation.

a. Shanghai Langyu Commercial Management Limited* (上海朗毓商業管理有限公司) ("**Shanghai Langyu**"), Nanjing Langming and Shanghai Landsea Investment Management Limited* (上海朗詩投資管理有限公司) ("**Shanghai Landsea Investment**"), each being an indirect wholly-owned subsidiary of the Company, Landsea Group and Shanghai Landsea Apartment Industry Development Co., Ltd.* (上海朗詩寓實業發展有限公司) (the "**First Target**") entered into the agreement in relation to the disposal of the entire equity interests of the First Target (the "**First Sale Shares**") and the outstanding loans due from the First Target to Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment as at completion (the "**First Sale Debts**") (the "**First Agreement**"), pursuant to which (i) Shanghai Langyu conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Shares for a consideration of RMB271,000,000 and (ii) Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Debts at their face value as at completion, subject to a cap of RMB628,406,889. The First Sale Debts amounted to RMB628,406,889 as at the date of the First Agreement. The total consideration payable under the First Agreement amounts to not more than RMB899,406,889. Upon completion on 26 June 2019, the Group ceased to have any equity interest in the First Target or any of its subsidiaries.

b. Shanghai Landsea Investment and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, Shanghai Landsea Construction Technological Co., Ltd.* (上海朗詩建築科技有限公司) (the "**Second Purchaser**"), a wholly-owned subsidiary of Landsea Group, and Shanghai Landsea Planning and Architectural Design Co., Ltd.* (上海朗詩規劃建築設計有限公司) (the "**Second Target**") entered into the agreement in relation to the disposal of the entire equity interests of the Second Target (the "**Second Sale Shares**") (the "**Second Agreement**"), pursuant to which Shanghai Landsea Investment and Nanjing Langming conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, the Second Sale Shares for a consideration of RMB26,770,000. Upon the completion on 26 June 2019, the Group ceased to have any equity interest in the Second Target or any of its subsidiaries.

c. Shanghai Landsea Investment, Nanjing Landsea Property Management Limited* (南京朗詩物業管理有限公司) (the "**Third Purchaser**"), a wholly-owned subsidiary of Landsea Group, and Nanjing Landsea Shenlu Property Management Limited* (南京朗詩深綠物業管理有限公司) (the "**Third Target**") entered into the agreement in relation to the disposal the entire equity interests of the Third Target (the "**Third Sale Shares**"), pursuant to which Shanghai Landsea Investment conditionally agreed to sell, and the Third Purchaser conditionally agreed to purchase, the Third Sale Shares for a consideration of RMB42,540,000. Upon completion on 26 June 2019, the Group ceased to have any equity interest in the Third Target or any of its subsidiaries.

d. Shanghai Langkun Business Management Co., Ltd.* (上海朗昆企業管理有限公司) ("**Shanghai Langkun**") and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, Nanjing Landsea Shenlu E-Commerce Limited* (南京朗詩深綠電子商務有限公司) (the "**Fourth Purchaser**"), a wholly-owned subsidiary of Landsea Group, and Shanghai Buzhi Commercial Management Limited* (上海不紙商業管理有限公司) (the "**Fourth Target**") entered into the agreement in relation to the disposal of the entire equity interests of the Fourth Target (the "**Fourth Agreement**"), pursuant to which (i) Shanghai Langkun conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the Fourth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the outstanding loans due from the Fourth Target to Nanjing Langming as at the date of the Fourth Agreement at its face value as at the date of the Fourth Agreement, amounting to RMB5,730,000. The total consideration payable under the Fourth Agreement amounts to RMB5,730,001. Upon completion on 26 June 2019, the Group ceased to have any equity interest in the Fourth Target or any of its subsidiaries.

e. Shanghai Langmao Investment Management Limited* (上海朗茂投資管理有限公司) ("**Shanghai Langmao**") and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Nanjing Landsea Ecological Agriculture Limited* (南京朗詩生態農業有限公司) (the "**Fifth Purchaser**"), a wholly-owned subsidiary of Landsea Group, and Nanjing Landsea Landscape Limited* (南京朗詩園林景觀有限公司) (the "**Fifth Target**") entered into the agreement in relation to the disposal of the entire equity interests of the Fifth Target (the "**Fifth Sale Shares**") and the outstanding loans due from the Fifth Target to Nanjing Langming (the "**Fifth Sale Debts**") (the "**Fifth Agreement**"), pursuant to which (i) Shanghai Langmao conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Debts at its face value as at the date of the Fifth Agreement, amounting to RMB6,690,000. The total consideration payable under the Fifth Agreement amounts to RMB6,690,001. Upon completion on 26 June 2019, the Group ceased to have any equity interest in the Fifth Target or any of its subsidiaries.

The transactions contemplated under the First Agreement to the Fifth Agreement, on an aggregate basis, constituted a major and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. The transactions have been approved by the independent shareholders at the special general meeting of the Company held on 26 June 2019. For further details, please refer to the circular of the Company dated 11 June 2019.

On 14 May 2019, Shanghai Langkun and (i) 北京融匯嘉智投資管理中心(有限合夥) (Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership)*) ("**Beijing Ronghui**"); (ii) 陽光融匯資本投資管理有限公司 (Sunshine Ronghui Capital Investment Management Co., Ltd.*) ("**Sunshine Ronghui**"); and (iii) 上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*) ("**Shanghai Rongmao**") entered into the cooperation agreement. Shanghai Langkun and Beijing Ronghui agreed to cooperate in operating 北京船舶大廈項目 (Beijing Shipbuilding Industry Building Project) owned by 船舶重工大廈有限公司 (Shipbuilding Industry Building Co., Ltd.*) ("**Shipbuilding Industry**") to develop the hotel property which is located at 中國北京市朝陽區十里河東三環南路100號 (No. 100, South Third Ring Road, Shilihe East, Chaoyang District, Beijing, China*) and is for commercial use. Beijing Ronghui and Sunshine Ronghui, each conditionally agreed to sell the

49% equity interest in Shanghai Rongmao and the 1% equity interest in Shanghai Rongmao respectively, and Shanghai Langkun has conditionally agreed to acquire the aggregate 50% equity interest in Shanghai Rongmao for a total consideration of RMB2 and Shanghai Langkun conditionally agreed to provide a shareholder loan of RMB200,000,000 to Shanghai Rongmao and/or Shipbuilding Industry to assist Shanghai Rongmao in the transfer price and all other related expenses required to acquire the entire equity interest in Shipbuilding Industry. Upon completion of the acquisition on 31 May 2019, Shanghai Rongmao is owned as to 50% by the Group and its results would not be consolidated into the financial statements of the Group. The transactions contemplated under the agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 14 May 2019.

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 2019, the outstanding guarantees amounted to approximately RMB2.03 billion (As at 31 December 2018: approximately RMB2.11 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 provided guarantees to LS-NJ Port Imperial LLC, a 51% joint venture of the Group, for its EB-5 loans as at 30 June 2019 amounted to RMB122.7 million. Such guarantee provided to LS-NJ Port Imperial LLC shall be discharged pursuant to the counter-indemnity provided by Landsea Group.

As at 30 June 2019, 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 2019.

SEGREGATING NON-PROPERTIES DEVELOPMENT-RELATED BUSINESS

With unanimous approval of all Directors, the Company segregated its non-properties development-related business, such as long-term rental apartments, property management and design, to its holding group in June 2019. Upon such segregation, Landsea Green Group Co., Ltd., through streamlining its business, will focus on the core industry of green technology property and unleash the potential for profit margin of product differentiation, with a view to maximizing returns for shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had 1,469 employees (As at 31 December 2018: 2,662) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the United States and the PRC. The decrease in headcounts is mainly due to the fact that the corresponding personnel relationship was transferred from the listed company to the holding group after segregating its non-properties development-related business, such as long-term rental apartments, property management and design, to its holding group. 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.

EVENT AFTER THE REPORTING PERIOD

On 11 July 2019, Nanjing Langming and 南京旭博輝企業管理有限公司 (Nanjing Xubohui Corporate Consulting Management Company Limited*) ("**Nanjing Xubohui**"), each being an indirect wholly-owned subsidiary of the Company, entered into an agreement with 上海中城乾念投資中心(有限合伙) (Shanghai Zhongcheng Qiannian Investment Centre (Limited Partnership)*) ("**Zhongcheng Fund**"), pursuant to which Zhongcheng Fund shall withdraw from the investment in 合肥皖新朗詩文化投資有限公司 (Hefei Wanxin Landsea Cultural Investment Company Limited*) (the "**Hefei Wanxin**") and conditionally agreed to sell the 48% equity interest in the Hefei Wanxin held by Zhongcheng Fund (the "**Subject Equity**") and the loan from the Hefei Wanxin held by Zhongcheng Fund with a principal amount of RMB629,320,000 and the interest of RMB86,070,286.03 (the "**Subject Loan**"), and Nanjing Xubohui conditionally agreed to acquire the Subject Equity and the Subject Loan. The consideration for the acquisition of the Subject Equity shall be RMB28,248,000 and the consideration for the acquisition of the Subject Loan shall be RMB715,390,286.03. The total consideration shall be RMB743,638,286.03. The transaction contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 11 July 2019.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2019 (For the six months ended 30 June 2018: 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 2019, 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 2019.

CORPORATE GOVERNANCE PRACTICES

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.

Under CG code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Tian Ming, the Chairman of the Board and an executive Director is also the Chief Executive Officer, and together with the two Co-Chief Executive Officers, namely Ms. Shen Leying and Mr. Wang Lei, they jointly shared the roles of the chief executive officer. The Board believes that the present arrangement will not impair the balance of power and authority.

Save for the deviation as mentioned above, in the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code during the six months ended 30 June 2019.

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 2019 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. Rui Meng (as chairman), Mr. Eddie Lee Kwan Hung and Mr. Chen Tai-yuan. 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 2019 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, 16 August 2019

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tian Ming, Ms. Shen Leying, Mr. Wang Lei, Ms. Zhou Qin and Mr. Xie Yuanjian, one non-executive Director, namely Mr. Zhou Yimin, and four independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Eddie Lee Kwan Hung and Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*