—— 朗朗乾坤 诗意人生 ——

# LANDSEA GREEN PROPERTIES CO., LTD.
# 朗 詩 綠 色 地 產 有 限 公 司

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 106)**

## INTERIM RESULTS
## FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "Board") of directors (the "Directors") of Landsea Green Properties 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 2017 together with the comparative figures. The unaudited interim condensed consolidated results have been reviewed by the Company's audit committee (the "Audit Committee").

### FINANCIAL HIGHLIGHT

- Operation income of the Group amounted to RMB2,314 million, representing an increase of 191.2% as compared with the corresponding period last year. Among which, income from property development and management services from independent third parties or cooperative partners amounted to RMB221 million, representing an increase of 30.9% as compared to corresponding period last year.

- Profit of the Group for the period (excluding the net exchange gains or losses) was approximately RMB244 million, representing an increase of 222.1% as compared to corresponding period last year.

- For the six months ended 30 June 2017, the Group (Products of Landsea) recorded contracted sales amount of approximately RMB9,851 million with contracted gross floor area of approximately 443,096 square meters. Among which, contracted sales derived from entrusted development management services projects with independent third parties amount to approximately RMB4,357 million with contracted gross floor areas of approximately 210,461 square meters, representing a significant increase of 200% and 97% respectively, as compared to corresponding period last year.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*FOR THE SIX MONTHS ENDED 30 JUNE 2017*

| | | For the six months ended 30 June | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| Revenue | *4* | **2,314,434** | 794,779 |
| Cost of sales and services | | **(1,948,580)** | (555,363) |
| Gross profit | | **365,854** | 239,416 |
| Other income | *5* | **81,503** | 78,614 |
| Other (losses)/gains, net | *6* | **(51,666)** | 58,098 |
| Fair value gain on an investment property | *10* | **26,030** | 23,680 |
| Selling expenses | | **(44,056)** | (45,188) |
| Administrative expenses | | **(196,544)** | (117,478) |
| Operating profit | | **181,121** | 237,142 |
| Finance costs | *7* | **(68,060)** | (65,377) |
| Share of gains of associates | | **77,043** | 30,875 |
| Share of losses of joint ventures | | **(4,877)** | (6,128) |
| Profit before income tax | | **185,227** | 196,512 |
| Income tax expenses | *8* | **(55,645)** | (65,393) |
| **Profit for the period** | | **129,582** | 131,119 |
| **Profit for the period attributable to:** | | | |
| — Owners of the Company | | **69,675** | 125,679 |
| — Non-controlling interests | | **59,907** | 5,440 |
| | | **129,582** | 131,119 |
| | | ***RMB*** | *RMB* |
| **Earnings per share attributable to the owners of the Company** | | | |
| Basic earnings per share | *9* | **0.015** | 0.030 |
| Diluted earnings per share | *9* | **0.015** | 0.028 |

| | Note | For the six months ended 30 June | |
|---|---|---|---|
| | | **2017** | 2016 |
| | | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| ***Other comprehensive income:*** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| — Exchange difference arising from translation of foreign operations | | **63,851** | (29,569) |
| Other comprehensive income/(loss) for the period, net of tax | | **63,851** | (29,569) |
| **Total comprehensive income for the period** | | **193,433** | 101,550 |
| **Total comprehensive income for the period attributable to:** | | | |
| — Owners of the Company | | **150,529** | 96,110 |
| — Non-controlling interests | | **42,904** | 5,440 |
| | | **193,433** | 101,550 |

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 30 JUNE 2017*

| | *Note* | **As at 30 June 2017** ***RMB'000*** **(Unaudited)** | As at 31 December 2016 *RMB'000* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment property | *10* | **316,950** | 290,920 |
| Property, plant and equipment | | **32,133** | 21,070 |
| Interests in associates | *11* | **1,083,998** | 744,099 |
| Interests in joint ventures | *12* | **739,498** | 448,646 |
| Receivables, prepayments and deposits | *14* | **42,519** | 425,516 |
| Deferred tax assets | | **220,732** | 153,609 |
| Goodwill | | **9,460** | 9,460 |
| | | **2,445,290** | 2,093,320 |
| **Current assets** | | | |
| Properties held for sale | | **257,473** | 395,323 |
| Properties under development | *13* | **8,657,303** | 10,379,261 |
| Inventories | | **44,307** | 23,501 |
| Deposits for purchase of land | | **240,614** | 42,000 |
| Receivables, prepayments and deposits | *14* | **1,547,663** | 562,204 |
| Amounts due from related parties | *19* | **1,969,743** | 818,271 |
| Amounts due from non-controlling interests | *15* | **571,500** | 558,000 |
| Prepaid taxes | | **236,624** | 158,394 |
| Restricted cash | | **436,354** | 215,722 |
| Cash and cash equivalents | | **2,306,312** | 2,761,130 |
| | | **16,267,893** | 15,913,806 |
| **Total assets** | | **18,713,183** | 18,007,126 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | *17* | **3,280,203** | 4,815,351 |
| Deferred tax liabilities | | **59,358** | 52,850 |
| Amounts due to related parties | *19* | **2,689,961** | 1,787,112 |
| Amounts due to non-controlling interests | *18* | **108,075** | 211,492 |
| | | **6,137,597** | 6,866,805 |

| | Note | As at 30 June 2017 RMB'000 (Unaudited) | As at 31 December 2016 RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Creditors and accruals | *16* | **1,552,863** | 1,367,759 |
| Advanced proceeds received from customers | | **4,679,716** | 4,924,805 |
| Amounts due to related parties | *19* | **1,167,000** | 325,360 |
| Borrowings | *17* | **1,825,911** | 1,267,990 |
| Dividend payable | | **136,002** | – |
| Taxation payable | | **117,214** | 201,691 |
| | | **9,478,706** | 8,087,605 |
| **Total liabilities** | | **15,616,303** | 14,954,410 |
| **Equity** | | | |
| **Capital and reserves attributable to the owners of the Company** | | | |
| Share capital | | **31,800** | 31,800 |
| Convertible perpetual securities | | **489,882** | 484,204 |
| Reserves | | **2,383,054** | 2,384,652 |
| | | **2,904,736** | 2,900,656 |
| Non-controlling interests | | **192,144** | 152,060 |
| **Total equity** | | **3,096,880** | 3,052,716 |
| **Total equity and liabilities** | | **18,713,183** | 18,007,126 |

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2017*

### 1. GENERAL INFORMATION

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

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

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

This unaudited interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB'000") and was approved for issue by the board of directors on 19 August 2017.

### 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

#### 3.1 New standards, amendments to standards and interpretations adopted by the Group

(a) Amendments to HKFRSs effective for the financial year beginning 1 January 2017 do not have a material impact on the Group.

(b) New standards and amendments issued but not early adopted by the Group. New standards and amendments of HKFRSs issued but not yet effective for the financial year beginning 1 January 2017 that are relevant to the Group's operations are as follows:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers |
| HKFRS 16 | Leases |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its joint venture or associate |

The Group did not early adopt the above standards and amendments and is in the process of making an assessment on the impacts of these new standards and amendments and has not yet in a position to conclude the assessment.

## 4. REVENUE AND SEGMENT INFORMATION

### 4.1 Revenue

Revenue recognised during the period is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Property development and management service fee income from (i) | | |
| — associates and joint ventures *(Note 19(c))* | **128,495** | 52,234 |
| — third parties | **92,632** | 116,734 |
| — fellow subsidiaries *(Note 19(c))* | **411** | 64,642 |
| Sale of properties located in | | |
| — The PRC | **1,541,906** | 430,477 |
| — United States | **112,221** | 88,352 |
| Sale of lands located in US | **412,262** | – |
| Decoration service income | **13,634** | 28,896 |
| Rental and management fee income | **12,873** | 13,444 |
| | **2,314,434** | 794,779 |

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

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Revenues from management services | **103,087** | 118,042 |
| Revenues from sales management services | **81,654** | 80,612 |
| Revenue from brand authorisation services | **25,314** | 14,086 |
| Revenue from green-technical system integration services | **11,483** | 20,870 |
| | **221,538** | 233,610 |

### 4.2 Segment information

The executive directors have identified the following operating segments:

(i) Property investment;

(ii) Property development; and

(iii) Property development and management services.

The segment information for the reportable segments is as follows:

| | **Six months ended 30 June 2017** | | | |
|---|---|---|---|---|
| | | **Property development** | | |
| | **Property investment** | **Development and sales** | **Provision of property development and management services** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** |
| Segment revenue (external) | **12,873** | **2,080,023** | **221,538** | **2,314,434** |
| Reportable segment profit | **20,021** | **185,767** | **100,247** | **306,035** |
| Depreciation of property, plant and equipment | **(4)** | **(2,348)** | **(640)** | **(2,992)** |
| Fair value gain on an investment property | **26,030** | **–** | **–** | **26,030** |
| Share of gains of associates | **–** | **77,043** | **–** | **77,043** |
| Share of losses of joint ventures | **–** | **(4,877)** | **–** | **(4,877)** |
| Additions to non-current assets | **33,783** | **924,101** | **17,168** | **975,052** |
| Segment assets as at 30 June 2017 | **635,572** | **15,776,019** | **2,301,592** | **18,713,183** |
| Segment liabilities as at 30 June 2017 | **118,619** | **14,494,395** | **895,214** | **15,508,228** |

| | Six months ended 30 June 2016 | | | |
|---|---|---|---|---|
| | | Property development | | |
| | Property investment | Development and sales | Provision of property development and management services | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Segment revenue (external) | 13,444 | 547,725 | 233,610 | 794,779 |
| Reportable segment profit | 32,576 | 140,358 | 110,401 | 283,335 |
| Depreciation of property, plant and equipment | (1) | (1,652) | (521) | (2,174) |
| Fair value gain on an investment property | 23,680 | – | – | 23,680 |
| Share of gains of associates | – | 30,875 | – | 30,875 |
| Share of losses of joint ventures | – | (6,128) | – | (6,128) |
| Additions to non-current assets | 50,063 | 1,014,828 | 13,113 | 1,078,004 |
| Segment assets as at 30 June 2016 | 572,227 | 14,310,220 | 2,228,398 | 17,110,845 |
| Segment liabilities as at 30 June 2016 | 53,315 | 12,725,337 | 1,303,161 | 14,081,813 |

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

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Segment profit | **306,035** | 283,335 |
| Bank interest income | **7,003** | 13,888 |
| Other unallocated corporate income | **–** | 17 |
| Unallocated corporate expenses | **(127,811)** | (100,728) |
| | **185,227** | 196,512 |

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

| | **30 June 2017** | 31 December 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | |
| Segment assets | **18,713,183** | 18,007,126 |
| Unallocated assets | **–** | – |
| Total assets | **18,713,183** | 18,007,126 |

| | **30 June 2017** | 31 December 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | |
| Segment liabilities | **15,508,228** | 14,742,918 |
| Unallocated liabilities | **108,075** | 211,492 |
| Total liabilities | **15,616,303** | 14,954,410 |

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** | |
|---|---|---|---|---|
| | **Six months ended 30 June** | | **As at 30 June** | As at 31 December |
| | **2017** | 2016 | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | |
| The PRC | **1,782,128** | 701,140 | **1,959,340** | 1,823,786 |
| United States | **532,306** | 93,639 | **485,802** | 133,930 |
| Hong Kong (domicile) | **–** | – | **148** | 135,604 |
| | **2,314,434** | 794,779 | **2,445,290** | 2,093,320 |

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

The Group does not have any single customer which contributes more than 10% of the Group's revenue.

## 5. OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest income from associates | **27,435** | 49,206 |
| Interest income from joint ventures | **20,148** | 12,219 |
| Interest income from non-controlling interests | **12,483** | – |
| Bank interest income | **7,003** | 13,888 |
| Government grant | **3,969** | 2,065 |
| Sundry income | **10,465** | 1,236 |
| | **81,503** | 78,614 |

## 6. OTHER (LOSSES)/GAINS, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Net exchange (losses)/gains | **(114,858)** | 55,238 |
| Gain on disposal of subsidiaries | **63,090** | 2,860 |
| Gain on deemed disposal of a subsidiary | **102** | – |
| | **(51,666)** | 58,098 |

The exchange difference mainly arises from the period end re-translation of RMB-denominated borrowings from foreign currency (i.e. RMB) to functional currency (i.e. HK$, US$) on the financial position of the Company and the companies located in United States. Subsequently, when the consolidated financial statements were prepared, a corresponding currency translation difference arising from the translation of similar balances from functional currency (i.e. HK$, US$) to presentation currency (i.e. RMB) has been debited or credited to the Group's exchange reserve.

## 7. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Loan interest expense | **219,734** | 244,624 |
| Less: interest capitalised *(Note 13)* | **(151,674)** | (179,247) |
| | **68,060** | 65,377 |

## 8. INCOME TAX EXPENSES

Hong Kong profits tax at the rate of 16.5% (2016: 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 2017.

The Group's subsidiaries in the PRC are subject to PRC enterprise income tax at the rate of 25% (2016: 25%) for the six months ended 30 June 2017 and 2016.

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current income tax | | |
| — PRC enterprise income tax | **116,771** | 78,824 |
| Deferred income tax | **(61,126)** | (13,431) |
| | **55,645** | 65,393 |

## 9. EARNINGS PER SHARE

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

### (a) Basic earnings per share

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares ('000) | **3,917,571** | 3,917,571 |
| | ***RMB'000*** | *RMB'000* |
| Profit attributable to the owners of the Company | **69,675** | 125,679 |
| Accrued distribution of the convertible perpetual securities | **(9,978)** | (8,713) |
| **Profit used to determine basic earnings per share** | **59,697** | 116,966 |
| **Basic earnings per share attributable to the owners of the Company** | **0.015** | 0.030 |

**(b) Diluted earnings per share**

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **(Unaudited)** | (Unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares ('000) | **3,917,571** | 3,917,571 |
| Adjustment for: | | |
| — Assumed conversion of convertible perpetual securities ('000) (i) | **–** | 636,709 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | **3,917,571** | 4,554,280 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Profit used to determine diluted earnings per share** | **59,697** | 125,679 |
| **Diluted earnings per share attributable to the owners of the Company** | **0.015** | 0.028 |

(i) Since diluted earnings per share is increased when taking the convertible perpetual securities into account, the convertible perpetual securities are anti-diluted and should be ignored when calculating the diluted earnings per share.

## 10. INVESTMENT PROPERTY

| | **30 June 2017** | 30 June 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Carrying amount at 1 January | **290,920** | 249,170 |
| Fair value gain | **26,030** | 23,680 |
| Carrying amount at 30 June | **316,950** | 272,850 |

Investment property was valued at 30 June 2017 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

The valuation of the investment property as at 30 June 2017 is determined using income approach based on significant unobservable inputs and is recognised under level 3 of the fair value hierarchy. The key unobservable inputs of the valuation include reversionary yield of 5.5% (30 June 2016: 5.5%), vacancy rate of 6% (30 June 2016: 6%) and the average daily rental per square meter of RMB3.01 (30 June 2016: RMB3.53) during reversionary period.

As at 30 June 2017, investment property with carrying amount of RMB316,950,000 (2016: RMB290,920,000) was pledged as collateral for the Group's borrowings (Note 17).

## 11. INTERESTS IN ASSOCIATES

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Share of net assets | **1,083,998** | 744,099 |

## 12. INTERESTS IN JOINT VENTURES

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Share of net assets | **739,498** | 261,610 |
| Amounts due from joint ventures | **–** | 187,036 |
| | **739,498** | 448,646 |

## 13. PROPERTIES UNDER DEVELOPMENT

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Development expenditures | **2,003,978** | 2,100,411 |
| Leasehold land payments | **5,916,121** | 7,619,059 |
| | **7,920,099** | 9,719,470 |
| Interest capitalized | **737,204** | 659,791 |
| | **8,657,303** | 10,379,261 |

Properties under development with net book value of RMB5,383,090,000 and RMB3,274,213,000 are located in the PRC and the US, respectively.

The average interest rate of borrowing costs capitalised for the six months ended 30 June 2017 was approximately 7.01% per annum (2016: 6.9% per annum).

As at 30 June 2017, leasehold land and development expenditures included in the properties under development with net book value of RMB1,553,187,000 and RMB271,195,000 (2016: RMB3,843,274,000 and RMB478,375,000) were pledged as collateral for the Group's bank borrowings (Note 17), respectively.

During the period, the Group acquired 浙江天元房地產開發有限公司 (Zhejiang Tianyuan Properties Development Co., Ltd.), 寧波金沃商業投資有限公司 (Ningbo Jinwo Commercial Investment Co., Ltd.), 成都尚高投資有限公司 (Chengdu Shanggao investment Co., Ltd.) together with certain shareholder loan from third parties with the consideration of RMB507,099,000 in total (net of cash outflow on acquisition was RMB506,886,000). The acquirees own certain land use rights. Since the lands were vacant and management plans to develop or redevelop them for sale in the future, these transactions have been accounted for as acquisitions of assets and liabilities instead of business combination.

## 14. RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | 30 June 2017 RMB'000 (Unaudited) | 31 December 2016 RMB'000 |
|---|---|---|
| Trade receivables | **355,693** | 235,829 |
| Less: provision for impairment of trade receivables | **(2,559)** | (2,559) |
| Other receivables, prepayments and deposits | **1,238,732** | 754,450 |
| Less: provision for impairment of other receivables | **(1,684)** | – |
| | **1,590,182** | 987,720 |
| Analysed for reporting purpose as: | | |
| Amount included in non-current assets | **42,519** | 425,516 |
| Amount included in current assets | **1,547,663** | 562,204 |
| | **1,590,182** | 987,720 |

As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade receivables based on invoice date were as follows:

| | 30 June 2017 RMB'000 (Unaudited) | 31 December 2016 RMB'000 |
|---|---|---|
| 0 to 30 days | **85,404** | 164,934 |
| 31 to 60 days | **16,888** | 4,013 |
| 61 to 90 days | **35,923** | 930 |
| Over 90 days | **217,478** | 65,952 |
| | **355,693** | 235,829 |

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

## 15. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS

| | 30 June 2017 RMB'000 (Unaudited) | 31 December 2016 RMB'000 |
|---|---|---|
| Amounts due from non-controlling interests | **571,500** | 558,000 |

In December 2016 and February 2017, 蘇州朗坤置業有限公司 (Suzhou Langkun Property Limited ("Suzhou Langkun")), an indirect non-wholly owned subsidiary of the Company, entered into a loan agreement with its shareholders, pursuant to which Suzhou Langkun would advance loans of RMB558,000,000 and RMB13,500,000, respectively, to its shareholders on pro-rata basis according to their respective shareholding interest in Suzhou Langkun. The loans are unsecured, repayable within one year, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum.

## 16. CREDITORS AND ACCRUALS

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Payables for construction materials and services | **1,156,912** | 975,214 |
| Interest payable on borrowings | **220,679** | 138,205 |
| Accruals for staff costs | **57,047** | 111,917 |
| Other payables | **42,179** | 38,145 |
| Business tax and other tax payables | **40,855** | 70,186 |
| Deposits received | **30,626** | 29,932 |
| Advanced payments received | **4,565** | 4,160 |
| | **1,552,863** | 1,367,759 |

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

Creditors and accruals are due for settlement within one year.

As at 30 June 2017 and 31 December 2016, the ageing analysis of the payables for construction materials and services based on invoice date were as follows:

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Payables for construction materials and services | | |
| 0 to 30 days | **314,783** | 313,426 |
| 31 to 60 days | **134,414** | 121,561 |
| 61 to 90 Days | **142,214** | 101,496 |
| Over 90 Days | **565,501** | 438,731 |
| | **1,156,912** | 975,214 |

## 17. BORROWINGS

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Loans from the ultimate holding company (in RMB) | **1,662,548** | 1,662,177 |
| Bank borrowings | | |
| — In RMB | **1,527,000** | 2,852,685 |
| — In USD | **218,367** | 212,131 |
| — In HKD | **193,543** | 208,912 |
| Senior private notes (in USD) | **676,219** | 685,457 |
| Junior private notes (in USD) | **–** | 309,000 |
| EB-5 Loans (in USD) | **489,725** | 152,979 |
| Loan under asset management scheme (in USD) | **338,712** | – |
| | **5,106,114** | 6,083,341 |

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| Analysed for reporting purpose as: | | |
| Amount included in non-current liabilities | **3,280,203** | 4,815,351 |
| Amount included in current liabilities | **1,825,911** | 1,267,990 |
| | **5,106,114** | 6,083,341 |

Movement in borrowings is analysed as follows:

**Six months ended 30 June 2017**

| | |
|---|---|
| Opening amount as at 1 January 2017 | 6,083,341 |
| Proceeds from bank overdraft | 524,537 |
| Proceeds from asset management scheme | 345,185 |
| Amortisation of senior private notes | 6,889 |
| Proceeds from EB-5 Loans | 553,668 |
| Effect of change in exchange rate | 132,129 |
| Disposal of subsidiaries | (1,169,501) |
| Repayment of junior private notes | (307,033) |
| Repayment of bank loans | (890,295) |
| Repayment of loans from the ultimate holding company | (172,806) |
| **Closing amount as at 30 June 2017** | 5,106,114 |

**Six months ended 30 June 2016**

| | |
|---|---|
| Opening amount as at 1 January 2016 | 6,886,356 |
| Proceeds from bank overdraft | 753,737 |
| Amortisation of senior private notes | 12,396 |
| Proceeds of loan under trust financing arrangement | 320,000 |
| Proceeds from asset management scheme | 472,167 |
| Proceeds from the ultimate holding company | 384,433 |
| Acquisition of subsidiaries | 280,000 |
| Effect of change in exchange rate | 51,925 |
| Repayment of loans from the ultimate holding company | (568,940) |
| Repayment of bank loans | (1,584,093) |
| **Closing amount as at 30 June 2016** | 7,007,981 |

The above borrowings carry interests at rates ranging from 3% to 9.5% (2016: 2.46% to 9%) per annum.

The loans under asset management scheme are guaranteed by the ultimate holding company.

Bank borrowings are secured by the investment property, certain leasehold land payments and properties under development, cash and guarantee provided by the ultimate holding company.

The loans from the ultimate holding company are arranged by a bank in the PRC under entrusted loans arrangements.

Senior private notes are guaranteed by shares of subsidiaries of the Company.

EB-5 Loans are guaranteed by a subsidiary.

## 18. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

| | 30 June 2017 *RMB'000* (Unaudited) | 31 December 2016 *RMB'000* |
|---|---|---|
| Amounts due to non-controlling interests (i) | **108,075** | 211,492 |

(i) As of 30 June 2017, the amounts due to non-controlling interests are unsecured and bear interest ranging from 10% to 12% per annum. The balance of RMB10,595,000 is repayable in December 2019 and the remaining balances are repayable after one year from the end of 30 June 2017.

## 19. RELATED PARTY BALANCES AND TRANSACTIONS

### (a) Amounts due from related parties

| | 30 June 2017 *RMB'000* (Unaudited) | 31 December 2016 *RMB'000* |
|---|---|---|
| Amounts due from joint ventures (i) | **1,242,919** | 167,352 |
| Amounts due from associates (ii) | **786,176** | 650,919 |
| Less: provision for impairment of amounts due from associates (iii) | **(33,277)** | – |
| Less: provision for impairment of amounts due from joint ventures (iii) | **(26,075)** | – |
| | **1,969,743** | 818,271 |

(i) As of 30 June 2017, the amounts due from joint ventures are unsecured and repayable on demand. The balances of RMB982,436,000 bear interest ranging from 8% to 9% and the remaining balance is interest-free.

(ii) As of 30 June 2017, the amounts due from associates are unsecured and repayable within one year. The balances bear interest ranging from 8% to 14% per annum.

(iii) The provisions were made due to the share of losses of certain associates and joint ventures exceeds their interest in both the associates and joint ventures.

**(b) Amounts due to related parties**

| | **30 June 2017** *RMB'000* **(Unaudited)** | 31 December 2016 *RMB'000* |
|---|---|---|
| **Non-current liabilities** | | |
| Amounts due to associates (i) | **1,274,220** | 707,182 |
| Amount due to the ultimate holding company (ii) | **842,730** | 869,830 |
| Amounts due to fellow subsidiaries (iii) | **292,861** | – |
| Amount due to a joint venture (iv) | **280,150** | 210,100 |
| | **2,689,961** | 1,787,112 |
| **Current liabilities** | | |
| Amounts due to fellow subsidiaries (iii) | **947,000** | 105,360 |
| Amounts due to associates (i) | **220,000** | 220,000 |
| | **1,167,000** | 325,360 |

(i) As of 30 June 2017, the amounts due to associates are unsecured. The balance of RMB220,000,000 is repayable within one year and bears interest ranging from 5.5% to 6.2% per annum. The remaining balances are interest-free and repayable after one year from the end of 30 June 2017.

(ii) As of 30 June 2017, the amount due to the ultimate holding company is unsecured, interest-free and repayable after one year from the end of 30 June 2017.

(iii) As of 30 June 2017, the amounts due to fellow subsidiaries are unsecured. The balance of RMB947,000,000 is repayable within one year and the remaining balances are repayable after one year from the end of 30 June 2017. The balance of RMB112,861,000 bears interest at 6% per annum and the remaining balances are interest-free.

(iv) As of 30 June 2017, the amounts due to joint ventures are unsecured, interest free and repayable after one year from the end of 30 June 2017.

**(c)** In addition to those related party transactions disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions.

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Property development and management service fee income from associates and joint ventures *(Note 4)* (i) | **128,495** | 52,234 |
| Property development and management service fee income from fellow subsidiaries *(Note 4)* (ii) | **411** | 64,642 |
| Interest income received from associates *(Note 19 (a)(ii))* | **27,435** | 49,206 |
| Interest income received from joint ventures *(Note 19 (a)(i))* | **20,148** | 12,219 |
| Interest expense on loans from the ultimate holding Company *(Note 17 and Note 19 (b)(ii))* | **57,340** | 20,488 |
| Interest expense on loans from a joint venture *(Note 19 (b)(iv))* | **2,971** | – |
| Interest expense on loans from associates *(Note 19 (b)(i))* | **6,383** | 5,332 |
| Interest expense on loans from a fellow subsidiary *(Note 19 (b)(iii))* | **18,013** | 140 |

(i) During the year, the Group provided property development and management services to its associates and joint ventures, and the prices of these services are based on the prevailing market prices of similar services.

(ii) Pursuant to the Property Development and Management Services Agreement entered into between the Group and its ultimate holding company on 23 February 2014, the Group has provided certain project management, sales management and financing advisory services to fellow subsidiaries since 1 April 2014. The Property Development and Management Services Agreement has expired on 31 December 2016.

The prices of these services are based on the prevailing market prices of similar services provided by the Group to independent third parties.

**(d)** Included in employee benefit expenses are key management personnel compensations which comprises the following categories:

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Short term employee benefits | **9,436** | 4,650 |
| Contributions to retirement benefits schemes | **488** | 116 |
| Restricted share award | **–** | 3,211 |
| | **9,924** | 7,977 |

## CHAIRMAN'S REPORT

I am pleased to present to our shareholders the business review for the half year ended 30 June 2017 and the prospects of Landsea Green Properties Co., Ltd. ("Landsea" or the "Company") and its subsidiaries (collectively, the "Group").

### Review of the First Half of 2017

*Operating Results*

During the period under review, the total income of the Group amounted to approximately RMB2,314.4 million, representing an increase of approximately 191.2% as compared to the corresponding period last year. Among which, income from property development and management services from independent third parties and cooperative partners amounted to RMB221.1 million, representing an increase of 30.9% as compared to the corresponding period last year. During the period, the total profit of the Group amounted to approximately RMB129.6 million. Excluding the effect of net exchange gains, the total profit would have been approximately RMB244.4 million, representing a significant increase of 222.1% as compared to the corresponding period last year.

For the six months ended 30 June 2017, contracted sales amount of "Products of Landsea" of the Group, that implies the comprehensive development and operation of the project were performed by Landsea, was approximately RMB9,850.7 million with contracted gross floor areas of approximately 443,096 square meters. Of which, contracted sales amount of approximately RMB4,357.1 million with contracted gross floor areas of approximately 210,461 square meters were derived from the entrusted development and management services with independent third parties.

*Business Development*

During the first half of 2017, Landsea capitalized on its strengths and cooperated with business partners to successfully secure more quality projects by means of off-market approaches, including land acquisition, merger and acquisition of equity, and equity participation in project companies. Landsea acquired a total of 12 projects in Chengdu, Xi'an, Wuxi, Hefei, Hangzhou and the US respectively; and acquired 2 development management projects by entrusted independent third parties. The total gross floor areas secured were approximately 1,564,116 square meters in aggregate, with an increase of approximately 1,118,027 square meters in gross floor areas of projects in which the Group held equity interest.

*Operation Strategy*

2017 was the third year of comprehensive implementation of Landsea's "product-differentiation, asset-light and market globalization" strategy, which has shown preliminary results in terms of transformation and upgrades. As for products, 3.0 product series represented by Xihua Mansion were launched in Shanghai, Nanjing, Hangzhou and Chengdu in succession. Products of Xihua Mansion featured people oriented elements based on specific local conditions and climatic conditions without compromising any interior requirements of each owner, raising the bar for healthy living and green architecture. In terms of the asset-light strategy, the core business of the Group, namely property development and management services, witnessed rapid growth during the first half of 2017. During the period, there was steady increase in the income derived from the provision of development and management services to independent third parties and cooperating parties, and significant increase in the number of entrusted development management contracts entered into with independent third parties was also reported. For market globalization, the US business of the Group has progressed well with 11 projects secured across East Coast and West Coast of the US currently.

In addition, the Group established a real estate company in Xi'an during the period and acquired project lands in the inventory market. The real estate company in Xi'an will be responsible for business expansion and operation of the Group in Northwest China in the future, which marks an important milestone for national presence of the Group.

*Product-differentiation*

Advantages in product differentiation have long been the core competence that makes Landsea stand out from other developers. Landsea not only takes product demands into consideration, but also satisfies extensive needs of our customers in terms of living, and upholds the philosophy of "people-oriented, building for people". Landsea has been focusing on building residence with innovative green technology combining ecological environment of green community since 2004. With generation upgrades from product 1.0 to product 3.0 series, each upgrade of product technology system has provided healthier and more comfortable living experience for users, brought in core competitiveness for the corporate, and promoted innovative concepts and values of energy saving and sustainable development for the industry and the society.

Since 2015, Landsea has speeded up its product updates and launched product 3.0, which features "passive house" concept emphasizing customer's health as the first priority, humanities and modern style. So far, the current 3.0 product technology system represents the most advanced technology of Landsea. While ensuring the basic requirements of constant humidity, temperature and oxygen, the technology system conducted multi-dimensional exploration of sound, light, intelligence, energy saving and personalization on the basis of passive house, and equipped with energy-saving architecture, ceiling radiation and floor air distribution, which eliminates 95% of smog, achieves S1 standards of Finland for Formaldehyde control and controls TVOC. In addition, we also set up "Landsea Screen" to visualize indoor air cleanliness indicators for our customers to understand the air quality of their houses anytime and anywhere.

Landsea has made enormous R&D efforts in green construction, including household systems, Bruck passive house and Padova. Such attempts and applications have symbolized our forefront position in exploring the field of global green construction. Our Landsea Taihu Lake Green Building R&D Base is one of the four green building R&D bases of Housing and Urban-Rural Development of the PRC, which belongs to the first batch of R&D base and the only base located in central and downstream regions of Yangtze River. This year, Landsea Taihu Lake Green Building R&D Base was awarded the medal of "Green Building R&D Demonstration Base". Landsea strives for excellence at its own products and adheres to the whole process of green development with an integration of internal and external resources, so as to control projects' green technology implementation from land acquisition, planning, design, procurement, construction and operation processes. "The Thirteenth International Green Building and Building Energy Conference and New Technology and Products Expo" was held in Beijing in March 2017. Landsea had attended the event and explored the future development of green building products thereat through actual cases sharing, providing clear guidance to the enterprises currently under the exploration stage of green building. In April, Landsea, as a leading green developer of the PRC, was invited to participate in the ceremony for the establishment of the German Department of Affairs of the China Green Building and Energy Saving Committee in Frankfurt, and also attended the Sino-German Green Building Technology Seminar.

Meanwhile, Landsea consolidates its competitive edges to launch its self-developed innovative product, namely the Le Mansion (樂府), a product different from product 1.0 to product 3.0 series in the past. Adhering to the principle of "buildings supplemented by equipment" (先上建築，後上設備), Landsea's Le Mansion establishes a highly functional intelligent system that integrates anti-haze ventilation and convectional refrigeration on the basis of passive house, so as to provide users with healthier, more comfortable, energy-saving and environment-friendly residential products.

Landsea's product advantages hinge on its unwavering determination and resource accumulation. Currently, Landsea has become the vanguard of green properties of the PRC. In 2017, Landsea was ranked as China's Top 10 Innovative Real Estate Developers, the 4rd place of China's Top 50 green properties, and the 2nd place of China's Top 10 green properties (residential). Also, Landsea has been named as the Top 100 PRC Enterprises in Real Estate for seven consecutive years.

*Asset-light*

Landsea has initiated a "banyan tree scheme" in terms of the asset-light strategy. In addition to traditional residential development business, comprehensive sub-brand systems covering property financing services, development and design, decoration, property and elderly care services were also built up. Independent business units, namely Green Fir Investment, green decoration, green properties and Landsea Chang Qingteng, will strive to become the leading companies in the respective markets. In the meantime, with mutual cooperation and synergy among each business segments, Landsea is able to achieve vertical integration in terms of investment, finance, development, asset operation, property services and sustainable development.

Landsea vigorously developed various asset-light businesses such as projects with minority interests, joint development, entrusted development and merger and acquisition, and identified new growth opportunities and enhanced operation capability of office buildings, commercial properties and lease properties. In January 2017, Landsea actively expanded its business foothold and acquired Ningbo project solely for commercial purposes and Hangzhou project for commercial and residential purposes. In February, Green Fir Investment acquired office premises in Yangpu, Shanghai, which was in line with the investment of Landsea in urban renewal of the domestic property inventory market. The acquisition could also demonstrate its further expansion of the scale of the property fund platform, the strengthening of merger & acquisition capabilities and the optimization of the multifunctional platform of investment, financing and asset management. In March, Landsea completed the seventh project in Wuxi.

In May, Landsea tapped into the central region of the PRC and started to gain presence in Xi'an, Shaanxi Province by means of acquisition of equity interest in inventory project lands for future residential and commercial property development.

*Market-internationalization*

It is evident that the US and the PRC are the major property markets in the world. Landsea has currently secured 11 projects across the main cities of East Coast and West Coast in the US, such as Boston and New York in East Coast; and San Francisco and Los Angeles in West Coast. The product category covers high-end urban apartments and suburban villas. The operation team of Landsea Holdings Corporation is comprised of experienced board of directors and local American management.

For the six months ended 30 June 2017, the total contracted sales of the projects in the US amounted to approximately RMB445.6 million, with sales areas of 7,330 square meters. Income from sale of properties of approximately RMB112.2 million was reported during the period, representing an increase of approximately 27% as compared to the corresponding period last year. The total recognized sales areas were approximately 3,614 square meters.

At present, sales of Kingswood in East Bay, San Francisco has come to an end. Portola project in Orange County, Southern California and Sunnyvale project in Silicon Valley, Northern California will also be put on sale recently. In April 2017, Avora project in New York won ten awards issued by SAM and it was honored as "the Best Community in 2017", in recognition of Landsea's outstanding performance in the project's residential design, marketing and sales. The project was capped in May this year.

*Corporate Social Responsibility*

As a leading green property developer in the PRC, Landsea is committed to making important contribution for the society and environment. Since June 2016, Landsea, together with industry peers, real estate associations and ecological associations, have initiated "green supply chain" in the real estate industry, so as to promote supply chain environmental management in terms of sources of raw materials procurement, production processes and consumer terminals. By adhering to the principle of environmental protection and resource conservation throughout the whole industry chain, the overall carbon emissions and discharge of pollutants in the industry chain would be reduced. The number of green supply chain participants has increased from 48 at inception to 89 so far. By introducing new green purchasing goods and attracting new participants, it is expected that such initiative will deliver greater environmental benefits. In addition, in the second half of the year, Landsea officially launched the "Green Bud Action — Landsea Fighting Haze Fund Walk for Kindergartens" (綠色蓓蕾行動 — 朗詩抗霾綠色幼兒園公益行) to equip kindergartens with free anti-haze ventilation system based on its own experience and technologies in the field of constructing environmentally-friendly buildings accumulated over the past decade. Up to June 2017, Landsea has installed such system for 12 kindergartens in over 10 cities such as Tianjin, Shanghai, Suzhou, Hangzhou, Chengdu and Wuhan.

**Outlook for the Second Half of 2017**

In 2017, the real estate industry bid farewell to the rapid growth in price and sales volume over the past decade and entered into an era of high investment and high risks but low income. It is expected that the government's macroeconomic regulations and control of properties will not be lifted while the market concentration rate will continue to rise and regional segregation will become increasingly obvious in the future, ushering in an era with high concentration rate and high elimination rate.

Leveraging on its established brand and its capabilities in product building and project management, coupled with extensive operational experience in the industry, the Group has launched long-term rental apartment projects in various major cities by establishing "Landsea Apartment" (朗詩寓), a long-term rental apartment brand at the beginning of 2017. In line with national policies and market conditions, Landsea has tapped into the long-term rental apartment market, marking an important milestone in Landsea's transformation and upgrade. Since the second half of 2015, the Central Government has issued documents on recognizing and encouraging the development of long-term rental apartments as one of the directions of housing reform, implying the promulgation of preferential policies in the future. According to the "Report on the Development of Floating Population in the PRC" (《中國流動人口發展報告》), the floating population reached 247 million in 2015, accounting for 18% of the total population, and approximately 70% of the floating population resided in rental housing. The demand for long-term rental apartments in first and second-tier cities remained resilient, showing promising market prospects ahead. Taking mature markets such as the US and Japan as an example, the long-term rental apartment business showed enormous value and generated basic income from continued expansion of rent gap. By building its customer base to improve profitability, such business possessed considerable valuation potentials in the capital market.

Landsea Apartment, with four product lines, namely youth apartment, white collar apartment, boutique apartment and service apartment, aims at building a livable ecosystem for its residents. During the reporting period, Landsea Apartment has secured 25 projects with 5,776 apartments in various cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Nanjing, Suzhou and Shenzhen, covering different areas including business district, high-tech industrial park, university district and downtown and commercial district. The Group intends to provide 100,000 apartments in 17 first and second-tier major cities in the next three years and become one of the leading brands in long-term rental apartment market in the PRC.

In the face of the ever-changing real estate market in the PRC, Landsea insists on the strategy of transformation and upgrades and enhancing professionalism and financing of real estate industry under such general trend of green real estate. Capitalizing on its smooth progress in transformation, Landsea will transform to a brand new company and become an international professional development service provider committed to vertical business integration and environmental protection in one or two years. In the future, Landsea will shift from product-oriented to customer-oriented to provide more comfortable and more environmental-friendly products and higher quality services for its customers, and actively explore and implement the 2.0 business model.

**Acknowledgement**

The continuous support from stakeholders and valuable contribution from the dedicated staff at all levels are essential to the strong development of the Group. On behalf of the Board, I would like to take this opportunity to extend our heartfelt gratitude to our staff, shareholders, investors and business associates for their support. We will continuously strive on to create value for our customers, staff, shareholders and other stakeholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL PERFORMANCE

During the first half of 2017, the Group continued to deepen the transformation and upgraded strategy of "product-differentiation, asset-light transformation and market-internationalisation", stayed true to put green technology differentiation into practice, and actively explored and made an attempt to business mode 2.0 for property development. From product 1.0 to today's product 3.0 series, housing values have been enhancing in terms of health, comfort, energy saving and environmental protection. In the meantime, capitalising on mastery of the green construction technology, the Group can develop residence best suited for local circumstances and people based on local climate and customers' needs.

By actively developing various property projects, the Group achieved satisfactory results in development and sales in 2017. For the six months ended 30 June 2017, "Products of Landsea" recorded contracted sales amounts of approximately RMB9,850.7 million with contracted gross floor areas of approximately 443,096 square meters. As the Group has only provided Landsea Group with minimal property development and management services since 2017, contracted sales of such projects were not included in the Group during the period, and accordingly, contracted sales and contracted gross floor areas decreased by 10% and 40.7% respectively as compared to the corresponding period last year. After three years of the implementation by Landsea Group, the Group substantially enhanced its development and management services and gained market recognition. During the period, contracted sales amounts of RMB4,357.1 million and contracted gross floor areas of approximately 210,461 square meters were derived from the entrusted development management services project with independent third parties, representing a significant increase of 200% and 97% respectively as compared to the corresponding period last year. For the six months ended 30 June 2017, the total income of the Group amounted to approximately RMB2,314.4 million, representing an increase of approximately 191.2% as compared to the corresponding period last year. The total profit of the Group amounted to approximately RMB129.6 million, representing a slight decrease of 1.2% as compared to the corresponding period last year. Excluding the effect of net exchange losses, the total profit would have been approximately RMB244.4 million, representing a significant increase of 2.2 times as compared to the corresponding period last year.

With the full implementation of the Group's strategy of "product-differentiation, asset-light transformation and market-internationalisation", the development management services were in full swing. Moreover, the property development and management services agreement which the Company and Landsea Group entered into in February 2014 provided Landsea Group with property development and management services. The projects were basically completed after three years. The income derived from the provision of development and management services to independent third parties and cooperating parties amounted to approximately RMB221.1 million for the six months ended 30 June 2017, representing an increase of 30.9% as compared to the corresponding period last year. For the six months ended 30 June 2017, the Group achieved fruitful results, reporting profit of approximately RMB74.1 million arising from the asset-light services projects with independent third parties and cooperating parties.

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

**BUSINESS DEVELOPMENT**

In the first half of 2017, the Group acquired a total of 12 projects in Chengdu, Xi'an, Wuxi, Hefei, Hangzhou and the US respectively, of which 11 were in the PRC while 1 was in the US (including 10 projects in which the Group held equity interest and 2 development management projects by entrusted independent third parties). The Group recorded total gross floor areas of approximately 1,564,116 square meters with an increase of approximately 1,118,027 square meters in gross floor areas of projects in which the Group held equity interest and 626,311 square meters in gross floor areas attributable to the Group. As at 30 June 2017, the Group had total land reserves with total gross floor areas of approximately 8,104,037 square meters and gross floor areas of approximately 3,322,393 square meters attributable to the Group.

The long-term rental apartment market is considered to be a sustainable business by the industry as a result of favourable policies and stepping into the era of inventory houses in the real estate market of certain first-tier and second-tier major cities. The transaction of second-hand housing in Beijing and Shanghai is far more than that of commodity housing. Young buyers in first-tier cities are under tremendous pressure of affording home in the short term. It is contemplated that more and more people will tend to rent houses in order to solve their housing issues, resulting in gradual increase in the rentals of the long-term rental apartment market in future. In the traditional real estate market, some real estate developers have sufficient land reserves and capitals, which can hardly be overtaken all at once. However, as a leasing-driven long-term rental apartment market, the competitiveness lies in overall strengths of one's own. Therefore, the Group has started to gain its foothold in the long-term rental apartment market since 2017 by launching "Landsea Apartment" (朗詩寓). Leveraging on the advantage of product differentiation and expertise in environmental protection and vertical business integration, it is expected that satisfactory results will be achieved in the long-term rental apartment market.

In addition, the Group officially established a real estate company in Xi'an in May 2017, and acquired two projects with total gross floor areas of approximately 246,377 square meters in Xi'an in May and June 2017, respectively. With the Group tapping into Xi'an, a "green" wave may sweep into the property market of West Avenue (西部大道).

Further, the business sector and architectural design companies in the US were injected into the Group in 2016. Its ancillary businesses related to green properties were strategically consolidated, aiming at developing a listed platform with vertically-integrated business focusing on green property development and green services to drive the growth of the Group's sales revenue in the global market. In particular, the assets of the US business accounted for 24.3% of the Group's assets as at 30 June 2017. For the six months ended 30 June 2017, the total contracted sales of the US projects amounted to approximately RMB445,607,000, with sales areas of approximately 7,330 square meters. The income from sale of properties of approximately RMB112,221,000 was recognised during the period, representing an increase of approximately 27.0% as compared to the corresponding period last year. The total recognised sales areas were approximately 3,614 square meters. Moreover, the Group disposed a land parcel with land areas of approximately 17,940 square meters from The Vale in the US. The selling price of such land parcel was approximately RMB432,224,000, realising an income for the period of approximately RMB412,262,000. The business strategy of the Group for market internationalisation began to yield positive results.

## OPERATION INCOME AND GROSS PROFIT

For the six months ended 30 June 2017, the Group's revenue was mainly derived from property development and management services income of approximately RMB221,538,000, income from sale of properties of approximately RMB2,080,023,000 and rental and management fee income of approximately RMB12,873,000, which in aggregate was approximately RMB2,314,434,000, representing a significant increase of approximately 191.2% over the total revenue for the corresponding period in 2016. The increase in revenue was mainly due to a substantial increase of approximately 279.8% in revenue from sale of properties as compared to last year. Despite a decrease of approximately 5.2% in total property development and management services income, the income from property development and management services from independent third parties or cooperating parties increased by 30.9% to approximately RMB221,127,000 as compared to the corresponding period last year. As a result of the completion of most of the projects for which property development and management services had been provided to Landsea Group by the Company for more than three years, the income derived from the property development and management services of the Group to Landsea Group was approximately RMB411,000 for the six months ended 30 June 2017 as compared to that of approximately RMB64,642,000 for the corresponding period last year. With the full implementation of the Group's operation strategy of “asset-light”, the number of entrusted development management contracts entered into with independent third parties or cooperating parties also increased, and the recognised income increased accordingly as compared with the previous year. The increase reflected that the Group was gradually recognised by the market after the leadership of Landsea Group for over three years and became an international development service provider committed to environmental protection and vertical business integration.

For the six months ended 30 June 2017, the gross profit of the Group was approximately RMB365,854,000, representing an increase of approximately 52.8% as compared to the gross profit for the corresponding period in 2016. The overall gross profit margin of the Group was approximately 15.8%. For the six months ended 30 June 2017, income from sale of properties accounted for 89.9% (2016: approximately 68.9%). Income from development and management services accounted for 9.6% (2016: approximately 29.4%). As the average gross profit margin of income from traditional property sales is significantly lower than that from development and management services in general, the overall gross profit margin decreased during the period due to the changes in the proportion of income from sales.

## PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

For the six months ended 30 June 2017, the profit attributable to the owners of the Company was approximately RMB69,675,000, representing a decrease of approximately 44.6% as compared to the corresponding period in 2016. Excluding the effect of net exchange losses, the profit would have been approximately RMB184,533,000, representing a significant increase of approximately 162% as compared to the corresponding period in 2016.

## CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

For the six months ended 30 June 2017, “Products of Landsea” recorded contracted sales of RMB9,850,688,000 with contracted gross floor areas of approximately 443,096 square meters, representing a decrease of 10% and 40.7% respectively as compared with the corresponding period last year, among which the total contracted sales of the projects in which the Group held equity interest amounted to approximately RMB5,493,548,000 with contracted sales areas of approximately 232,635 square meters and an average selling price of RMB23,614 per square meter, representing a decrease of 7.8% and 38.1% in contracted sales amounts and sales areas respectively as compared to the corresponding period in 2016. However, contracted sales amounts of RMB4,357,140,000 and contracted sales gross floor areas of approximately 210,461 square meters were derived from the entrusted development management projects with independent third parties during the period, representing a significant increase of 200% and 97% respectively as compared with the corresponding period last year. The results had marked the market recognition of “Products of Landsea”. The contracted sales were mainly from the on-sale projects in Nanjing, Shanghai, Suzhou, Hangzhou, Changsha, Chengdu, Boston, New Jersey and San Francisco in the US. As at 30 June 2017, the Group's accumulated areas of properties sold but not recognised were approximately 1,058,119 square meters, amounting to approximately RMB21,752,791,000.

| | 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% | 398,523 | 29,993 | 13,287 |
| 2. | Nanjing Future Home | 50.1% | 47,228 | 4,269 | 11,063 |
| 3. | Nanjing Poly Landsea Weilan | 29.94% | 1,122,279 | 37,277 | 30,106 |
| 4. | Nanjing Landsea Xihua Mansion | 12.97% | 28,836 | 834 | 34,576 |
| 5. | Shanghai Future Block | 100% | 15,309 | 719 | 21,292 |
| 6. | Shanghai The Course of The Future | 100% | 35,314 | 1,809 | 19,521 |
| 7. | Shanghai New Mansion | 38.46% | 86,417 | 772 | 111,939 |
| 8. | Suzhou Green County of Landsea | 55% | 457,114 | 22,996 | 19,878 |
| 9. | Suzhou Landsea Lvzhou | 20% | 6,585 | – | – |
| 10. | Suzhou 8 Renmin Road | 51% | 331,060 | 14,030 | 23,597 |
| 11. | Wuxi Tiancui | 100% | 784 | 70 | 11,200 |
| 12. | Hangzhou Mer De Fleus | 100% | 41,969 | 1,850 | 22,686 |
| 13. | Hangzhou Landsea Xihua Mansion | 49% | 1,347,874 | 30,403 | 44,334 |
| 14. | Changsha Landsea Ludao | 1% | 95,195 | 18,175 | 5,238 |
| 15. | Chengdu Southern Gate Green County of Landsea | 25% | 930,910 | 54,488 | 17,085 |
| 16. | Chengdu Golden Sand City | 9.91% | 102,544 | 7,620 | 13,457 |
| 17. | Pierce Boston | 25% | 184,372 | 1,566 | 117,734 |
| 18. | Avora | 51% | 116,176 | 1,361 | 85,361 |
| 19. | Stoney Ridge & Stoney Hill | 100% | 24,477 | 527 | 46,446 |
| 20. | Kingswood | 100% | 120,582 | 3,876 | 31,110 |
| | Total | | 5,493,548 | 232,635 | 23,614 |

## RECOGNISED SALES

For the six months ended 30 June 2017, the Group recorded recognised sales revenue of approximately RMB2,080,023,000 (2016: RMB547,725,000). The recognised income from sale of properties and the total areas of which were approximately RMB1,667,761,000 and 132,866 square meters respectively, mainly attributable to the Nanjing Youth Block, Suzhou Green County of Landsea, Wuxi Luka Small Town, Wuxi Tiancui, Hangzhou Mer De Fleus and Kingswood in the US. The average selling price was approximately RMB12,552 per square meter. Furthermore, the Group disposed a land parcel with land areas of approximately 17,940 square meters from The Vale in April 2017. The selling price of such land parcel was approximately RMB432,224,000, realising an income for the period of approximately RMB412,262,000.

## PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

For the six months ended 30 June 2017, the Group recorded property development and management services income of approximately RMB221,538,000 (2016: RMB233,610,000), representing an overall decrease of approximately 5.2%. However, the income from property development and management services provided to independent third parties or cooperating parties increased by 30.9% to approximately RMB221,127,000 (2016: RMB168,968,000) as compared with the corresponding period last year. Therefore, benefiting from the full implementation and strengthened execution of the operation strategy of "asset-light", the income from property development and management services provided to independent third parties or cooperating parties by the Group has increased significantly. The decrease in overall income was mainly due to the fact that the property development and management services agreement which the Company and Landsea Group entered into in 2014 provided Landsea Group with property development and management services. The projects were basically completed after three years. Thus, the income derived from the property development and management services of the Group to Landsea Group was minimal for the six months ended 30 June 2017.

## INVESTMENT PROPERTY

The Group's investment property, namely Dawning Tower, is located in Shenzhen, the PRC. For the six months ended 30 June 2017, the Group recognised income of approximately RMB12,873,000 (2016: RMB13,444,000), representing a slight decrease of approximately 4.2% as compared to the corresponding period in 2016. The decrease was mainly attributable to the optimisation work for a unit on the second floor of Dawning Tower from February to June, resulting in the absence of rental income of such unit from February to June. Leveraging on the prime location of Dawning Tower and its quality property management, the occupancy rate has been maintained at high level during the period. Coupled with the effective cost control, stable net operation income from this building was guaranteed.

For the six months ended 30 June 2017, the Group's fair value gain on an investment property was approximately RMB26,030,000. The fair value of Dawning Tower was determined by a qualified independent valuer based on the property's current business model adopted by the Group and its expected income to be generated.

## SELLING EXPENSES

For the six months ended 30 June 2017, the Group recorded selling expenses of approximately RMB44,056,000 (2016: RMB45,188,000), representing a decrease of approximately 2.5% as compared to the corresponding period in 2016. The selling expenses mainly include expenses related to the pre-sale promotional activities launched for projects and sales commissions.

## ADMINISTRATIVE EXPENSES

The Group continued to implement budget control in 2017. For the six months ended 30 June 2017, the Group recorded administrative expenses of approximately RMB196,544,000 (2016: RMB117,478,000), representing an increase of approximately 67.3% as compared to the corresponding period in 2016. The increase was within the budget control and was mainly due to the Group's significant expansion of business scale as compared to corresponding period last year and significant increase in staff number. At the same time, since the US business has been in the rapid expansion of scale and improved deployment of personnel, the administrative expenses increased accordingly.

## FINANCE COSTS

For the six months ended 30 June 2017, finance costs of the Group were approximately RMB68,060,000 (2016: RMB65,377,000), representing an increase of approximately 4.1% as compared to the corresponding period in 2016. Under the asset-light strategy, new projects of the Group mainly included non-consolidated projects of joint ventures and associates. As a result, the interests payable could no longer be capitalised and were entirely charged to finance costs for the period. In addition, the interest income on shareholders' borrowings received from joint ventures and associates were credited to other income for the period. Therefore, it is more reasonable to consider finance costs and interest income credited to other income of the Group on an aggregate basis. For the six months ended 30 June 2017, net finance costs of the Group were approximately RMB991,000 (2016: net finance income of RMB9,936,000). During the period, the weighted average finance cost was 7.1%.

## TAXATION

For the six months ended 30 June 2017, the Group recorded taxation charge of approximately RMB55,645,000 (2016: RMB65,393,000), representing a decrease of 14.9% as compared to the corresponding period in 2016. The decrease was mainly due to the recognition of deferred tax assets of the US business of the Group.

## EARNINGS PER SHARE

For the six months ended 30 June 2017, the basic and diluted earnings per share attributable to the owners of the Company were RMB0.015 and RMB0.015 respectively (2016: RMB0.030 and RMB0.028 respectively), representing a decrease of approximately 50% and 46.4% respectively as compared with the corresponding period in 2016.

## LAND RESERVES

As at 30 June 2017, the Group had land reserves with total gross floor areas of 8,104,037 square meters. Based on equity interests, the total gross floor areas of the land reserves attributable to the Group were 3,322,393 square meters.

| | Projects | Equity Holding | GFA *(Square Meters)* | Developed GFA *(Square Meters)* | Developing GFA *(Square Meters)* | GFA for Future Development *(Square Meters)* |
|---|---|---|---|---|---|---|
| 1. | Shanghai Future Block | 100% | 233,791 | 124,068 | 109,723 | – |
| 2. | Shanghai The Course of The Future | 100% | 108,264 | 30,324 | 77,940 | – |
| 3. | Nanjing Youth Block | 100% | 314,704 | 167,369 | 123,876 | 23,459 |
| 4. | Nanjing Future Home | 50.1% | 133,530 | 47,351 | 86,179 | – |
| 5. | Nanjing China Merchants Evian County | 30% | 152,135 | 148,146 | 3,989 | – |
| 6. | Nanjing Landsea Xihua Mansion | 19% | 202,487 | – | 202,487 | – |
| 7. | Nanjing Poly Landsea Weilan | 29.94% | 250,567 | – | 250,567 | – |
| 8. | Hangzhou Mer De Fleus | 100% | 180,473 | 180,473 | – | – |
| 9. | Hangzhou Liangzhu Wanke Future Life | 34% | 189,375 | 189,375 | – | – |
| 10. | Suzhou 8 Renmin Road | 51% | 85,231 | – | 85,231 | – |
| 11. | Suzhou Green County of Landsea | 55% | 439,009 | 142,311 | 183,113 | 113,585 |
| 12. | Suzhou Landsea Lvzhou | 20% | 99,952 | – | 99,952 | – |
| 13. | Wuxi Tiancui | 100% | 48,772 | 48,772 | – | – |
| 14. | Wuxi Luka Small Town | 100% | 140,468 | 40,495 | 99,973 | – |
| 15. | Chengdu Southern Gate Green County of Landsea | 25% | 236,672 | – | 236,672 | – |
| 16. | Shanghai New Mansion | 38.46% | 15,787 | – | 15,787 | – |
| 17. | Hangzhou Landsea Xihua Mansion | 49% | 139,152 | – | 139,152 | – |
| 18. | Hangzhou Le Mansion | 50% | 80,602 | – | 25,134 | 55,468 |
| 19. | Chengdu Golden Sand City | 9.91% | 684,572 | – | 500,751 | 183,821 |
| 20. | Nanjing Qixia District, Huadian Road Project | 100% | 5,729 | – | – | 5,729 |
| 21. | Tianjin Zhong Xin Eco-City Project | 75% | 232,420 | – | 73,720 | 158,700 |
| 22. | Tianjin Huoli Gang Project | 35% | 153,984 | – | 59,332 | 94,652 |
| 23. | Shanghai Putuo Changfeng Project | 23% | 18,406 | – | 18,406 | – |
| 24. | Suzhou High-Speed Rail New Town Project | 30% | 89,556 | – | – | 89,556 |
| 25. | Wuhan Xudong Project | 20% | 130,529 | – | – | 130,529 |
| 26. | Chengdu Muhua Road Project | 4.85% | 1,022,400 | – | – | 1,022,400 |
| 27. | Wuhan Sanjintan Project | 5% | 490,157 | – | 235,532 | 254,625 |
| 28. | Changsha Landsea Ludao | 1% | 266,216 | 19,000 | 25,853 | 211,363 |
| 29. | Chengdu Landsea Xihua Mansion | 33% | 367,753 | – | 367,753 | – |
| 30. | Hangzhou Yuhang North Upper Loop Bridge Project | 50% | 37,699 | – | – | 37,699 |
| 31. | Hefei Wanxin Hi-tech District Project | 49% | 131,445 | – | 26,608 | 104,837 |
| 32. | Kingswood | 100% | 19,350 | 18,285 | 1,065 | – |
| 33. | Avora | 51% | 23,797 | – | 23,797 | – |

| | Projects | Equity Holding | GFA (Square Meters) | Developed GFA (Square Meters) | Developing GFA (Square Meters) | GFA for Future Development (Square Meters) |
|---|---|---|---|---|---|---|
| 34. | The Westerly | 100% | 34,262 | – | – | 34,262 |
| 35. | Pierce Boston | 25% | 11,771 | – | 11,771 | – |
| 36. | Stoney Ridge & Stoney Hill | 100% | 5,017 | – | 1,505 | 3,512 |
| 37. | Portola Center South | 100% | 132,297 | 29,493 | 10,187 | 92,617 |
| 38. | The Vale | 69.76% | 77,679 | 21,732 | 6,748 | 49,199 |
| 39. | Hangzhou Xiasha Project | 100% | 94,095 | – | – | 94,095 |
| 40. | Hangzhou Ningbo Jiangbei Project | 100% | 73,790 | – | – | 73,790 |
| 41. | Chengdu Landsea Future Home | 50% | 146,733 | – | 146,733 | – |
| 42. | Chengdu North Jianshe Road | 20% | 30,157 | – | 30,157 | – |
| 43. | Xian Changtai Project | 100% | 174,181 | – | – | 174,181 |
| 44. | Xian Jiapeng Project | 70% | 72,196 | – | – | 72,196 |
| 45. | Hefei Feidong Jade Garden | 10% | 40,433 | – | – | 40,433 |
| 46. | Yixing Red Star Macalline Project | 26% | 224,115 | – | – | 224,115 |
| 47. | Jiangyin Chengjiang Project | 19% | 210,284 | – | – | 210,284 |
| 48. | Sanctuary — Village I & III | 100% | 52,043 | – | – | 52,043 |
| | Total | | 8,104,037 | 1,207,194 | 3,279,693 | 3,617,150 |

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash position

As at 30 June 2017, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB2,742,666,000 (2016: RMB2,976,852,000), representing a decrease of 7.9% as compared to 31 December 2016. As at 30 June 2017, the Group's current ratio (current assets divided by current liabilities) was approximately 1.7 times (2016: 2.0 times).

### Indebtedness

As at 30 June 2017, the total indebtedness of the Group amounted to approximately RMB5,106,114,000 (2016: RMB6,083,341,000), which mainly comprised shareholder's loans, secured bank borrowings, senior private notes, EB5 financing and loan under asset management scheme. As at 30 June 2017, the proportion of short-term debts was 35.8% and long-term debts was 64.2%.

Analysis of Indebtedness:

| | **30 June 2017** | | 31 December 2016 | |
|---|---|---|---|---|
| | ***RMB'000*** | ***Percentage*** | *RMB'000* | *Percentage* |
| Analysis of indebtedness by currency: | | | | |
| Denominated in RMB | **3,189,548** | **62.5%** | 4,514,862 | 74.2% |
| Denominated in USD | **1,723,023** | **33.7%** | 1,359,567 | 22.4% |
| Denominated in HK$ | **193,543** | **3.8%** | 208,912 | 3.4% |
| | **5,106,114** | **100.0%** | 6,083,341 | 100.0% |
| Analysis of indebtedness by maturity: | | | | |
| Within one year | **1,825,911** | **35.8%** | 1,267,990 | 20.8% |
| Between one and two years | **812,396** | **15.9%** | 2,022,747 | 33.3% |
| Over two years | **2,467,807** | **48.3%** | 2,792,604 | 45.9% |
| | **5,106,114** | **100.0%** | 6,083,341 | 100.0% |

## GEARING RATIOS

The Group is committed to optimising its capital and debt structure. As at 30 June 2017, the net debts to equity ratio# of the Group was approximately 76.3% (2016: 101.8%), representing a decrease of 25.5 percentage points as compared to 31 December 2016. As at 30 June 2017, the Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 27.3% (2016: 33.8%), representing a decrease of 6.5 percentage points as compared to 31 December 2016. In addition, the debt to assets ratio of the Group was 83.5% (2016: 83.0%), representing a slight increase of 0.5 percentage point as compared to that as of 31 December 2016. The management constantly monitors the Group's capital and debt structure with a view to mitigating its exposure to the risk of gearing.

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

## PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2017, the bank loans of the Group were secured by one or a combination of the following securities: investment property, leasehold land payments, properties under development, restricted cash and guarantees provided by controlling shareholders. Senior private notes were secured by the shares of subsidiaries of the Company. EB-5 loans are guaranteed by a subsidiary.

## FOREIGN EXCHANGE AND CURRENCY RISK

As income and direct costs, payments of purchase of equipment, salaries and debts payable were mainly denominated in Renminbi, United States dollars and Hong Kong dollars, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of exchange rates was minimal. During the reporting period, the Group was not engaged in any hedging activities. As at 30 June 2017, the Group's cash and cash equivalents and restricted cash were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

## INTEREST RATE RISK

As at 30 June 2017, the debts payable borne with fixed rate interest accounted for approximately 83.6% (2016: 62.5%) 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.

## MATERIAL ACQUISITION AND DISPOSAL

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

On 3 January 2017, Hangzhou Langhui entered into an acquisition agreement with 杭州紅寶電力燃料有限公司 (Hangzhou Hongbao Electric Fuel Company Limited*) ("Hangzhou Hongbao Electric Fuel"), pursuant to which Hangzhou Langhui has conditionally agreed to purchase, and Hangzhou Hongbao Electric Fuel has conditionally agreed to sell 100% equity interest in 浙江天元房地產開發有限公司 (Zhejiang Tianyuan Properties Development Company Limited*) ("Zhejiang Tianyuan"), and Hangzhou Langhui has conditionally agreed to provide a shareholders' loan to Zhejiang Tianyuan, at a total consideration of RMB286,910,039. (Please refer to two announcements of the Company both dated 3 January 2017 for further details).

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

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

On 3 April 2017 (US time), LS-NJ Port Imperial Member, LLC. ("LS-NJ"), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with PL North America-NJ Port Imperial, Inc. ("PL North America"), pursuant to which it was agreed that LS-NJ and PL North America would cooperate to develop the Avora Project held by LS-NJ Port Imperial LLC ("LS-NJ Port Imperial"), a wholly-owned subsidiary of the Company. Upon completion of the transactions contemplated under the cooperation agreement, LS-NJ Port Imperial was held as to 51% by LS-NJ and as to 49% by PL North America. (Please refer to two announcements of the Company dated 4 April 2017 and 11 April 2017 for further details).

On 26 May 2017, 南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Limited*) ("Nanjing Langming"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Mr. Qiang Zhuang, Mr. Zhang Tao and Mr. He Xiaoning (the "Vendors"), pursuant to which Nanjing Langming has agreed to purchase, and the Vendors have agreed to sell the entire equity interest in 陝西長泰房地產開發有限公司 (Shaanxi Changtai Real Estate Development Company Limited*) at a consideration of RMB150,000,000. (Please refer to the announcement of the Company dated 26 May 2017 for further details).

On 27 May 2017, Nanjing Langming, 成都朗銘置業有限公司 (Chengdu Langming Real Estate Company Limited*) ("Chengdu Langming") and Chengdu Langhui, all being wholly-owned subsidiaries of the Company, entered into equity transfer and investment agreements with 南京洛德德寧房地產投資合伙企業(有限合伙) (Nanjing Luode Dening Real Estate Investment Partnership)(Limited Partner) ("Nanjing Luode Dening"), pursuant to which Chengdu Langming and Nanjing Luode Dening have agreed to cooperate in the development of Chengdu Landsea Future Home project held by Chengdu Langhui. Upon completion of the transactions contemplated under the equity transfer and investment agreements, Chengdu Langhui was held as to 50% by each of Chengdu Langming and Nanjing Luode Dening. (Please refer to the announcement of the Company dated 27 May 2017 for further details).

Save as disclosed above, the Group was not involved in any material acquisition or disposal during the six months ended 30 June 2017.

## CONTINGENT LIABILITIES

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 2017, the outstanding guarantees amounted to approximately RMB707,330,000 (31 December 2016: approximately RMB2,648,983,000).

Such guarantees will be discharged upon the earlier of (i) the issuance of the real estate ownership certificate; and (ii) the satisfaction of relevant mortgage loan by purchasers. In addition, the Group provides guarantee to secure the bank borrowings granted to Fenway Ventures Point Properties LLC, a joint venture owned as to 50% by its joint venture LS-Boston Point LLC. As at 30 June 2017, such guarantee amounted to RMB525,806,000 (31 December 2016: approximately RMB141,558,000). Such guarantee will be discharged upon the release of corresponding indemnity provided by 朗詩集團股份有限公司 (Landsea Group Co., Ltd.*).

As at 30 June 2017, 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 2017.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group had 1,683 employees (31 December 2016: 1,612) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the US and the PRC. The increment levels of the employees' emolument, promotion and remuneration were determined with reference to their duties, performance and professional experience. Other employee benefits included mandatory provident fund scheme, insurance and medical coverage. According to the terms of the existing Share Option Scheme adopted on 25 April 2012 and the Share Award Scheme adopted on 2 July 2014, the Company will grant awarded shares or share options to the Group's management and staff based on their individual performance.

## EVENT AFTER THE REPORTING PERIOD

On 4 July 2017, 武漢朗恒實業有限公司 (Wuhan Langheng Enterprises Company Limited*) ("Wuhan Langheng"), a wholly-owned subsidiary of the Company, entered into a framework agreement with 長沙朗詩置業有限公司 (Changsha Landsea Properties Company Limited*) ("Changsha Landsea") and 長沙湘泰置業有限公司 (Changsha Xiangtai Properties Company Limited*) ("Changsha Xiangtai Properties"), pursuant to which Wuhan Langheng and Changsha Xiangtai Properties have agreed Wuhan Langheng to acquire through Changsha Landsea, the land held by Changsha Xiangtai Properties at a consideration of RMB135,000,000 (subject to downward adjustment). (Please refer to the announcement of the Company dated 4 July 2017 for further details).

On 2 August 2017, Nanjing Langming entered into agreements with 無錫星海房地產開發有限公司 (Wuxi Xinghai Real Estate Development Co., Ltd.* ("Wuxi Xinghai")), 安徽日報報業集團 (Anhui Daily Newspaper Press Group* ("Anhui Daily")) and 馬鞍山星文房地產開發有限公司 (Ma An Shan Xingwen Real Estate Development Co., Limited* ("Ma An Shan Xingwen")), pursuant to which Nanjing Langming has conditionally agreed to purchase and Wuxi Xinghai has conditionally agreed to sell the 70% equity interest of Ma An Shan Xingwen at zero consideration, and Nanjing Langming has conditionally agreed the provision of the shareholder's loan of RMB280,000,000 to Ma An Shan Xingwen. (Please refer to two announcements of the Company dated 2 August 2017 and 8 August 2017 for details).

On 14 August 2017, Hangzhou Langhui and 杭州弘成投資管理有限公司 (Hangzhou Hongcheng Investment Management Company Limited*) ("Hangzhou Hongcheng"), entered into the Equity Transfer and Development Cooperation Agreement pursuant to which Hangzhou Langhui conditionally agreed to sell and assign, and Hangzhou Hongcheng conditionally agreed to purchase and accept assignment of, the 60% equity interest ("Sale Shares") in Zhejiang Tianyuan and 60% of the outstanding shareholder's loan ("Sale Loan") owed by Zhejiang Tianyuan to Hangzhou Langhui at the total consideration of RMB266,364,419 (subject to adjustment of not exceeding RMB275,964,419), among which the consideration for Sale Shares is RMB94,701,010 and the consideration for Sale Loan is RMB171,663,409 (subject to adjustment of not exceeding RMB181,263,409). It is expected that the Group will record a gain on disposal of approximately RMB153,000,000. (Please refer to the announcement of the Company dated 14 August 2017 for details).

On 14 August 2017, Wuhan Langheng participated in the public auction held by Wuhan Optics Valley United Property Rights Exchange for the proposed acquisition of 60% equity interest of 湖北供銷徐東民生廣場置業有限公司 (Hubei Supply and Marketing Xudong Minsheng Plaza Properties Limited*) (the "Project Company") and the loan owed by the Project Company of RMB685,761,000 (the "Loan"), at a total consideration of RMB1,082,200,000 and has paid transaction deposit of RMB120,000,000 and performance bond for the Loan of RMB685,761,000 upon registration. Wuhan Langheng has successfully won the auction and received two confirmation notices of intended transferees qualification issued by Wuhan Optics Valley United Property Rights Exchange on 15 August 2017. (Please refer to two announcements of the Company dated 14 August 2017 and 15 August 2017 for details).

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: 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 2017, other than those purchased by the trustee for the Share Award Scheme.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2017.

## CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2017.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2017, in the opinion of the Directors, the Company was in compliance with all relevant code provisions set out in the CG Code.

## REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2017 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises one non-executive Director, namely Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Ding Yuan (as chairman), Mr. Xu Xiaonian and Mr. Lee Kwan Hung. The principal duties of the Audit Committee include the overview of the Company's financial reporting system, risk management and internal control systems and financial information of the Group. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2017 has been reviewed by the Audit Committee.

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

Hong Kong, 19 August 2017

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

* *For identification purposes only*