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LANDSEA朗诗

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 2020

FINANCIAL HIGHLIGHT

1. Revenue of RMB2.85 billion was recognized in first half of 2020, representing an increase of 36% as compared with corresponding period of last year. The net profit recognized was RMB188 million.

2. As at 30 June 2020, the net debt ratio was approximately 65.4%, which remained low in the industry.

3. As the structure of indebtedness continued to optimize, the proportion of short-term debts was 16.4%, the ratio of cash to short-term debts increased to 3.2 times, representing sufficient liquidity.

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 2020 together with the comparative figures. The unaudited interim condensed consolidated results have been reviewed by the Company's audit committee (the "**Audit Committee**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*4, 5*	**2,852,686**	2,091,075
Cost of sales and services		**(2,347,478)**	(1,550,178)
Gross profit		**505,208**	540,897
Other income	*6*	**138,406**	138,637
Selling expenses		**(149,455)**	(77,776)
Administrative expenses		**(326,536)**	(306,730)
Provision for impairment loss on financial assets		**(96,731)**	(1,093)
Fair value gain on investment properties	*12(b)*	**44,500**	3,670
Other gains, net	*7*	**60,819**	34,707
Operating profit		**176,211**	332,312
Finance income	*8*	**12,067**	13,415
Finance costs	*8*	**(256,143)**	(156,737)
Finance costs, net	*8*	**(244,076)**	(143,322)
Share of net profit of associates	*13*	**404,265**	398,589
Share of net loss of joint ventures	*14*	**(29,401)**	(9,192)
Profit before income tax		**306,999**	578,387
Income tax expenses	*9*	**(118,947)**	(131,937)
Profit from continuing operations		**188,052**	446,450
Profit from discontinued operation		**–**	14,280
Profit for the period		**188,052**	460,730

	Notes	For the six months ended 30 June **2020** ***RMB'000*** **(Unaudited)**	 2019 *RMB'000* (Unaudited)
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
— Exchange differences on translation of foreign operations		**(45,834)**	(4,715)
Other comprehensive loss for the period, net of tax		**(45,834)**	(4,715)
Total comprehensive income for the period		**142,218**	456,015
Profit for the period attributable to:			
— The shareholders of the Company		**141,937**	263,663
— Non-controlling interests		**46,115**	197,067
		188,052	460,730
Profit for the period attributable to the shareholders of the Company arises from:			
— Continuing operations		**141,937**	249,383
— Discontinued operation		**–**	14,280
		141,937	263,663
Total comprehensive income for the period attributable to:			
— The shareholders of the Company		**94,887**	257,456
— Non-controlling interests		**47,331**	198,559
		142,218	456,015

	Notes	For the six months ended 30 June **2020** ***RMB'000*** **(Unaudited)**	2019 *RMB'000* (Unaudited)
Total comprehensive income for the period attributable to the shareholders of the Company arises from:			
— Continuing operations		**94,887**	243,176
— Discontinued operation		**–**	14,280
		94,887	257,456
Earnings per share for profit from continuing operations attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic earnings per share	*11*	**RMB0.031**	RMB0.053
Diluted earnings per share	*11*	**RMB0.031**	RMB0.053
Earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic earnings per share	*11*	**RMB0.031**	RMB0.056
Diluted earnings per share	*11*	**RMB0.031**	RMB0.056

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

	Notes	**As at 30 June 2020** *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Investment properties	*12(b)*	**897,000**	852,500
Property, plant and equipment	*12(a)*	**258,249**	254,242
Right-of-use assets		**51,964**	57,469
Interests in associates	*13*	**2,218,182**	1,858,413
Interests in joint ventures	*14*	**2,335,465**	2,329,032
Trade and other receivables, prepayments and deposits	*17*	**1,945,019**	2,178,006
Deferred income tax assets		**489,226**	507,984
Goodwill	*16*	**146,593**	37,078
		8,341,698	8,074,724
Current assets			
Properties held for sale		**1,136,925**	1,167,926
Properties under development	*15*	**7,413,205**	6,590,927
Inventories		**52,134**	55,324
Contract assets		**313,360**	154,106
Trade and other receivables, prepayments and deposits	*17*	**4,540,264**	5,039,037
Restricted cash		**91,631**	255,771
Cash and cash equivalents		**3,808,425**	4,504,393
		17,355,944	17,767,484
Total assets		**25,697,642**	25,842,208

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	*18*	**2,212,894**	1,495,431
Advance from lessees		**27,112**	28,393
Lease liabilities		**38,102**	38,860
Borrowings	*19*	**6,185,632**	4,616,701
Deferred income tax liabilities		**205,928**	169,120
		8,669,668	6,348,505
Current liabilities			
Trade and other payables	*18*	**7,401,698**	7,191,726
Advance from lessees		**2,692**	2,692
Contract liabilities		**2,351,629**	3,046,969
Lease liabilities		**18,581**	23,520
Borrowings	*19*	**1,212,867**	2,344,439
Current income tax liabilities		**554,744**	780,126
		11,542,211	13,389,472
Total liabilities		**20,211,879**	19,737,977
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**38,702**	38,702
Reserves		**4,995,074**	5,259,996
		5,033,776	5,298,698
Non-controlling interests		**451,987**	805,533
Total equity		**5,485,763**	6,104,231
Total liabilities and equity		**25,697,642**	25,842,208

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 development and sales of properties, provision of management services and leasing of properties.

The immediate holding company and the ultimate controlling company of the Company are Greensheid Corporation, a company established in the British Virgin Islands (the "**BVI**") and 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**"), respectively. The ultimate controlling shareholder of the Company is 田明 ("**Mr. Tian**"), a director of the Company.

The interim financial information, unless otherwise stated, is presented in thousands of Renminbi ("**RMB'000**") and was approved by the Board of Directors for issue on 28 August 2020.

The interim financial information has been reviewed, but not audited.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2019 ("**2019 Financial Statements**") and any public announcements made by the Company during the interim reporting period.

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

2.1 New and amended standards adopted by the Group

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2020:

- *Revised Conceptual Framework for Financial Reporting — Conceptual Framework*
- *Amendments to HKAS 1 and HKAS 8 — Definition of material*
- *Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform*

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

- Amendment to HKFRS 16 — Covid-19-Related Rent Concessions

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

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

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2020 and relevant to the Group and have not been early adopted by the Group.

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

3. JUDGEMENTS AND ESTIMATES

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those that applied to the 2019 Financial Statements except for what is disclosed below.

The Group performs goodwill impairment assessment both annually and whenever there is an indication that a cash generating unit ("**CGU**") to which goodwill has been allocated may be impaired. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2020 was RMB146,593,000. Further details are given in note 16.

4. REVENUE

Revenue recognized during the period is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognized at a point in time		
Property development and sales		
— Mainland China	**864,032**	247,315
— United States of America ("**US**")	**1,628,332**	1,249,846
Management services		
— Mainland China	**143,519**	187,593
— US	**1,399**	–
	2,637,282	1,684,754
Revenue recognized over period		
Property development and sales		
— US	**–**	251,968
Management services		
— Mainland China	**200,861**	130,847
— US	**–**	9,040
	200,861	391,855
Rental income		
— Office property investment	**14,543**	14,466
	2,852,686	2,091,075

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

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Contract assets related to		
— Property development and sales	**177**	174
— Management services	**320,005**	156,824
Less: provision for bad debt	**(6,822)**	(2,892)
	313,360	154,106
Contract liabilities related to		
— Property development and sales	**2,293,799**	3,007,561
— Management services	**57,830**	39,408
	2,351,629	3,046,969

5. SEGMENT INFORMATION

Management determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors consider the business from services perspective and have identified the following operating segments:

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

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

Segment profit represents the profit earned by each segment without allocation of net finance costs and corporate expenses charged in the interim condensed consolidated statement of comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2020 is as follows:

	For the six months ended 30 June 2020				
	Property development and sales				
	US	Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 4)*					
— Revenue recognized at a point in time under HKFRS 15	**1,628,332**	**864,032**	**144,918**	**–**	**2,637,282**
— Revenue recognized over period under HKFRS 15	**–**	**–**	**200,861**	**–**	**200,861**
— Rental income	**–**	**–**	**–**	**14,543**	**14,543**
	1,628,332	**864,032**	**345,779**	**14,543**	**2,852,686**
Depreciation of property, plant and equipment *(note 12(a))*	**(4,876)**	**(1,859)**	**(6,492)**	**(504)**	**(13,731)**
Depreciation of right-of-use assets	**(5,854)**	**(1,315)**	**(1,911)**	**–**	**(9,080)**
Fair value gain on investment properties *(note 12(b))*	**–**	**–**	**–**	**44,500**	**44,500**
Share of net profit of associates *(note 13)*	**–**	**404,265**	**–**	**–**	**404,265**
Share of net (loss)/profit of joint ventures *(note 14)*	**(103,987)**	**74,586**	**–**	**–**	**(29,401)**
Segment (loss)/profit	**(185,146)**	**634,151**	**162,346**	**53,516**	**664,867**
At 30 June 2020					
Segment assets	**7,099,227**	**16,269,574**	**1,365,760**	**963,081**	**25,697,642**
Interests in associates *(note 13)*	**–**	**2,218,182**	**–**	**–**	**2,218,182**
Interests in joint ventures *(note 14)*	**182,039**	**2,153,426**	**–**	**–**	**2,335,465**
Additions/(deductions) to non-current assets (excluding financial assets)	**118,948**	**(2,759)**	**(7,673)**	**(499)**	**108,107**
Segment liabilities	**4,359,427**	**15,112,601**	**458,977**	**280,874**	**20,211,879**

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2019 is as follows:

	For the six months ended 30 June 2019				
	Property development and sales				
	US	Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 4)*					
— Revenue recognized at a point in time under HKFRS 15	1,249,846	247,315	187,593	–	1,684,754
— Revenue recognized over period under HKFRS 15	251,968	–	139,887	–	391,855
— Rental income	–	–	–	14,466	14,466
	1,501,814	247,315	327,480	14,466	2,091,075
Depreciation of property, plant and equipment	(2,242)	(5,154)	(5,371)	(524)	(13,291)
Depreciation of right-of-use assets	(4,595)	(1,655)	(3,676)	–	(9,926)
Fair value gain on investment properties *(note 12(b))*	–	–	–	3,670	3,670
Share of net profit of associates *(note 13)*	–	398,589	–	–	398,589
Share of net (loss)/profit of joint ventures	(37,302)	28,110	–	–	(9,192)
Segment profit	60,554	617,468	143,720	13,477	835,219
At 31 December 2019					
Segment assets	6,198,010	17,454,591	1,276,283	913,324	25,842,208
Interests in associates *(note 13)*	–	1,858,413	–	–	1,858,413
Interests in joint ventures *(note 14)*	282,231	2,046,801	–	–	2,329,032
Additions/(deductions) to non-current assets (excluding financial assets)	91,996	(337,103)	3,546	345,946	104,385
Segment liabilities	3,278,595	15,624,265	555,464	279,653	19,737,977

The Group does not have any single customer which contributes more than 10% of the Group's revenue. The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

	Revenue from external customers For the six months ended 30 June		**Non-current assets**	
			As at 30 June	As at 31 December
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**1,222,955**	580,221	**7,848,654**	7,631,616
US	**1,629,731**	1,510,854	**491,201**	440,420
Hong Kong (domicile)	**–**	–	**1,843**	2,688
	2,852,686	2,091,075	**8,341,698**	8,074,724

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

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Segment profit	**664,867**	835,219
Finance costs, net *(note 8)*	**(244,076)**	(143,322)
Unallocated corporate expenses	**(113,792)**	(113,510)
Profit before income tax	**306,999**	578,387

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
Segment assets	**25,697,642**	25,842,208
Unallocated assets	**–**	–
Total assets	**25,697,642**	25,842,208

	30 June 2020 RMB'000	31 December 2019 RMB'000
Segment liabilities	**20,211,879**	19,737,977
Unallocated liabilities	**–**	–
Total liabilities	**20,211,879**	19,737,977

6. OTHER INCOME

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Interest income from:		
— Amounts due from joint ventures and associates	**76,775**	67,890
— Amounts due from non-controlling interests	**13,532**	14,308
— Loan to third parties and deposit paid for acquisition of an associate	**7,571**	14,664
Government grants	**39,662**	40,544
Sundry income	**866**	1,231
	138,406	138,637

7. OTHER GAINS, NET

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries	**666**	24,650
Net exchange gains	**61,105**	5,200
Loss on disposal of property, plant and equipment	**–**	(2)
Gain on financial assets at fair value through profit or loss	**–**	2,708
Others	**(952)**	2,151
	60,819	34,707

8. FINANCE COSTS, NET

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Finance cost:		
— Bank borrowings	**96,744**	126,710
— Loans from the ultimate holding company	**25,666**	68,098
— Senior notes	**207,646**	75,271
— EB-5 loans	**1,022**	13,876
— Interest expense on amounts due to related parties	**17,266**	10,547
— Loans from non-controlling interest	**4,673**	8,577
— Loans from other financial institutions	**1,622**	16,331
— Discounted bank accepted note	**–**	3,017
— Financing component of contract with customers	**90,913**	91,122
— Lease liabilities	**1,861**	1,815
— Other finance charges	**4,978**	–
	452,391	415,364
Less: interest capitalised	**(196,248)**	(258,627)
	256,143	156,737
Finance income		
— Bank interest income	**(12,067)**	(13,415)
	244,076	143,322

The average interest rate of borrowing costs capitalized for the six months ended 30 June 2020 was approximately 6.29% per annum (For the six months ended 30 June 2019: 7.54% per annum).

9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**58,395**	222,991
Deferred income tax	**51,067**	(108,403)
Land appreciation tax	**9,485**	17,349
	118,947	131,937

Hong Kong profits tax at the rate of 16.5% (For the six months ended 30 June 2019: 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 2020.

The Group's subsidiaries in Mainland China are subject to enterprise income tax ("**EIT**") at the rate of 25% (For the six months ended 30 June 2019: 25%) for the six months ended 30 June 2020.

Land appreciation tax ("**LAT**") in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures. The tax is incurred upon transfer of property ownership.

In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 26.62% (For the six months ended 30 June 2019: 28.28%). This is then adjusted for items which are not assessable or deductible to arrive at an effective tax rate of 26.18% (For the six months ended 30 June 2019: 26.68%).

10. DIVIDEND

The Board declared a distribution out of contributed surplus account of HK$ cents 8.20 (equivalent to RMB cents 7.40) (2019: HK$ cents 4.50 (equivalent to RMB cents 3.83)) per ordinary share amounting to a total of RMB351,583,000 (For the six months ended 30 June 2019: RMB180,864,000) based on 4,722,307,545 shares issued as at 27 March 2020. The distribution out of contributed surplus account was approved by the shareholders at the annual general meeting of the Company held on 19 June 2020. As at 30 June 2020, the distribution had not yet been paid.

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2020.

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Profit from continuing operations attributable to the shareholders of the Company	**141,937**	249,383
Profit from discontinued operation attributable to the shareholders of the Company	**–**	14,280
Profit used to determine basic earnings per share	**141,937**	263,663
Weighted average number of ordinary shares in issue (in thousands)	**4,631,807**	4,722,307
Basic earnings per share (expressed in RMB per share)		
From continuing operations attributable to the shareholders of the Company for the year	**0.031**	0.053
From discontinued operation	**–**	0.003
	0.031	0.056

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: restricted share award scheme. The shares granted under the restricted share award scheme are assumed to have been transferred to the grantee.

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Profit from continuing operations attributable to the shareholders of the Company	**141,937**	249,383
Profit from discontinued operation attributable to the shareholders of the Company	**–**	14,280
	141,937	263,663
Weighted average number of ordinary shares in issue (in thousands)	**4,631,807**	4,722,307
Adjustment for:		
— Assumed distribution of shares under restricted share award scheme (in thousands)	**396**	–
Adjusted weighted average number of ordinary shares for diluted earnings per share (in thousands)	**4,632,203**	4,722,307
Diluted earnings per share (expressed in RMB per share)		
From continuing operations attributable to the shareholders of the Company for the year	**0.031**	0.053
From discontinued operation	**–**	0.003
	0.031	0.056

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Property, plant and equipment

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
At 1 January	**254,242**	564,143
Acquisition of subsidiaries	**211**	109
Additions	**17,078**	37,676
Depreciation	**(13,731)**	(13,398)
Disposals of subsidiaries	**–**	(5,718)
Disposals	**–**	(37)
Exchange difference	**449**	5
At 30 June	**258,249**	582,780

Property, plant and equipment with carrying amount of RMB189,189,000 (2019: RMB186,234,000) was pledged as collateral for the Group's borrowings (note 19).

(b) Investment properties

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
At 1 January	**852,500**	6,465,630
Additions	**–**	145,715
Fair value gain on revaluation from continuing operations	**44,500**	3,670
Fair value gain on revaluation from discontinued operation	**–**	24,285
Disposals of subsidiaries	**–**	(6,130,000)
At 30 June	**897,000**	509,300

Investment properties were valued at 30 June 2020 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

The valuation of the investment properties as at 30 June 2020 were determined using income approach and discounted cash flow analysis based on significant unobservable inputs and were recognized under level 3 of the fair value hierarchy.

The key unobservable inputs of the valuation include reversionary yield ranging from 4.5% to 6.0% (2019: from 4.5% to 6.0%), vacancy rate ranging from 5% to 15% (2019: from 5% to 13%), the average daily rental per square meter ranging from 1.92 to 3.87 (2019: from 1.80 to 3.75), the average selling price per square meter at expected disposal date ranging from 22,000 to 50,000 (2019: 31,848 to 50,000).

As at 30 June 2020, investment properties with carrying amount of RMB490,540,000 (2019: RMB812,240,000) was pledged as collateral for the Group's borrowings (note 19).

13. INTERESTS IN ASSOCIATES

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
At 1 January	**1,858,413**	1,315,706
Additions:		
— Additional investments in an existing associate	**404,800**	–
Share of net profit of associates	**404,265**	398,589
Elimination of transactions with associates	**(9,932)**	9,367
Impairment on receivables from associates	**4,114**	881
Dividends from associates	**(443,478)**	–
At 30 June	**2,218,182**	1,724,543

14. INTERESTS IN JOINT VENTURES

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
At 1 January	**2,329,032**	2,596,047
Additions:		
— Additional investments in existing joint ventures	**65,360**	123,613
— Subsidiaries becoming joint ventures	**37,703**	6,000
Disposals:		
— Disposal of joint ventures in subsidiaries	**–**	(418)
— Joint ventures becoming subsidiaries	**–**	(149,503)
Share of net loss of joint ventures	**(29,401)**	(9,174)
Elimination of transactions with joint ventures	**(76,562)**	(99,320)
Impairment on receivables from joint ventures	**15,865**	14,616
Collection of investments in joint ventures	**(10,325)**	(33,893)
Dividends from joint ventures	**–**	(46,745)
Exchange difference	**3,793**	(841)
At 30 June	**2,335,465**	2,400,382

15. PROPERTIES UNDER DEVELOPMENT

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Properties under development located:		
— Mainland China	**2,037,053**	2,582,467
— US	**5,376,152**	4,008,460
	7,413,205	6,590,927
Amount comprises:		
— Land payments	**3,924,976**	3,443,112
Leasehold land, Mainland China	**1,258,083**	1,450,011
Freehold land, US	**2,666,893**	1,993,101
— Development expenditures and improvements	**2,637,628**	2,411,609
— Interest capitalized	**850,601**	736,206
	7,413,205	6,590,927

All of the properties under development are within normal operating cycle and hence included under current assets. The amount of properties under development expected to be completed after more than one year is RMB2,122,857,000 (2019: RMB2,088,438,000). The remaining balance is expected to be completed within one year.

As at 30 June 2020, properties under development with carrying amount of RMB4,873,148,000 (2019: RMB4,056,083,000) were mortgaged as collateral for the Group's borrowings (note 19).

16. GOODWILL

	For the six months ended 30 June	
	2020 *RMB'000*	2019 *RMB'000*
Cost at 1 January, net of accumulated impairment	**37,078**	9,460
Acquisition of subsidiaries	**106,013**	–
Disposal of subsidiaries	**–**	(9,460)
Exchange difference	**3,502**	–
Net carrying amount at 30 June	**146,593**	–
At 30 June:		
Cost	**146,593**	–
Accumulated impairment	**–**	–
Net carrying amount	**146,593**	–

(a) Allocation of goodwill

As at 30 June 2020, the carrying amount of goodwill allocated to each of the CGUs is as follows:

	PWH	Garrett Walkers Homes ("GWH")	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of goodwill	37,627	108,966	146,593

As at 31 December 2019, the carrying amount of goodwill allocated to each of the CGUs is as follows:

	PWH
	RMB'000
Carrying amount of goodwill	37,078

With reference to the recoverable amount assessed as at 30 June 2020, the directors of the Company determined that there was no provision for impairment of goodwill for the six months ended 30 June 2020.

17. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
Included in non-current assets:		
Amounts due from related parties	**1,295,828**	1,469,914
Less: provision for bad debt	**(82,948)**	(14,699)
	1,212,880	1,455,215
Amounts due from non-controlling interests (a)	**648,011**	634,632
Less: provision for bad debt	**(6,480)**	(6,346)
	641,531	628,286
Other receivables		
— Deposits for building construction	**50,000**	50,000
— Lendings to third parties (b)	**35,943**	33,074
— Deposits for property maintenance	**5,580**	12,386
	91,523	95,460
Less: provision for bad debt	**(915)**	(955)
	90,608	94,505
	1,945,019	2,178,006

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Included in current assets:		
Trade receivables (c)		
— Related parties	**178,197**	274,028
— Third parties	**629,688**	670,020
	807,885	944,048
Less: provision for bad debt		
— Related parties	**(6,727)**	(2,740)
— Third parties	**(85,958)**	(71,418)
	(92,685)	(74,158)
	715,200	869,890
Prepayments		
— Prepaid taxes (d)	**60,804**	89,124
— Prepaid VAT and other surcharges (d)	**40,071**	112,496
— Prepayments for land bidding	**–**	236,000
— Other prepayments	**92,766**	73,823
	193,641	511,443
Amounts due from related parties	**2,997,605**	2,733,961
Less: provision for bad debt	**(36,617)**	(40,457)
	2,960,988	2,693,504
Amounts due from non-controlling interests (a)	**16,377**	184,936
Less: provision for bad debt	**(164)**	(1,849)
	16,213	183,087
Deposits for purchase of land (e)	**164,085**	171,831
Less: provision for bad debt	**(1,641)**	(1,718)
	162,444	170,113
Other receivables		
— Lendings to third parties (b)	**349,135**	471,319
— Escrow receivable	**57,877**	61,639
— Deposits in housing fund	**11,574**	19,572
— Deposits for building construction	**3,734**	4,955
— Deposits for apartments rental	**2,363**	2,102
— Deposits for land bidding	**–**	20,000
— Others	**72,294**	37,585
	496,977	617,172
Less: provision for bad debt	**(5,199)**	(6,172)
	491,778	611,000
	4,540,264	5,039,037

(a) In January 2019, 中福頤養（天津）置業有限公司 (Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.) ("**Zhongfuyiyang**"), an indirect non-wholly owned subsidiary of the Group signed an agreement with its owners, pursuant to which Zhongfuyiyang would advance loan to its owners on pro-rata basis according to their respective shareholding interest in Zhongfuyiyang. The loan is unsecured, repayable on demand and Zhongfuyiyang shall charge an annual interest rate of 4.35% per annum on the actual amounts of drawdown. As at 30 June 2020, the outstanding amounts due from the non-controlling shareholders of Zhongfuyiyang amounted to RMB11,952,000 .

In December 2018, 蘇州朗坤置業有限公司 (Suzhou Langkun Real Estate Co., Ltd.) ("**Suzhou Langkun**"), an indirect non-wholly owned subsidiary of the Company, entered into the supplemental agreement with its owners, pursuant to which Suzhou Langkun agreed to extend the loan term from 31 December 2019 to 31 December 2021. The loan is unsecured, repayable within three years, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amounts of drawdown. As at 30 June 2020, the outstanding amounts due from the non-controlling shareholders of Suzhou Langkun amounted to RMB648,011,000 .

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

(b) The balances of lendings to third parties include RMB167,478,000 (2019: RMB265,808,000) generating interest ranging from 2.10% to 14.00% per annum. Of the total lendings to third parties, RMB35,943,000 (2019: RMB135,061,000) was secured by the equity securities of a third party which hold properties in Mainland China.

(c) As at 30 June 2020 and 31 December 2019, the ageing analysis of the current trade receivables based on invoice date were as follows:

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Related parties		
— Less than one year	**78,542**	130,950
— One to two years	**67,281**	125,203
— Two to three years	**30,244**	17,875
— Three to four years	**2,130**	–
	178,197	274,028
Third parties		
— Less than one year	**229,153**	566,168
— One to two years	**320,901**	46,879
— Two to three years	**53,929**	56,973
— Three to four years	**25,705**	–
	629,688	670,020
	807,885	944,048

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

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

(e) As at 30 June 2020, deposits for purchase of land mainly related to acquisition of land use right upon successfully bidding at the land auctions. The relevant land use right certificates have not been obtained at 30 June 2020.

18. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
Included in non-current liabilities:		
— Amounts due to related parties	**2,132,261**	1,424,133
— Warranty accrual	**69,980**	60,646
— Other payables	**10,653**	10,652
	2,212,894	1,495,431
Included in current liabilities:		
— Amounts due to related parties	**3,853,826**	3,740,877
— Payables for construction materials and services	**1,599,113**	1,441,141
— Dividend payable	**382,370**	28,994
— Value added tax and other tax payables	**302,058**	423,616
— Amounts due to non-controlling interests (a)	**255,090**	215,611
— Interest payable	**240,678**	219,137
— Deposits received from rental and construction services	**201,198**	251,642
— Fundings from third parties (b)	**185,600**	532,600
— Notes payables	**109,514**	29,121
— Amounts due to joint venture partners (c)	**100,000**	–
— Accruals for staff costs	**89,142**	234,786
— Consideration payables (d)	**66,303**	57,144
— Other payables	**16,806**	17,057
	7,401,698	7,191,726

As at 30 June 2020 and 31 December 2019, the aging analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Less than one year	**1,494,016**	1,072,550
One to two years	**81,580**	315,666
Two to three years	**19,637**	49,179
Over three years	**3,880**	3,746
	1,599,113	1,441,141

(a) As of 30 June 2020, current amounts due to non-controlling interests bears interest at 4.72% per annum.

(b) As of 30 June 2020, all fundings from third parties are interest free and unsecured.

(c) As of 30 June 2020, the amounts due to joint venture partners are interest free and unsecured, and was subsequently repaid in July 2020.

(d) As of 30 June 2020, consideration payables are related to payables for acquisition of investments, of which RMB52,144,000 was due to the former shareholder of 武漢朗泓置業有限公司 (Wuhan Langhong Real Estate Co., Ltd.). The remaining amount, RMB14,159,000 was due to the former shareholder of Garrett Walker Homes.

19. BORROWINGS

	30 June 2020		31 December 2019	
	Current *RMB'000*	**Non-current** *RMB'000*	Current *RMB'000*	Non-current *RMB'000*
Secured				
— Bank borrowings (a)	**909,676**	**1,067,987**	656,796	1,133,948
— Loans from other financial institutions (e)	**181,806**	**–**	231,806	289,000
Total secured borrowings	**1,091,482**	**1,067,987**	888,602	1,422,948
Unsecured				
— Bank borrowings (a)	**10,000**	**537,557**	–	–
— Guaranteed senior notes 2018	**–**	**–**	1,415,837	–
— Guaranteed senior notes 2019 (c)	**4,062**	**1,390,488**	–	1,368,212
— Guaranteed senior notes 2020 (c)	**67,323**	**1,369,532**	–	–
— Loans from the ultimate holding company (b)	**–**	**917,577**	–	917,577
— EB-5 loans and contributions from EB-5 investors (d)	**–**	**902,491**	–	907,964
— Loans from other financial institutions (e)	**40,000**	**–**	40,000	–
Total unsecured borrowings	**121,385**	**5,117,645**	1,455,837	3,193,753
Total borrowings	**1,212,867**	**6,185,632**	2,344,439	4,616,701

Borrowings carry interest ranging from 0.10% to 11.50% (2019: 0.10% to 11.70%) per annum.

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
RMB	**1,896,515**	2,239,283
US$	**5,501,984**	4,488,949
HK$	**–**	232,908
	7,398,499	6,961,140

(a) Bank borrowings

Bank borrowings carry interest ranging from 3.61% to 8.60% (2019: 3.61% to 8.60%) per annum.

(b) The loans from the ultimate holding company

The loans from the ultimate holding company are unsecured and carry interest ranging at 5.65% (2019: 5.65%) per annum.

(c) Guaranteed senior notes

Guaranteed senior notes 2019 issued by the Company were listed on the Singapore Exchange Securities Trading Limited on 20 June 2019 and will mature on 20 June 2022, with 10.50% per annum paid semi-annually in arrears. Guaranteed senior notes 2020 issued by the Company were listed on the Singapore Exchange Securities Trading Limited on 21 January 2020 and will mature on 21 October 2022, with 10.75% per annum paid semi-annually in arrears. All of the guaranteed senior notes are subject to the fulfilment of covenants relating to certain of the Company's debt servicing financial indicators. The Company regularly monitors its compliance with these covenants. As at 30 June 2020, none of the covenants had been breached. All guaranteed senior notes are guaranteed by certain subsidiaries of the Company.

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

At any time and from time to time the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the proceeds from sales of certain kinds of capital stocks of the issuer at a redemption price of 110.5% of the principal amount of the senior notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

(d) EB-5 loans and contributions from EB-5 investors

EB-5 Loans represent loans from third parties and carry interest of 4.00% (2019: 4.00%) per annum and are guaranteed by Landsea Holdings Corporation, an indirect subsidiary of the Company. The balances are repayable on 29 June 2023 (2019: 29 June 2023).

Contributions from EB-5 investors with the amount of RMB884,792,000 was accounted for as financial liability. The Group may, in its sole and absolute discretion, to avoid repayments to EB-5 investors until 25th anniversary from the fund establishment day. The financial liability bears effective interest ranging from 0.1% to 1.0% per annum.

(e) Loans from other financial institutions

Loans from other financial institutions carry interest from 8.00% to 11.50% (2019: 8.00% to 11.70%) per annum. The balance is repayable from 28 September 2020 to 27 December 2020.

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

(i) restricted cash with carrying amount of Nil (2019: RMB61,240,000);

(ii) properties under development with carrying amount of RMB4,873,148,000 (2019: RMB4,056,083,000) (note 15);

(iii) investment properties of the Group with carrying amount of RMB490,540,000 (2019: RMB812,240,000) (note 12(b));

(iv) property, plant and equipment with carrying amount of RMB189,189,000 (2019: RMB186,234,000) (note 12(a));

(v) equity interest of certain subsidiaries of the Group.

(g) The Group's borrowings with carrying amount of RMB11,232,000 were also guaranteed by the ultimate holding company.

CHAIRMAN’S REPORT

I am pleased to present to our shareholders the business review for the half year ended 30 June 2020 and the prospects for the second half of 2020 of Landsea Green Properties Co., Ltd. (“**Landsea**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”).

REVIEW OF THE FIRST HALF OF 2020

The outbreak of COVID-19 pandemic hit the globe at the beginning of the year. Quick response taken by different countries helped to improve the economy but did not provide a solid base for recovery. In first quarter of the year, the PRC recorded the first negative growth of GDP since its Reform and Opening-up. Fiscal and monetary policies were adopted to dilute the effect of the pandemic. As the economy in the PRC recovered progressively, the growth of the real estate industry significantly exceeded substantial industries (實體行業). “Houses are for living but not for speculating” and “From virtual to Real (脫虛入實)” remained the main theme of policies. As the pandemic in the United States worsened, its GDP in the second quarter dropped by 32.9% and the pandemic is still not under control recently.

OPERATING RESULTS

During the period under review, “Landsea Products” recorded contracted sales of approximately RMB12.89 billion, with contracted gross floor area (GFA) of approximately 736,000 square meters (sq.m.), realising a net profit of RMB188 million, representing a year-on-year decrease of 59.2%. Net profit attributable to the shareholders of the Company was RMB140 million, representing a year-on-year decrease of 46.2%. The development management service fee income from independent third parties or cooperative partners amounted to approximately RMB350 million, and the profit after tax for development services was approximately RMB120 million, representing a year-on-year increase of 19.8%. During the period, the Group acquired a total of 21 projects, including 8 projects in the PRC and 13 projects in US.

The decrease of profit for the period mainly due to: the COVID-19 pandemic brought a critical hit to the global economy and financial market. The operation of the Group’s real estate business in the United States was affected to a certain extent. Major effects included delay in delivery of construction and housing, which in turns affected the recognization of income and profit for the period. In addition, the pandemic also led to impairment in inventories in certain real estate projects in the United States, resulting in negative effects on the interim results in 2020 of the Group and thus generating losses. The Board considered that the pandemic developed by stages. The Company’s overall business operation is satisfactory with healthy cashflows in the PRC and the United States. The Company will maintain prudent financial strategy and adopt various contingency measures proactively to overcome continuous domestic and international effect of the pandemic, with a view to ensure steady progression of real estate projects throughout the year.

REAL ESTATE DEVELOPMENT SERVICES BUSINESS IN CHINA

Landsea established the "Product differentiation" as its competitive strategy since 2004 and has persistently taken "building for people" as its mission for years. Under the principles of "people-oriented (以人為本) "and "adapt to local (因地制宜)", Landsea's green architecture products continued to innovate: Landsea International Block in Nanjing (南京朗詩國際街區) in 2005 represented 1.0 version of the product, creating a whole new experience of healthy and comfortable environment with constant temperature, humidity and oxygen level; In 2010, Landsea Zhongshan Green County (朗詩鐘山綠郡) was launched as 2.0 version of the product which was even healthier, greener and more environmentally-friendly; In 2015, Landsea Xihua Mansion (朗詩熙華府) represented 3.0 version of the product, integrating the idea and technique of passive construction for the first time to make more environmentally-friendly, more user-friendly and healthier products. In addition to centralised power system, from Nanjing Lingrong Yu (南京玲瓏嶼) in 2013 to Hangzhou Le Mansion in 2017, we have made continuous innovation in household products (戶式化產品). Landsea focused on refining and improving its green residential products. Users have become more concerned of "Health" of architectures and posed higher requirement, especially under the effect of the COVID-19 pandemic in the beginning of the year. Landsea launched "Ark of Freedom (自由方舟)" as a new generation of green technology product. It not only further improved comfortability and health level of residence, but also satisfied needs of human's living with over 100 patents, bring a comprehensive reforming improvement in products in terms of living experience and freedom, satisfying the needs for better life from perspectives including green living , health, comfortability, energy-saving, intelligence and culture.

"Ark of Freedom (自由方舟)", a healthy residence, was self-developed by Landsea with full rights of intellectual properties, unlocking the road of freedom with Landsea Products. Those Landsea Products will be promoted and applied to tens of projects over the PRC to further enhance the competitive edge of Landsea Products. The selling prices of Landsea's differentiated products in the market were significantly higher than comparables. Even under the "Limit Price (限價)" policy of regional government, more and more projects were not able to achieve the relevant "Limit Price (限價)". The Group has strengthened its marketing effort to enhance premium and sales rate of Landsea's differentiated products through marketing.

During the period, Landsea has opened the second chapter of green life in the Greater Bay Area by jointly developing Daya Bay Project in Huizhou (惠州大亞灣項目) with partners. This represents new effort of the Company since its successful acquirement of Zhongshan Nanlang Project in April 2019, symbolising another solid action of the Company in intensifying its strategies in Guangdong-Hong Kong-Macao Greater Bay Area.

It should be noted that "Ark of Freedom (自由方舟)" of Landsea, a new project first announced in the PRC, is the Zhongshan Nanlang Project (Landsea Dezhou Shang County (朗德洲•尚郡)) acquired last year, which is also the Landsea's first project in Guangdong-Hong Kong-Macao Greater Bay Area.

During the period, the Company secured 8 projects in total located in cities such as Nanjing, Suzhou, Wuxi and Huizhou, with expected saleable value of approximately RMB11.08 billion and saleable area of 718,000 sq.m..

During the period, Landsea Green Center, LGC was granted the label of Green Three-Star Identification, becoming the first and only green architecture in renovated office building (改造類辦公建築領域) to receive the label since the implementation of "Assessment standard for green building" GB/T50378-2019, a new international assessment standard for green building. The acquirement of the "Green Three-Star Identification Certificate (三星級綠色建築標識證書)" enhanced the overall quality of "Landsea Products" and provided a practical example for the Group's subsequent renovation projects for existing buildings.

PROPERTY DEVELOPMENT BUSINESS IN THE UNITED STATES

Since entering into the US market in 2013, Landsea has always implemented the localization strategy clearly from the four dimensions of local market, local resources, local customers and local teams. The Company has successively tapped into the Greater New York area, Boston area, Los Angeles area, San Francisco area, and Arizona area to explore the mid-to-high-end residential market. At the same time, the Company has also reviewed the situation and set its sights on markets with better growth and rigid demand.

During the period, the Group acquired Garrett Walker Homes in Phoenix, Arizona, acquiring the 18 single-family residential community projects(14 of which are currently for sale)and over 1,700 lots under the company. The project layouts and the current layouts of Landsea Homes under Landsea complemented one another, helping the Company to further optimise its product portfolio and business structure, significantly enhanced the reputation of Landsea Homes in Arizona's market, assisted Landsea Homes in ascending into the top home builder in Arizona, as well as provided effective boost for healthy expansion and development of Landseas home in the entire United States market. In the future, Landsea Homes will maximise the strategic advantages of green differentiation to promote its comprehensive capability in providing quality residence to customers in United States and from the globe, with strong integration of resources and efficient developed operational management, so as to enhance the competitiveness and reputation of Landsea in the international market.

During the period, the Company secured 13 projects in Arizona, with an additional saleable area of 367,000 sq.m. and expected saleable value of approximately RMB4.10 billion.

SOUND DEBT STRUCTURE AND DIVERSIFIED FINANCING

In first half of 2020, the Group maintained steady operation and adhered to its strategies, while maintaining diversified financing structure and crediting channels of long-term strategic cooperation. In January 2020, the Company successfully issued a total of USD200 million in green bonds, which was granted "E1", the highest in the rank, again in S & P's Green Evaluation. Debt structure of the Company has kept enhanced. Due to sound and prudent operating strategies taken, the Company can enjoy sufficient cash flow and a debt ratio lower than average level of the industry, which has put the Company in a sound position in preparation for long-term strategic development.

CORPORATE SOCIAL RESPONSIBILITIES AND SUSTAINABLE DEVELOPMENT

Landsea has attached importance to the balance of environment, social and governance in order to substantiate the concept of sustainable development. The Company has continued to encourage other domestic property development enterprises to participate in "China's Real Estate Industry Green Supply Chain Action" and practice "green procurement only" measures, with an aim to pursue a green value chain as well as a better environment and more efficient use in resources. In World Environment Day on 5 June, Landsea announced its 2019 ESG Report. The Company has released ESG Report for 4 consecutive years. Upholding the motto of "High-profile ambition, practical work, perseverance (志存高遠、腳踏實地、百折不撓)", Landsea created values for customers, employees and the society, to promote progressive refine of works with orientation by green sustainable development.

OUTLOOK FOR SECOND HALF OF 2020

DEVELOPMENT ANALYSIS

Recently, the globalisation process faced hindrance, making it difficult to find driving force to support sustainable economic growth on a global scale. International relations have transformed from cooperation to confrontation. The domestic and foreign economic situation is not optimistic. The era of rapid growth in the real estate industry and vast opportunities has passed, and the future will be an era of high risk, high investment, low returns and low fault tolerance. We believe that this is a long-term trend, and the incremental era of the PRC's real estate advancement will turn into an era of stable development. Under the dual impact of the COVID-19 pandemic and the accelerated restructuring of the real estate industry, the industry and the market pay more attention to green and healthy residential products, and improvement will become a rigid need. We believed that under the downturn of real estate industry in the "bear market", the Group will obtain better development opportunities with differentiated products and differentiated business models.

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, investors and business associates for their support. We will continuously create value for our customers, staff, shareholders, cooperative partners and other stakeholders.

Green and sustainable development are persistent ideas and core competitiveness of Landsea. In the future, Landseas will continue to enhance the core competitiveness of green differentiation and improve capability to adapt the industry volatility and risks, in order to grasp more opportunities in development of real estate industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

The Group upheld the development strategy of "Product-differentiation, Asset-light transformation and Revenue-diversification" and leveraged its resource endowments to further achieve capability of green property products differentiation. Meanwhile, with the advantages of products diversification, the Group actively expanded various projects focusing on minority interests, and vigorously developed project development and management service business to achieve revenue diversification.

In first half of 2020, the Group realized a net core profit (i.e. net profit excluding exchange gain/loss and change of fair value on investment property) for the year amounted to approximately RMB100 million (first half of 2019: approximately RMB450 million), representing a decrease of approximately 77.5% as compared with the corresponding period of last year; net core profit margin was approximately 3.6% (first half of 2019: approximately 21.7%); net profit attributable to the shareholders of the Company was RMB140 million (first half of 2019: approximately RMB260 million), representing a decrease of 46.2% as compared with the corresponding period of last year. The decrease in profit for the period was mainly attributable to the effect of the pandemic on operation in the United States.

The Group maintains a prudent financial strategy and upheld "Cash Flow Oriented (現金流為綱)" as guidance principle for its operation, as well as paid keen attention to liability risk and cash safety. At the end of first half of 2020, the Group's net debt ratio was 65.4% (31 December 2019:40.2%), which remained low in the real estate industry. The Group had sufficient cash and its cash-to-short-term borrowing ratio amounted to 3.2 times, reflecting healthy liquidity.

In first half of 2020, the revenue recognised from the subsidiaries of the Group amounted to approximately RMB2.85 billion (first half of 2019: approximately RMB2.09 billion), while revenue recognised from joint ventures and associates amounted to RMB2.65 billion (first half of 2019: approximately RMB1.82 billion), with an aggregate sales revenue recognised amounted to RMB5.50 billion (first half of 2019: approximately RMB3.91 billion), representing an increase of approximately 40.7% as compared to the corresponding period of last year. Among which, the revenue recognised from the provision of development and management services amounted to approximately RMB350 million (first half of 2019: approximately RMB330 million), representing an increase of approximately 5.6% as compared with corresponding period of last year.

In first half of 2020, "Landsea Products" recorded contracted sales of approximately RMB12.89 billion (including approximately RMB12.27 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (first half of 2019: approximately RMB11.48 billion), with contracted gross floor area (GFA) of 736,077 sq.m. (including 700,283 sq.m. from the Group and a small amount of remaining projects entrusted by Landsea Group) (first half of 2019: 692,990 sq.m.), representing an increase of 6.2% as compared with the first half of 2019.

BUSINESS DEVELOPMENT

In first half of 2020, the Group secured a total of 21 projects, of which 8 were in the PRC and 13 were in the United States, which are located in Suzhou, Nanjing, Wuxi and Huizhou in the PRC as well as second tier cities in the United States such as Olinda and Arizona. Among which, 21 projects were under development for sale (including 14 projects in which the Group held equity interests and 7 development management projects by entrusted independent third parties).

In first half of 2020, the Group recorded an increase in the new project saleable area of 1,085,176 sq.m. with expected new project saleable value of approximately RMB15.17 billion, in which new project GFA of 680,716 sq.m. (new project saleable area of 591,846 sq.m.) and expected new project saleable value of approximately RMB7.68 billion are recorded from the new project the Group held interest respectively. According to the Company's attributable equity interest in the new project, the Group recorded a new project GFA of 430,229 sq.m. (new project saleable area of 412,366 sq.m.) as well as expected new project saleable value of approximately RMB4.82 billion. During the period, the Group obtained new entrusted development management projects with GFA of 700,973 sq.m. (saleable area of 493,330 sq.m.) and expected saleable value of approximately RMB7.49 billion. By adhering to a consistently stable and prudent investment strategy, the Group's costs for acquiring land and asset have significant advantage in resisting the market risk in the future.

As at 30 June 2020, the Group had project reserves with saleable area of 5,998,555 sq.m. and expected saleable value of approximately RMB119.49 billion, in which total GFA of 10,625,256 sq.m. (saleable area of 2,552,101 sq.m.) and expected saleable value of approximately RMB53.88 billion secured for the equity-held projects, with saleable area of 1,348,861 sq.m. and expected saleable value of approximately RMB27.96 billion attributable to the Group. The Group had also acquired a total of 41 development management projects by entrusted independent third parties, with saleable area of 3,446,454 sq.m. and expected saleable value of approximately RMB65.61 billion. The Group held the leased properties with total GFA of 174,250 sq.m. and the equity-held projects with GFA of 105,747 sq.m..

For expansion of real estate development in the PRC, Landsea continued to take a prudent and pragmatic approach. During the period, the Group secured a total of 8 projects in cities such as Suzhou, Nanjing, Wuxi and Huizhou, with an additional saleable area of 720,000 sq.m. and saleable value of approximately RMB11.1 billion. Meanwhile, the Group had entered into projects in relation to property development and management services with independent third parties, with contract sum of approximately RMB450 million (first half of 2019: RMB190 million), representing an increase of approximately 130.9% compared with the corresponding period of last year.

The Group's property development business covers both the PRC and the United States. Currently, Landsea Homes ranks top 40 among real estate developers in the United States. Since entering into the US market in 2013, Landsea has been implementing the localization strategy clearly from the four dimensions of local market, local resources, local customers and local team, and successively expanding to Greater New York, Boston, Los Angeles, San Francisco and Arizona to develop mid-high end residential market. At the same time, the Company also reviewed the situation and set its sights on a more robust and stable market with rigid demand. As at 30 June 2020, assets of United States business accounted for 27.6% of the Group's assets. During the period, the total contracted sales of the United States projects amounted to approximately RMB3.28 billion. During the period, the Group acquired Garrett Walker Homes, a home builder in Phoenix, Arizona, acquiring the 18 single-family residential community projects (14 of which are currently for sale) and over 1,700 lots under the company. The project layouts and the current layouts of Landsea Homes under Landsea complemented one another, helping the Company the further optimise its product portfolio and business structure, significantly enhanced the reputation of Landsea Homes in Arizona's market, assisted Landsea Homes in ascending into the top home builder in Arizona, as well as provided effective boost for healthy expansion and development of Landseas home in the entire United States market. In the future, Landsea Homes will maximise the strategic advantages of green differentiation to promote its comprehensive capability in providing quality residence to customers in United States and from the globe, with strong integration of resources and efficient developed operational management, so as to enhance the competitiveness and reputation of Landsea in the international market

OPERATION INCOME AND GROSS PROFIT

For the half year ended 30 June 2020, the Group's revenue was mainly derived from development and management services income of approximately RMB350 million (first half of 2019: approximately RMB330 million), income from sale of properties of approximately RMB2.49 billion (first half of 2019: approximately RMB1.75 billion) and rental and property management fee income of approximately RMB15 million (first half of 2019: approximately RMB14 million), which in aggregate was approximately RMB2.85 billion (first half of 2019: approximately RMB2.09 billion),representing an increase of approximately 36.4% as compared with the first half of 2019. During the half year ended 30 June 2020, the recognised sales income of joint ventures and associates attributable to the Group were approximately RMB2.65 billion (first half of 2019: approximately RMB1.82 billion). The sum of on-balance sheet operating income and off-balance sheet recognised sales income of joint ventures and associates attributable to the Group was RMB5.50 billion (first half of 2019: approximately RMB3.91 billion), representing an increase of approximately 40.7% as compared with the first half of 2019.

For the half year ended 30 June 2020, the gross profit of the Group was approximately RMB510 million (first half of 2019: approximately RMB540 million), representing a decrease of approximately 6.6% as compared with the first half of 2019. The overall gross profit margin of the Group was approximately 17.7%(first half of 2019: approximately 25.9%). The gross profit margin of joint ventures and associates was approximately 20.7% (first half of 2019: approximately 33.9%), representing a decrease of 13.2 percentage points as compared with the corresponding period of last year.

PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

For the half year ended 30 June 2020, the profit attributable to the shareholders of the Company was approximately RMB140 million (first half of 2019: approximately RMB260 million), representing a decrease of 46.2% as compared with the first half of 2019. The net core profit attributable to the shareholders of the Company after deducting unrealized foreign exchange gains arising from foreign currency loans and current accounts between the subsidiaries of the Group during the year, as well as the gain on fair value changes, amounted to approximately RMB56 million (first half of 2019: approximately RMB257 million), representing a decrease of approximately 78.3% as compared with the first half of 2019.

CONTRACTED SALES AND PROPERTIES SOLD BUT NOT RECOGNISED

In first half of 2020, "Landsea Products" recorded contracted sales of approximately RMB12.89 billion(including the contracted sales of approximately RMB12.27 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (first half of 2019: RMB11.48 billion). The contracted GFA of 736,077 sq.m. (including 700,283 sq.m. from the Group and a small amount of remaining projects entrusted by Landsea Group) (first half of 2019: 692,990 sq.m.),among which the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB9.99 billion with contracted sales area of 552,846 sq.m., i.e. an average selling price of RMB18,065 per sq.m.. The contracted sales were mainly from the on-sale projects in Shanghai, Nanjing, Chengdu, Chongqing, Tianjing, Suzhou, Wuxi, etc. in the PRC and first tier and second tier gateway cities in the United States. As at 30 June 2020, the Group's accumulated areas of properties sold but not recognized were 2,652,173 sq.m. (first half of 2019: 1,864,759 sq.m.), amounting to approximately RMB41.32 billion (first half of 2019: approximately RMB29.57 billion), in which areas of properties sold but not recognised attributable to the Group were 1,068,980 sq.m. (first half of 2019: 732,453 sq.m.), amounting to approximately RMB16.27 billion (first half of 2019: approximately RMB12.25 billion).

External Contracts of first half of 2020

Number	Projects	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA[#] *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
1	Nanjing Youth Block	100.0%	1,240	–	–
2	Nanjing Poly Landsea Weilan	29.9%	19,536	1,008	19,376
3	Nanjing Xihua Mansion	19.0%	5,440	–	–
4	Nanjing Zixi Mansion	20.0%	213,014	14,055	15,156
5	Suqian Weilan Elegant Yard	51.0%	283,820	27,390	10,362
6	Suqian Linglongjun	51.0%	310,490	29,872	10,394
7	Hefei Wanxin's Hi-tech Court	49.0%	279,825	15,593	17,946
8	Shangshi Landsea Future Block	100.0%	691,696	38,445	17,992
9	Kunshan Langlu Garden	51.0%	13,190	–	–
10	Kunshan Langyue Garden	51.0%	24,183	1,051	23,000

[#] Contracted Sales GFA does not include parking space

Number	Projects	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA# *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
11	Wuxi Tiancui	100.0%	2,610	–	–
12	Suzhou Green County of Taihu	55.0%	10,001	885	11,300
13	Wuxi Luka Small Town	100.0%	10,180	–	–
14	Suzhou 8 Renmin Road	100.0%	160	–	–
15	Yixin Xindu Mansion	26.0%	13,141	500	26,298
16	Suzhou Blue Square	51.0%	36,827	2,444	15,069
17	Suzhou Cheng Garden	0.1%	2,900	–	–
18	Suzhou Wuyue Xihua Elegant Court	15.0%	1,412,356	41,783	33,802
19	Wuxi Xihua Mansion	45.0%	892,894	39,274	22,735
20	Hangzhou Xihua Mansion	49.0%	37,372	449	83,291
21	Hangzhou Le Mansion	50.0%	36,520	787	46,427
22	Hangzhou Light of City	40.0%	3,275	–	–
23	Hangzhou Maple Union	50.0%	5,472	–	–
24	Chengdu Southern Gate Green	25.0%	436	–	–
25	Chengdu Landsea Qingyang District Project	9.9%	397,920	16,807	23,676
26	Chengdu Future Home	100.0%	2,689	–	–
27	Chengdu Xihua Mansion	33.0%	48,285	267	180,599
28	Chongqing Yue Mansion	30.0%	292,940	21,578	13,576
29	Chengdu Landsea Cuiyue	50.0%	74,473	3,172	23,478
30	Chendu XihuaTianxi	50.0%	769,426	29,512	26,072
31	Chengdu Shanglin Xihua Mansion	33.3%	155,532	14,367	10,826
32	Chengdu Golden Mansion Future Block	51.0%	151,513	21,067	7,192
33	Tianjin Emerald Lan Wan	75.0%	4,366	261	16,745
34	Tianjin Cuiweilan Pavilion	35.0%	243,108	17,033	14,273
35	Shijiazhuang Future Block	25.5%	126,130	13,680	9,220
36	Xi'an Future Block	30.0%	135,582	9,376	14,459
37	Germann Country Garden Estates	100.0%	15,783	1,022	15,444
38	North Copper Canyon	100.0%	384,071	35,995	10,670
39	Grand Village	100.0%	61,783	5,486	11,262
40	Mountain Views	100.0%	55,863	5,040	11,083
41	Bethany Ranch	100.0%	4,358	457	9,543
42	Park Forest	100.0%	192,725	18,412	10,468
43	Trenton park	100.0%	4,897	561	8,732
44	Sundance	100.0%	93,407	8,727	10,703
45	West Pointe	100.0%	185,563	16,654	11,142
46	Iron Ridge	100.0%	472,291	16,234	29,094
47	Sanctuary	100.0%	321,027	8,748	36,696
48	Westerly	100.0%	244,417	9,788	24,970
49	Verrado	100.0%	241,088	20,167	11,954

Contracted Sales GFA does not include parking space

Number	Projects	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA[#] *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
50	Catalina	100.0%	227,407	4,114	55,271
51	Tevelde	100.0%	199,650	12,262	16,283
52	Abigail Place	100.0%	177,357	4,643	38,199
53	Centerra	100.0%	130,106	11,955	10,883
54	Avora	51.0%	98,051	1,725	56,834
55	Sonora Crossing	100.0%	71,867	5,239	13,719
56	Crestley	100.0%	34,084	1,274	26,752
57	Lido Villas	100.0%	30,974	347	89,146
58	Encanta	100.0%	29,750	3,190	9,327
59	Eastmark	100.0%	2,041	150	13,485
	Equity-held projects entered into by HK106		9,987,102	552,846	18,065

RECOGNISED SALES OF PROPERTIES OF SUBSIDIARIES

For the half year ended 30 June 2020, the Group recognized income of approximately RMB2.85 billion (first half of 2019: approximately RMB2.09 billion), representing an increase of approximately 36.4%. In which, the consolidated subsidiaries of the Group recognised income from sales of properties and total sales area of approximately RMB2.49 billion (first half of 2019: approximately RMB1.75 billion) and 153,555 sq.m. respectively, mainly attributable to Shanghai Future Block, Tianjin Emerald Lan Wan, Suzhou Green County of Taihu in the PRC, and the Iron Ridge Project and Sanctuary Project, etc in the United States. The average selling price in the PRC was RMB13,103 per sq.m., while the average selling price in the United States was RMB16,756 per sq.m..

RECOGNISED SALE OF PROPERTIES OF JOINT VENTURES AND ASSOCIATES

For the half year ended 30 June 2020, the recognised sales income of joint ventures and associates attributable to the Group was approximately RMB2.65 billion (first half of 2019: approximately RMB1.82 billion), with 79,984 sq.m. in gross floor areas attributable to the Group. Sales attributable to the Group is mainly generated from Hangzhou Xihua Mansion, Hangzhou Le Mansion and Haining Daxue Cheng in the PRC, and Westerly Project and Avora Project in the United States. The average selling price in the PRC was approximately RMB32,786 per sq.m. and the average selling price in the United States was approximately RMB57,154 per sq.m..

[#] Contracted Sales GFA does not include parking space

INCOME FROM PROPERTY DEVELOPMENT AND MANAGEMENT SERVICES

Benefiting from the full commencement of "asset-light" strategy of the Group, the Group recorded property development and management services income of approximately RMB350 million (first half of 2019: approximately RMB330 million) for the half year ended 30 June 2020. Gross profit margin of property development and management services income was maintained at 57%. Meanwhile, the Group had entered into contracts in relation to property development and management services with independent third parties, with contract sum of approximately RMB450 million (first half of 2019: RMB190 million), representing an increase of 130.9% compared with corresponding period of last year.

INCOME FROM RENTAL AND MANAGEMENT FEE

As at 30 June 2020, the Group recognised rental and management fee income of approximately RMB15 million (first half of 2019: approximately RMB14 million), which remains stable as compared to corresponding period of last year.

FAIR VALUE GAIN ON INVESTMENT PROPERTIES

The Group's investment properties included Landsea Tower in Shenzhen, Huafei Apartment in Nanjing, Neighbourhood Union in Wuxi located in the PRC. Leveraging prime location and quality property management services of investment properties, they maintained a high occupancy rate during the period. For the half year ended 30 June 2020, the Group's fair value gain on the investment properties was approximately RMB44.5 million (first half of 2019: RMB3.7 million). The fair value of investment properties was determined by a competent independent valuer based on the property's current business model adopted by the Group and its expected income to be generated.

SELLING EXPENSES

For the half year ended 30 June 2020, the Group recorded selling expenses of approximately RMB149 million (first half of 2019: approximately RMB78 million), representing an increase of 92.2% as compared with corresponding period of last year. The increase in selling expenses was attributable to the year-on-year increase in sales scale growth as well as the strengthened stimulating policies to promote sales due to the effect of the pandemic.

ADMINISTRATIVE EXPENSES

For the half year ended 30 June 2020, the Group recorded administrative expenses of approximately RMB327 million (first half of 2019: approximately RMB307 million), representing an increase of approximately 6.5% as compared with first half of 2019. The increase in administrative expenses was mainly attributable to the Company's increased R&D investment in green differentiated products during the period, and the increase in expenses was within budgetary control.

PROVISION FOR IMPAIRMENT LOSS ON FINANCIAL ASSETS

For the half year ended 30 June 2020, the Group's provision for impairment loss on financial assets was approximately RMB96.7 million (first half of 2019: approximately RMB1.1 million). The Company's provision for impairment loss on financial assets was provided using the expected credit loss rate for financial assets such as trade and other receivables in accordance with the standard requirement of HKFRS 9 Financial Instruments. The increase in the current period was mainly due to the increase in the balance of financial assets as a result of the Company's expansion of investment in associates and joint ventures during the period.

OTHER GAINS

For the half year ended 30 June 2020, the Group recorded other gains of approximately RMB60.8 million (first half of 2019: approximately RMB34.7 million). The increase in other gains was mainly attributable to the increase in unrealized foreign exchange gains of approximately RMB61.1 million (first half of 2019: foreign exchange gains of approximately RMB5.2 million) arising from foreign currency loans and current accounts between the subsidiaries of the Group during the year.

FINANCE COSTS

For the half year ended 30 June 2020, the Group recorded interest expense (excluding the finance cost of RMB91 million recognized for advanced receipts) of approximately RMB361 million (first half of 2019: approximately RMB324 million). The capitalization rate of interest expenses was 29.1% in first half of 2020 (first half of 2019: 51.7%). For the half year ended 30 June 2020, the expensed finance costs of the Group were approximately RMB256 million (first half of 2019: approximately RMB157 million). For the half year ended 30 June 2020, the interest income of the Group was approximately RMB111 million. Net finance costs were approximately RMB145 million (first half of 2019: approximately RMB45 million). As at 30 June 2020, the on-balance sheet weighted average finance cost was approximately 7.6% (31 December 2019: 7.6%).

TAXATION

As of 30 June 2020, the Group recorded taxation charge of approximately RMB119 million (first half of 2019: approximately RMB132 million).

EARNINGS PER SHARE

For the half year ended 30 June 2020, the basic and diluted earnings per share attributable to the shareholders of the Company were RMB0.031 and RMB0.031 respectively (first half of 2019: RMB0.056 and RMB0.056). The basic core earnings per share was RMB0.012 (first half of 2019: approximately RMB0.054).

PROJECT RESERVES

As at 30 June 2020, the Group had project reserves with total GFA of 17,765,912 sq.m., saleable area of 5,998,555 sq.m. and expected saleable value of approximately RMB119.49 billion. In terms of equity interests, the total GFA of the project reserves attributable to the Group were 5,141,612 sq.m., saleable area of 1,348,861 sq.m. and expected saleable value of approximately RMB27.96 billion. The Group had also acquired a total of 41 development management projects by entrusted independent third parties, with saleable area of approximately 3,446,454 sq.m. and expected saleable value of RMB65.61 billion.

ACCUMULATED LAND RESERVE AT THE END OF FIRST HALF OF 2020

Number	Project	Equity Holding	Total GFA *(sq.m.)*	Developed GFA *(sq.m.)*	Developing GFA *(sq.m.)*	GFA for future development *(sq.m.)*	Value Sold *(RMB'000)*	GFA Sold *(sq.m.)*	Saleable Value *(RMB'000)*	Saleable GFA *(sq.m.)*
1	Shanghai Future Block	100.0%	233,791	233,791	–	–	2,806,100	149,587	117,420	–
2	Shanghai The Course of The Future	100.0%	106,622	106,622	–	–	1,318,557	79,731	38,492	1,242
3	Nanjing Youth Block	100.0%	314,894	314,894	–	–	2,926,056	245,414	31,492	–
4	Nanjing Future Home	50.1%	133,530	133,530	–	–	960,246	109,579	8,802	–
5	Suzhou 8 Renmin Road	100.0%	85,983	85,983	–	–	1,986,604	64,556	1,985	–
6	Suzhou Green County of Taihu	55.0%	438,677	329,461	109,216	–	5,646,100	327,282	–	–
7	Wuxi Tiancui	100.0%	48,772	48,772	–	–	498,992	34,793	6,645	200
8	Wuxi Luka Small Town	100.0%	139,689	133,919	–	5,770	701,939	93,451	12,970	–
9	Suzhou Oasis	20.0%	99,790	99,790	–	–	1,129,223	73,580	1,229	93
10	Nanjing Poly Landsea Weilan	29.9%	250,567	250,567	–	–	5,613,087	196,393	56,369	1,134
11	Nanjing Xihua Mansion	19.0%	201,116	201,116	–	–	5,551,180	149,556	57,055	–
12	Chengdu Southern Gate Green	25.0%	235,149	151,020	84,129	–	2,765,521	155,761	33,485	–
13	Hangzhou Xihua Mansion	49.0%	139,152	139,152	–	–	4,307,261	88,760	78,570	–
14	Hangzhou Le Mansion	50.0%	80,602	80,602	–	–	2,616,051	54,469	68,429	369
15	Chengdu Landsea Qingyang District Project	9.9%	685,684	–	685,684	–	5,703,070	326,580	1,439,970	31,151
16	Tianjin Emerald Lan Wan	75.0%	142,156	73,609	68,547	–	1,529,421	107,107	31,822	1,154
17	Tianjin Cuiweilan Pavilion (B)	35.0%	59,332	–	59,332	–	567,155	40,429	58,799	2,203
18	Tianjin Cuiweilan Pavilion (CD)	35.0%	97,808	–	97,808	–	747,784	54,464	309,481	14,869
19	Shanghai Changfenghui Silver Premier	100.0%	18,875	18,875	–	–	889,575	16,877	67,227	1,529
20	Suzhou Blue Square	51.0%	91,349	–	91,349	–	754,747	44,368	132,440	19,263
21	Wuhan Xihua Mansion	30.0%	140,553	–	140,553	–	–	–	4,345,883	99,972
22	Wuhan Landsea Yue Mansion	5.0%	235,316	–	235,316	–	2,842,301	162,618	617,200	33,251
23	Changsha Lu Island Project	1.0%	245,540	25,803	127,003	92,734	685,680	115,869	257,227	46,774
24	Chengdu Xihua Mansion	33.0%	367,753	234,902	132,851	–	4,248,512	230,492	563,557	24,919
25	Hangzhou Maple Union	50.0%	48,574	48,574	–	–	629,172	37,330	2,065	–

Number	Project	Equity Holding	Total GFA *(sq.m.)*	Developed GFA *(sq.m.)*	Developing GFA *(sq.m.)*	GFA for future development *(sq.m.)*	Value Sold *(RMB'000)*	GFA Sold *(sq.m.)*	Saleable Value *(RMB'000)*	Saleable GFA *(sq.m.)*
26	Hefei Wanxin's Hi-tech Court	49.0%	129,919	–	129,919	–	891,755	41,812	1,178,736	49,212
27	Hangzhou Light of City	40.0%	94,095	94,095	–	–	1,432,856	72,791	36,878	–
28	Ningbo Crystal Apartment	40.0%	94,282	–	94,282	–	1,132,692	72,810	–	–
29	Chengdu Landsea Cuiyue	50.0%	30,316	30,316	–	–	189,241	12,047	7,211	90
30	Hefei Feidong Jade Garden	10.0%	57,398	–	57,398	–	147,220	8,584	365,935	31,838
31	Yixing Xindu Mansion	26.0%	220,045	–	220,045	–	1,576,561	163,519	56,277	–
32	Suqian Linglongjun	51.0%	224,621	–	224,621	–	1,506,340	153,867	155,493	6,916
33	Suqian Weilan Elegant Court	51.0%	200,522	–	200,522	–	1,067,655	102,350	405,485	36,457
34	Chongqing Le Mansion	30.0%	400,856	–	272,541	128,315	2,557,189	152,784	2,316,475	117,153
35	Hangzhou Weilan Block	20.0%	108,993	108,993	–	–	573,520	42,006	11,970	666
36	Nanjing Zixi Mansion	20.0%	209,504	–	209,504	–	347,164	22,836	2,827,188	128,317
37	Suzhou Cheng Garden	0.1%	12,450	–	12,450	–	249,824	6,821	43,498	354
38	Hangzhou Linglongyue	30.0%	153,746	–	–	153,746	–	–	1,990,000	127,214
39	Chengdu Golden Mansion Future Block	51.0%	384,307	–	384,307	–	1,096,193	164,217	1,361,974	123,332
40	Chengdu Shanglin Xihua Mansion	33.3%	265,576	–	265,576	–	1,747,256	122,128	2,274,475	70,218
41	Suzhou Wuyue Xihua Elegant Court	15.0%	129,571	–	129,571	–	2,431,956	71,936	261,044	15,668
42	Kunshan Langlu Garden	51.0%	43,362	–	43,362	–	664,150	26,336	20,880	–
43	Kunshan Langyue Garden	51.0%	43,294	–	43,294	–	634,873	27,546	41,158	99
44	Shijiazhuang Future Block	25.5%	162,370	–	127,526	34,844	1,016,050	117,294	209,790	7,581
45	Nanjing Wangjiawan Project	60.0%	144,677	–	–	144,677	–	–	1,873,557	72,483
46	Xi'an Future Block	30.0%	85,111	–	85,111	–	716,663	55,074	103,646	2,015
47	Chendu Future Zhe	50.0%	216,938	–	–	216,938	–	–	2,038,460	190,510
48	Wuxi Xihua Mansion	45.0%	230,033	–	230,033	–	2,800,824	108,102	1,147,976	33,298
49	Zhongshan Dezhou Shangjun	34.5%	80,160	–	80,160	–	–	–	1,258,000	57,508
50	Chengdu Le Mansion	50.6%	124,114	–	124,114	–	–	–	2,425,030	84,329
51	Chendu XihuaTianxi	50.0%	190,204	–	190,204	–	769,426	29,512	3,025,133	94,869
52	Changshu Yuanhe Project	51.0%	48,292	–	48,292	–	–	–	875,460	32,282
53	Zhangjiagang Baiqiao Road Project	50.1%	123,233	–	123,233	–	–	–	1,926,900	88,052
54	Haining Oasis Jing Yuan	20.1%	313,501	–	73,252	240,249	–	–	3,581,500	224,631
55	Wuhan Dongxi Lake Jinnan First Road Project	0.0%	595,139	–	–	595,139	–	–	9,850,000	420,000
56	Chongqing Future Times	0.0%	188,273	–	188,273	–	113,546	15,516	1,136,453	110,364
57	Xi'an Langshiyan Nanqi	0.0%	68,441	–	68,441	–	631,420	38,064	70,210	3,364
58	Nanjing Haiyue Metropol	0.0%	278,748	278,748	–	–	9,610,126	205,953	25,464	–
59	Nanjing Landsea Golden Elephant Mangrove	0.0%	307,241	230,001	77,240	–	5,034,399	178,918	1,072,966	38,895

Number	Project	Equity Holding	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA for future development (sq.m.)	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB'000)	Saleable GFA (sq.m.)
60	Nanjing Jiulong Xi'an Plot C	0.0%	76,516	–	76,516	–	409,177	13,445	726,173	27,514
61	Nanjing Jiulong Xi'an Plot A/B	0.0%	115,000	115,000	–	–	2,121,601	88,771	12,107	–
62	Hefei Wanxin's Green County	0.0%	148,441	148,441	–	–	1,332,040	102,268	10,405	655
63	Wuxi Landsea New County	0.0%	647,506	244,410	403,096	–	3,461,248	144,823	4,059,527	191,128
64	Suzhou Wuzhong Hongzhuang Project	0.0%	130,001	–	130,001	–	1,088,029	42,105	–	–
65	Century Landsea Green County in Yancheng Dongtai	0.0%	200,269	–	124,933	75,336	867,403	80,577	710,861	74,509
66	Nanjing G68 Project	0.0%	263,294	–	263,294	–	–	–	10,500,000	150,000
67	Jiangyin Lingang Project	0.0%	137,730	–	137,730	–	795,025	106,049	–	–
68	Jurong Linglongyue	0.0%	192,905	99,095	93,810	–	1,499,918	98,464	292,014	17,149
69	Zhangjiakou Dongshan Yiyuan	0.0%	134,908	–	134,908	–	54,569	6,858	912,114	78,735
70	Nanjing Jiangning G45 Project	0.0%	142,633	–	142,633	–	–	–	2,300,000	105,000
71	Wuhan West Coast	0.0%	171,838	43,779	128,059	–	1,088,298	98,520	189,520	11,432
72	Rugao Xihua Mansion	0.0%	287,134	–	170,062	117,072	829,062	62,625	2,493,188	187,460
73	Suzhou Wujiang Shangyi Project	0.0%	281,825	–	–	281,825	–	–	1,484,850	97,950
74	Changzhou Xihua Mansion	0.0%	140,083	–	140,083	–	2,360,268	101,301	99,362	–
75	Chengdu Longqiao Project	0.0%	188,641	–	188,641	–	–	–	807,550	106,727
76	Chengdu Guanshanyue	0.0%	191,853	–	191,853	–	–	–	1,024,010	108,310
77	Wuxi Xiangbin Street	0.0%	58,294	–	–	58,294	–	–	845,290	42,400
78	Xi'an Huyuqi	0.0%	28,835	–	28,835	–	–	–	385,830	20,018
79	Beijing Jianguo Apartment Project	0.0%	22,483	–	22,483	–	–	–	1,110,000	12,885
80	Beijing Zengguang Road Project	0.0%	14,729	–	–	14,729	–	–	1,000,000	9,109
81	Kaifeng Bianjing Xihua Mansion	0.0%	277,070	–	–	277,070	–	–	2,792,300	213,122
82	Xi'an Yue Centre	0.0%	127,361	–	–	127,361	–	–	1,040,000	99,526
83	Chengdu Tianfu Green	0.0%	276,474	–	–	276,474	–	–	1,710,640	206,312
84	Hangzhou Wensan Road Qiuzhi Apartment Project	0.0%	12,613	–	–	12,613	–	–	540,000	8,775

Number	Project	Equity Holding	Total GFA *(sq.m.)*	Developed GFA *(sq.m.)*	Developing GFA *(sq.m.)*	GFA for future development *(sq.m.)*	Value Sold *(RMB'000)*	GFA Sold *(sq.m.)*	Saleable Value *(RMB'000)*	Saleable GFA *(sq.m.)*
85	Suzhou Hefeng Xihua Elegant Court	0.0%	185,379	–	185,379	–	–	–	4,465,050	130,878
86	Xianyang Dujiabao	0.0%	311,077	–	–	311,077	–	–	3,559,822	396,580
87	Huizhou Longhai 2 Road	0.0%	126,242	–	–	126,242	–	–	1,876,817	95,052
88	Suzhou Caohu Project	0.0%	124,842	–	–	124,842	–	–	1,996,648	92,288
89	Nanjing Hanzhong Gongguan	0.0%	12,653	–	12,653	–	–	–	442,863	12,653
90	Chuzhou Compass Project	0.0%	141,858	–	–	141,858	–	–	568,693	56,936
91	Jiangyin Linggang Plot B	0.0%	79,145	–	–	79,145	–	–	863,049	78,759
92	Yixing Guanlin Project	0.0%	92,508	–	–	92,508	–	–	451,831	73,519
93	Wuxi Huishan Yangxi Luyuan Project	0.0%	123,725	–	–	123,725	–	–	1,293,701	84,123
94	Nanjing G22 Project	0.0%	102,316	–	102,316	–	–	–	2,546,455	75,324
95	Nanjing Landsea Linglongjun	0.0%	134,633	–	134,633	–	2,292,867	92,050	346,794	9,003
96	Avora	51.0%	31,776	31,776	–	–	1,034,332	15,609	573,240	4,477
97	Westerly	100.0%	34,559	22,603	7,534	4,422	650,187	26,351	206,793	8,208
98	Pierce Boston	25.0%	39,202	39,202	–	–	2,826,013	34,044	–	–
99	Iron Ridge	100.0%	143,457	65,810	59,708	17,939	2,287,325	108,781	1,059,124	34,676
100	Stoney Ridge	100.0%	5,035	5,035	–	–	253,364	5,035	–	–
101	The Vale	70.0%	77,686	77,686	–	–	3,438,345	77,686	–	–
102	Sanctuary	100.0%	259,654	241,283	12,455	5,916	1,861,766	247,247	428,741	12,408
103	Siena	100.0%	12,076	12,076	–	–	506,652	12,076	–	–
104	Lido Villas	100.0%	4,404	4,404	–	–	423,286	4,405	–	–
105	Synagogue	90.0%	4,552	641	3,911	–	–	–	601,519	3,412
106	Abigail Place	100.0%	5,086	4,059	1,027	–	189,646	4,929	–	–
107	Catalina	100.0%	15,203	2,951	5,903	6,349	311,846	5,889	541,441	9,314
108	Sonora Crossing	100.0%	14,623	268	4,832	9,523	–	–	220,298	14,623
109	14th & 6th	95.0%	7,550	–	7,550	–	–	–	1,296,104	6,020
110	Tevelde	100.0%	108,825	6,965	6,169	95,691	169,795	10,493	1,784,956	98,332
111	Crestley	100.0%	15,650	1,254	1,567	12,829	34,258	1,274	424,998	14,376
112	Novato	100.0%	10,628	–	–	10,628	–	–	413,045	10,628
113	Harvest Queen Creek	100.0%	19,699	–	549	19,150	–	–	250,574	19,699
114	North Central Phoenix	100.0%	10,124	–	–	10,124	–	–	244,884	10,124
115	Alamar	100.0%	15,838	–	–	15,838	–	–	175,316	15,838
116	Centerra	100.0%	45,047	1,349	4,517	39,181	130,783	11,955	385,708	33,093
117	Eastmark	100.0%	29,410	8,501	–	20,909	48,488	4,016	325,477	25,394
118	Encanta	100.0%	14,742	12,470	2,272	–	88,075	9,612	45,110	5,130
119	Estrella	100.0%	32,777	4,574	–	28,203	20,158	1,948	363,927	30,829
120	Verrado	100.0%	90,601	15,013	24,234	51,354	326,401	27,110	854,651	63,490
121	Ontario Vander Eyk	100.0%	47,074	–	–	47,074	–	–	1,004,232	47,074
122	Orinda	100.0%	9,081	–	–	9,081	–	–	465,324	9,081
123	Germann Country Garden Estates	100.0%	4,173	–	1,043	3,130	17,457	1,043	52,371	3,130
124	North Copper Canyon	100.0%	9,665	9,665	–	–	78,960	9,079	4,268	586

Number	Project	Equity Holding	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA for future development (sq.m.)	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB'000)	Saleable GFA (sq.m.)
125	Grand Village	100.0%	20,068	14,858	5,210	–	191,424	20,068	–	–
126	Mountain Views	100.0%	14,395	10,596	3,199	600	131,722	13,795	5,727	600
127	Bethany Ranch	100.0%	3,462	3,462	–	–	35,149	3,462	–	–
128	Park Forest	100.0%	44,128	14,295	14,917	14,916	320,376	31,905	122,741	12,223
129	Trenton park	100.0%	5,156	5,156	–	–	57,202	5,156	–	–
130	Sundance	100.0%	34,323	–	9,379	24,944	102,275	10,575	229,636	23,747
131	West Pointe	100.0%	55,115	475	15,089	39,551	219,490	20,009	387,988	35,105
132	North Copper Canyon	100.0%	87,087	6,510	23,792	56,785	420,744	40,380	471,887	46,706
133	Northern Farms	100.0%	52,142	–	–	52,142	–	–	504,856	52,143
134	Sunset Farms	100.0%	28,419	–	–	28,419	–	–	278,411	28,420
	Total		17,765,912	4,726,797	8,561,834	4,477,281	130,738,257	6,773,657	119,494,647	5,998,555
	Of Which: Subtotal of Equity-held Project		10,625,256	3,567,323	5,415,962	1,641,971	97,149,261	5,297,350	53,882,090	2,552,101
	Subtotal of Entrusted Development and Management Project		7,140,656	1,159,474	3,145,872	2,835,310	33,588,996	1,476,307	65,612,557	3,446,454

Projects	Equity Holding	Status	Usage	GFA (sq.m.)
Shanghai Huangxing Building	100.0%	Under renovation	Partially leasing	11,427
Shanghai Senlan Apartment*	50.0%	Completed	Leasing	43,543
Nanjing Huafei Apartment	100.0%	Completed	Leasing	5,729
Shenzhen Landsea Tower	100.0%	Completed	Leasing	23,736
Guangzhou Jiefang Tower*	33.6%	Completed	Leasing	11,507
Wuxi Neighbourhood Union	100.0%	Completed	Leasing	10,667
Zhangjiang Landsea Center*	30.0%	Under renovation	To be leased	10,489
Daning Landsea Tower*	50.0%	Under renovation	Leasing	19,390
Beijing Landsea Tower*	50.0%	Under renovation	To be leased	21,906
Nanjing Tianlong Temple Project*	30.0%	Completed	Leasing	15,856
				174,250

* The Property is held by joint ventures of the Company

LIQUIDITY AND FINANCIAL RESOURCES

Cash positions

As at 30 June 2020, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB3.90 billion (As at 31 December 2019: approximately RMB4.76 billion). As at 30 June 2020, the Group's current ratio (current assets divided by current liabilities) was approximately 1.5 times (As at 31 December 2019: 1.3 times).

Indebtedness

As at 30 June 2020, the total indebtedness of the Group amounted to approximately RMB7.40 billion (As at 31 December 2019: approximately RMB6.96 billion). The Group's indebtedness mainly included shareholder's loans, secured bank loans, senior notes and EB-5 financing. As at 30 June 2020, total net debts[#] were approximately RMB3.59 billion (As at 31 December 2019: approximately RMB2.46 billion). As at 30 June 2020, the proportion of short-term debts was 16.4% (As at 31 December 2019: 33.7%) and long-term debts was 83.6% (As at 31 December 2019: 66.3%). Long-term debts of the Company accounted for a greater proportion, maintaining reasonable structure of long-term and short-term debt to facilitate sufficient liquidity.

Analysis of Indebtedness:

	30 June 2020		31 December 2019	
	RMB'000	***percentage***	*RMB'000*	*percentage*
Analysis of total indebtedness by settlement currency:				
Denominated in RMB	**1,896,515**	**25.63%**	2,239,283	32.17%
Denominated in USD	**5,501,984**	**74.37%**	4,488,949	64.49%
Denominated in HK$	**–**	**0.00%**	232,908	3.34%
	7,398,499	**100.00%**	6,961,140	100.00%
Analysis of total indebtedness by maturity:				
Within one year	**1,212,867**	**16.39%**	2,344,439	33.68%
Between one and two years	**2,013,527**	**27.22%**	1,913,374	27.49%
Between two and five years	**3,287,313**	**44.43%**	1,812,805	26.04%
Five years or above	**884,792**	**11.96%**	890,522	12.79%
	7,398,499	**100.00%**	6,961,140	100.00%

[#] net debts = total debts less cash and cash equivalents (excluding restricted cash)

GEARING RATIOS

The Group has been working hard on optimizing its capital and debt structure. As at 30 June 2020, the on-balance sheet net debts to equity ratio[#] of the Group was approximately 65.4% (As at 31 December 2019: 40.2%), representing an increase of 25.2 percentage points as compared with 31 December 2019, which remains low in the industry. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 28.8% as at 30 June 2020 (As at 31 December 2019: 26.9%). In addition, the debt to assets ratio of the Group as at 30 June 2020 was 78.7% (As at 31 December 2019: 76.4%), which remained stable as compared with 31 December 2019. The management will continue to monitor the Group's capital and debt structure from time to time with aim of controlling short-term debt ratio and mitigating its exposure to the risk of gearing.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2020, the bank loans of the Group were secured by one or a combination of the following items: investment properties, properties under development, restricted cash, equity interest of certain subsidiaries of the Group and guarantees provided by the controlling shareholder. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans were guaranteed by a subsidiary.

FOREIGN EXCHANGE AND CURRENCY RISK

As at 30 June 2020, the Group's cash and cash equivalents and restricted cash were mainly denominated in Renminbi, Hong Kong dollar and United States dollar. The functional currency of the Group's subsidiaries in the United States is United States dollar while that of the Hong Kong subsidiaries is Hong Kong dollar, and that of the domestic subsidiaries is Renminbi. As at 30 June 2020, the borrowing of RMB917.6 million to the Group's subsidiary in the United States from the ultimate controlling shareholder was the long-term financial support to the Group. The amounts of RMB2.17 billion of the Group's Hong Kong subsidiary due to its PRC subsidiary were the internal funds transfer of the Group. The exchange rate changes in the said amounts resulted in exchange gains recorded by the Group of RMB61.1 million (first half of 2019: exchange gains of RMB5.2 million). As at 30 June 2020, the Group's assets denominated in USD were USD1.003 billion (equivalent to RMB7.10 billion), representing 28% of the total assets, and the liabilities denominated in USD were USD854 million (equivalent to RMB6.04 billion), representing 30% of the total liabilities. As foreign currency assets are in line with the foreign currency liabilities, no financial instrument is required for hedging purposes.

[#] net debts = total debts less cash and cash equivalents (excluding restricted cash)

INTEREST RATE RISK

As at 30 June 2020, the debts payable borne with fixed interest rate accounted for approximately 57.5% (As at 31 December 2019: 65.1%) 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.

GUARANTEE

The Group cooperates with various financial institutions to arrange mortgage loan facilities for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 30 June 2020, the outstanding guarantees amounted to approximately RMB1.33 billion (As at 31 December 2019: approximately RMB1.34 billion). Such guarantees will be discharged upon the earlier of (i) the issuance of the real estate ownership certificate; and (ii) the satisfaction of relevant mortgage loan by purchasers. In addition, the Group provided guarantees to LS-NJ Port Imperial LLC, a 51% joint venture of the Group, for its EB-5 loans as at 30 June 2020 amounted to RMB25 million. Such guarantee provided to LS-NJ Port Imperial LLC shall be discharged pursuant to the counter-indemnity provided by Landsea Group. The Group provided guarantee for the rent of 上海朗詩現所企業管理有限公司 (Shanghai Landsea Xiansuo Enterprise Management Co., Ltd.*) (the Group holds 51% equity interest), the amount as of 30 June 2020 was RMB337 million.

As at 30 June 2020, 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 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 1,458 employees (As at 31 December 2019: 1,390) who were responsible for the managerial, administrative, technical and general functions in Hong Kong, the United States and the PRC. The increment levels of the employees' emolument, promotion and remuneration were determined with reference to their duties, performance and professional experience. Other employee benefits included contribution to provident fund, insurance and medical coverage. According to the terms of the Share Option Scheme adopted on 25 April 2012 and the Share Award Scheme adopted on 2 July 2014, the Company will grant share options or awarded shares to the Group's management and staff based on their individual performance. During the period, the Group granted to 44 management staff and employees rights to take up an aggregate of 94,600,000 shares of the Company under approval by the Board to further enhance the long-term incentive mechanism.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

On 8 January 2020, Landsea Homes of Arizona, LLC (the "**Purchaser**") and Landsea Homes Incorporated ("**Landsea Homes**"), wholly-owned subsidiaries of the Company, Longhorn Wyoming, LLC, ZKL, LLC and GGW Funding, LLC (collectively the "**Sellers**"), Jacob S. Walker, Jeffrey M. Garrett and F. Michael Geddes and GWH Holdings, LLC ("**GWH**") entered into the membership interest purchase agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell all of the issued and outstanding membership interests of GWH. Upon completion of the acquisition on 15 January 2020, GWH and its subsidiaries became wholly-owned subsidiaries of the Company. The acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For further details, please refer to the announcement of the Company dated 8 January 2020.

On 15 January 2020, the Company issued the US$200,000,000 10.75% green senior notes due 2022 in accordance to the purchase agreement dated 15 January 2020 and the Company used the net proceeds for refinancing the Company's existing medium to long-term offshore indebtedness which would become due within one year and in accordance with the Company's green bond framework.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (2019: 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 2020, other than those purchased by the trustee for the Share Award Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

Under CG code provision A.2.1 the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Tian Ming, the Chairman of the Board and an executive Director, was also the Chief Executive Officer before the appointment of Mr. Huang Zheng as the Chief Executive Officer with effect from 27 March 2020. The Board believes that the aforesaid arrangement will not impair the balance of power and authority. The aforesaid deviation from CG Code provision A.2.1 is rectified on 27 March 2020 upon the appointment of Mr. Huang Zheng as an executive Director and Chief Executive Officer and Mr. Tian Ming simultaneously ceased to be the Chief Executive Officer and remained as the Chairman of the Board. Since then, the role of chairman and chief executive officer is separated and performed by different individuals.

Save for the deviation as mentioned above, in the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code during the six months ended 30 June 2020.

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 2020 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 two independent non-executive Directors, namely Mr. Rui Meng (as chairman), and Mr. Chen Tai-yuan. The principal duties of the Audit Committee include the overview of the Company's financial reporting system, risk management and internal control systems and financial information of the Group. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2020 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, 28 August 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tian Ming, Mr. Huang Zheng, Ms. Shen Leying and Mr. Jiang Chao, one non-executive Director, namely Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*