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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)**

**ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**FINANCIAL HIGHLIGHT**

1. For the year ended 31 December 2020, revenue recognised by the Group was approximately RMB8.99 billion, representing an increase of 5.1% as compared with corresponding period of last year, the off-balance sheet recognised sales of joint ventures and associates attributable to the Group was approximately RMB5.55 billion, representing an increase of 79.4% as compared with corresponding period of last year. The aggregated revenue of the above was RMB14.54 billion, representing an increase of 24.8% as compared with corresponding period of last year.
2. As at 31 December 2020, the net debt to equity ratio was approximately 25.9%, which remained low in the industry.
3. The proportion of interest-bearing debts with maturity within one year was 13.1%, the ratio of cash (including restricted cash) to short-term debts was 6.1 times, representing sufficient liquidity and stable cash flows.
4. The Board recommended the distribution of a final dividend of HK3.00 cents per share for the year ended 31 December 2020.

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Landsea Green Properties Co., Ltd. (the “**Company**” or “**Landsea**”) would like to present the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 (“**FY2020**”) together with the comparative figures. The consolidated results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		For the year ended	
		31 December 2020	31 December 2019
	Note	RMB'000	RMB'000
<b>Continuing operations</b>			
Revenue	3	8,991,903	8,558,735
Cost of sales and services		(7,283,701)	(6,140,072)
<b>Gross profit</b>		<b>1,708,202</b>	<b>2,418,663</b>
Other income	5	178,806	234,963
Selling expenses		(406,890)	(248,922)
Administrative expenses		(908,853)	(634,017)
Net provision for impairment loss on financial assets		(381,184)	(84,625)
Fair value gain on investment properties	13	80,790	3,870
Other gains — net	6	8,774	137,100
<b>Operating profit</b>		<b>279,645</b>	<b>1,827,032</b>
Finance income	7	27,028	16,208
Finance costs	7	(480,607)	(392,489)
Finance costs — net	7	(453,579)	(376,281)
Share of net profit of associates	11	452,771	651,501
Share of net profit/(loss) of joint ventures	12	242,902	(20,414)
<b>Profit before income tax</b>		<b>521,739</b>	<b>2,081,838</b>
Income tax expenses	8	(489,148)	(597,984)
Profit from continuing operations		<b>32,591</b>	<b>1,483,854</b>
Profit from discontinued operation		—	14,280
<b>Profit for the year</b>		<b>32,591</b>	<b>1,498,134</b>

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss:</i>		
— Exchange difference on translation of foreign operations	<u>129,391</u>	<u>(53,068)</u>
<i>Items that will not be reclassified to profit or loss:</i>		
— Exchange difference on translation of foreign operations attributable to non-controlling interests	(2,373)	—
— Revaluation gain on the property transferring from property, plant and equipment to investment properties	<u>—</u>	<u>1,383</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>127,018</u>	<u>(51,685)</u>
<b>Total comprehensive income for the year</b>	<u>159,609</u>	<u>1,446,449</u>
<b>(Loss)/profit for the year attributable to:</b>		
— The shareholders of the Company	(100,572)	1,171,943
— Non-controlling interests	<u>133,163</u>	<u>326,191</u>
	<u>32,591</u>	<u>1,498,134</u>
<b>(Loss)/profit for the year attributable to the shareholders of the Company arises from:</b>		
— Continuing operations	(100,572)	1,157,663
— Discontinued operation	<u>—</u>	<u>14,280</u>
	<u>(100,572)</u>	<u>1,171,943</u>
<b>Total comprehensive income for the year attributable to:</b>		
— The shareholders of the Company	28,819	1,117,345
— Non-controlling interests	<u>130,790</u>	<u>329,104</u>
	<u>159,609</u>	<u>1,446,449</u>

		<b>For the year ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<i>Note</i>			
<b>Total comprehensive income for the year attributable to the shareholders of the Company arises from:</b>			
— Continuing operations		<b>28,819</b>	1,103,065
— Discontinued operation		<u>—</u>	<u>14,280</u>
		<b><u>28,819</u></b>	<b><u>1,117,345</u></b>
<b>(Loss)/earnings per share for profit from continuing operations attributable to the shareholders of the Company for the year (expressed in RMB per share)</b>			
Basic (loss)/earnings per share	9	<b><u>RMB(0.022)</u></b>	<u>RMB0.249</u>
Diluted (loss)/earnings per share	9	<b><u>RMB(0.022)</u></b>	<u>RMB0.249</u>
<b>(Loss)/earnings per share attributable to the shareholders of the Company for the year (expressed in RMB per share)</b>			
Basic (loss)/earnings per share	9	<b><u>RMB(0.022)</u></b>	<u>RMB0.252</u>
Diluted (loss)/earnings per share	9	<b><u>RMB(0.022)</u></b>	<u>RMB0.252</u>

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

		<b>31 December 2020</b>	31 December 2019
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	13	<b>674,900</b>	852,500
Property, plant and equipment		<b>251,893</b>	254,242
Right-of-use assets		<b>54,253</b>	57,469
Interests in associates	11	<b>2,141,030</b>	1,858,413
Interests in joint ventures	12	<b>2,405,748</b>	2,329,032
Trade and other receivables, prepayments and deposits	15	<b>974,877</b>	2,178,006
Deferred income tax assets		<b>567,900</b>	507,984
Goodwill		<b>135,097</b>	37,078
		<b>7,205,698</b>	8,074,724
<b>Current assets</b>			
Properties held for sale		<b>1,186,481</b>	1,167,926
Properties under development for sale	14	<b>5,158,500</b>	6,590,927
Inventories		<b>51,565</b>	55,324
Contract assets	3.2	<b>179,226</b>	154,106
Trade and other receivables, prepayments and deposits	15	<b>5,666,240</b>	5,039,037
Restricted cash		<b>121,407</b>	255,771
Cash and cash equivalents		<b>5,131,678</b>	4,504,393
		<b>17,495,097</b>	17,767,484
<b>Total assets</b>		<b>24,700,795</b>	25,842,208

		<b>31 December 2020</b>	31 December 2019
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	16	<b>1,771,862</b>	1,495,431
Advance from lessees		<b>25,794</b>	28,393
Lease liabilities		<b>38,354</b>	38,860
Borrowings	17	<b>5,696,886</b>	4,616,701
Deferred income tax liabilities		<b>160,761</b>	169,120
		<b>7,693,657</b>	6,348,505
<b>Current liabilities</b>			
Trade and other payables	16	<b>9,518,171</b>	7,191,726
Advance from lessees		<b>2,692</b>	2,692
Contract liabilities	3.2	<b>304,896</b>	3,046,969
Lease liabilities		<b>19,519</b>	23,520
Borrowings	17	<b>856,706</b>	2,344,439
Current income tax liabilities		<b>810,015</b>	780,126
		<b>11,511,999</b>	13,389,472
<b>Total liabilities</b>		<b>19,205,656</b>	19,737,977
<b>EQUITY</b>			
<b>Capital and reserves attributable to the shareholders of the Company</b>			
Share capital		<b>38,702</b>	38,702
Reserves		<b>4,944,784</b>	5,259,996
		<b>4,983,486</b>	5,298,698
Non-controlling interests		<b>511,653</b>	805,533
<b>Total equity</b>		<b>5,495,139</b>	6,104,231
<b>Total liabilities and equity</b>		<b>24,700,795</b>	25,842,208

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 GENERAL INFORMATION

Landsea Green Properties Co., Ltd. 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 financial statements are presented in thousands of Renminbi ("RMB'000") unless otherwise stated.

The financial statements were approved for issue by the board of directors on 30 March 2021.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

#### 2.1 Basis of preparation

- (a) *Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Companies Ordinance ("HKCO")*

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and disclosure requirements of HKCO.

- (b) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and investment properties measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(c) *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*
- *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 amendments 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 financial performance and position.

(d) *New standards and interpretations not yet adopted*

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.

<b>Standards, amendments and interpretations</b>		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
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	Improvements to HKFRS 9, 16, 1 and HKAS 41	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
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 above standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.



### 3 REVENUE

#### 3.1 Revenue from contracts with customers

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue recognized at a point in time		
Property development and sales		
— Mainland China	3,209,379	3,126,730
— US	5,068,627	3,922,561
Management services (a)		
— Mainland China	275,907	404,104
— US	—	13,333
	<u>8,553,913</u>	<u>7,466,728</u>
Revenue recognized over period		
Property development and sales		
— US	—	428,533
Management services (a)		
— Mainland China	409,973	631,909
	<u>409,973</u>	<u>1,060,442</u>
Rental income		
— Office investment properties	28,017	31,565
	<u>8,991,903</u>	<u>8,558,735</u>

(a) Breakdown of the revenue from management services is as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue from development management services	256,948	368,963
Revenue from sales management services	275,907	404,103
Revenue from green product integration services	57,304	201,153
Revenue from brand authorisation services	95,721	75,127
	<u>685,880</u>	<u>1,049,346</u>

### 3.2 Assets and liabilities related to contracts with customers

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

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Contract assets related to		
— Property development and sales	—	174
— Management services	<b>183,996</b>	156,824
Less: provision for bad debt	<b>(4,770)</b>	(2,892)
	<u><b>179,226</b></u>	<u>154,106</u>
Contract liabilities related to		
— Property development and sales	<b>195,222</b>	3,007,561
— Management services	<b>109,674</b>	39,408
	<u><b>304,896</b></u>	<u>3,046,969</u>

*(a) Significant changes in contract assets and liabilities*

Contract assets consist of unbilled amount resulting from development management services in Mainland China when revenue recognized over the service period by reference to the costs incurred up to the end of reporting period as a percentage of the total expected costs to complete the contract exceeds the amount billed to customers.

The Group receives payments from customers based on billing schedule as established in contracts.

Contract liabilities decreased due to the delivery of properties during the current year.

*(b) Revenue recognized in relation to contract liabilities*

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year		
— Property development and sales	<b>2,983,159</b>	2,934,598
— Management services	<b>39,408</b>	31,625
	<u><b>3,022,567</b></u>	<u>2,966,223</u>

(c) *Contracted amounts to be recognized in future*

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Expected to be recognized within one year		
— Property development and sales	<b>177,269</b>	2,077,755
— Management services	<b>109,674</b>	39,408
Expected to be recognized after one year		
— Property development and sales	<b>17,953</b>	929,806
	<b>304,896</b>	3,046,969

(d) *Contract cost*

Costs directly attributable to obtaining a contract such as stamp duty and sales commissions are immaterial and expensed when they were incurred.

#### 4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The reports are prepared on the same basis as consolidated financial statements.

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 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 consolidated statement of comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2020 is as follows:

	For the year ended 31 December 2020				
	Property development and sales in US <i>RMB'000</i>	Property development and sales in Mainland China <i>RMB'000</i>	Management services <i>RMB'000</i>	Office property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue					
(from external customers) ( <i>note 3</i> )					
— Revenue recognized at a point in time under HKFRS 15	5,068,627	3,209,379	275,907	—	8,553,913
— Revenue recognized over period under HKFRS 15	—	—	409,973	—	409,973
— Rental income	—	—	—	28,017	28,017
	<u>5,068,627</u>	<u>3,209,379</u>	<u>685,880</u>	<u>28,017</u>	<u>8,991,903</u>
Depreciation of property, plant and equipment	(9,715)	(7,560)	(12,817)	(1,008)	(31,100)
Depreciation of right-of-use assets	(11,518)	(1,902)	(6,071)	—	(19,491)
Fair value gain on investment properties ( <i>note 13</i> )	—	—	—	80,790	80,790
Share of net profit of associates ( <i>note 11</i> )	—	452,771	—	—	452,771
Share of net (loss)/profit of joint ventures ( <i>note 12</i> )	(103,404)	346,306	—	—	242,902
Segment (loss)/profit	<u>(279,489)</u>	<u>1,226,553</u>	<u>78,753</u>	<u>233,374</u>	<u>1,259,191</u>
<b>At 31 December 2020</b>					
Segment assets	6,635,732	15,808,567	1,526,950	729,546	24,700,795
Interests in associates ( <i>note 11</i> )	—	2,141,030	—	—	2,141,030
Interests in joint ventures ( <i>note 12</i> )	131,632	2,274,116	—	—	2,405,748
Additions/(deductions) to non-current assets (excluding financial assets)	96,529	(3,866)	2,516	(261,115)	(165,936)
Segment liabilities	<u>4,191,847</u>	<u>14,094,023</u>	<u>864,605</u>	<u>55,181</u>	<u>19,205,656</u>

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2019 is as follows:

	For the year ended 31 December 2019				
	Property development and sales in US RMB'000	Property development and sales in Mainland China RMB'000	Management services RMB'000	Office property investment RMB'000	Total RMB'000
Segment revenue					
(from external customers) (note 3)					
— Revenue recognized at a point in time under HKFRS 15	3,922,561	3,126,730	417,437	—	7,466,728
— Revenue recognized over period under HKFRS 15	428,533	—	631,909	—	1,060,442
— Rental income	—	—	—	31,565	31,565
	<u>4,351,094</u>	<u>3,126,730</u>	<u>1,049,346</u>	<u>31,565</u>	<u>8,558,735</u>
Depreciation of property, plant and equipment	(7,109)	(7,571)	(9,633)	(1,150)	(25,463)
Depreciation of right-of-use assets	(11,061)	(1,473)	(8,278)	—	(20,812)
Fair value gain on investment properties (note 13)	—	—	—	3,870	3,870
Share of net profit of associates (note 11)	—	651,501	—	—	651,501
Share of net (loss)/profit of joint ventures	(71,910)	51,496	—	—	(20,414)
Segment profit	<u>251,440</u>	<u>1,905,391</u>	<u>484,732</u>	<u>25,101</u>	<u>2,666,664</u>
At 31 December 2019					
Segment assets	6,198,010	17,454,591	1,276,283	913,324	25,842,208
Interests in associates (note 11)	—	1,858,413	—	—	1,858,413
Interests in joint ventures (note 12)	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	<u>3,278,595</u>	<u>15,624,265</u>	<u>555,464</u>	<u>279,653</u>	<u>19,737,977</u>

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

	Revenue from external customers		Non-current assets	
	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2019 RMB'000
Mainland China	3,923,276	4,194,308	6,758,293	7,631,616
US	5,068,627	4,364,427	446,565	440,420
Hong Kong (domicile)	—	—	840	2,688
	<u>8,991,903</u>	<u>8,558,735</u>	<u>7,205,698</u>	<u>8,074,724</u>

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 year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Segment profit	1,259,191	2,666,664
Finance costs, net ( <i>note 7</i> )	(453,579)	(376,281)
Unallocated corporate expenses	(283,873)	(208,545)
Profit before income tax	<u>521,739</u>	<u>2,081,838</u>

## 5 OTHER INCOME

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Interest income from:		
— Amounts due from joint ventures and associates	101,855	134,377
— Amounts due from non-controlling interests	26,293	27,010
— Loan to third parties	1,391	7,606
Government grants ( <i>a</i> )	49,267	65,970
	<u>178,806</u>	<u>234,963</u>

(a) Government grants for the year ended 31 December 2020 was mainly tax rebate with amount of RMB26,620,000 (2019: RMB51,269,000).

## 6 OTHER GAINS — NET

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Gain on disposal of subsidiaries	193,944	26,037
Loss on disposal of property, plant and equipment	(55)	(41)
Net exchange (losses)/gains	(193,387)	68,489
Gain on re-measurement of existing interest in a joint venture upon conversion to a subsidiary	—	43,000
Gain on FVPL	—	2,115
Others	8,272	(2,500)
	<u>8,774</u>	<u>137,100</u>

## 7 FINANCE COSTS, NET

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Financial cost		
— Bank borrowings	199,107	217,808
— Loans from the ultimate controlling company	51,614	72,845
— Senior private notes	371,648	239,981
— EB-5 loans	1,820	30,011
— Loans from other financial institutions	20,385	35,185
— Interest expense on amounts due to related parties	55,007	40,788
— Sell and buy-back arrangement	—	38,178
— Discounted bank accepted notes	—	3,017
— Loans from non-controlling interests	9,398	11,708
— Financing component of contracts with customers	156,018	181,907
— Lease liabilities	3,579	4,665
— Other finance charges	10,381	20,960
	<u>878,957</u>	<u>897,053</u>
Less: interest capitalized	<u>(398,350)</u>	<u>(504,564)</u>
	<u>480,607</u>	<u>392,489</u>
Finance income		
— Bank interest income	(27,028)	(16,208)
	<u>453,579</u>	<u>376,281</u>

The average interest rate of borrowing costs capitalized for the year ended 31 December 2020 was approximately 6.37% per annum (2019: 6.87%).

## 8 INCOME TAX EXPENSE

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Current income tax		
— Hong Kong profit tax (a)		
Tax expense for the year	—	—
— Mainland China enterprise income tax (b)		
Tax expense for the year	125,153	460,140
— US profit tax (c)		
Tax expense for the year	19,367	75,351
	<u>144,520</u>	<u>535,491</u>
Mainland China land appreciation tax (b)	349,936	204,363
Deferred income tax	<u>(5,308)</u>	<u>(141,870)</u>
	<u><u>489,148</u></u>	<u><u>597,984</u></u>

(a) Hong Kong profit tax has been provided at 16.5% (2019: 16.5%) on the assessable profits arising in Hong Kong for the year.

(b) For the year ended 31 December 2020, the Group's subsidiaries in Mainland China are subject to enterprise income tax at the rate of 25% (2019: 25%) except for one subsidiary which is located in western areas of the PRC engaged in encouraged industries and is subject to a preferential tax rate of 15% in accordance with relevant regulations.

Land appreciation tax 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.



- (c) In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 26.51% (2019: 27.95%). This is then adjusted for items which are not assessable or deductible to arrive at an effective tax rate of 14.80% (2019: 22.26%).
- (d) Under the Law of Mainland China on Enterprise Income Tax (the “**EIT Law**”) and implementation regulations of the EIT Law, a withholding tax at 10% is imposed for dividends distributed by a Mainland China-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding company is established in Hong Kong according to the tax treaty arrangement between Mainland China and Hong Kong. The Group controls the dividend policies of subsidiaries in Mainland China. The directors of the Company confirmed that the remaining retained earnings of the Group’s subsidiaries in Mainland China as at 31 December 2020 will not be distributed to its immediate holding company in the foreseeable future. As at 31 December 2020, deferred income tax liability of RMB504,181,000 (2019: RMB438,921,000) on the remaining unremitted distributable profit generated by the Group’s subsidiaries in Mainland China attributable to its immediate holding company with the amount of RMB5,041,814,000 (2019: RMB4,389,214,000) was not recognized.

Pursuant to the requirements of the US Department of the Treasury on Withholding of Tax on Nonresident Aliens and Foreign Entities, a withholding tax at 30% is imposed for dividends distributed by a US-resident enterprise to its immediate holding company outside the US. A reduced rate, including exemption, may apply if there is a tax treaty between the country of residence and the US. The Group controls the dividend policies of subsidiaries in the US. The directors of the Company confirmed that the remaining retained earnings of the Group’s subsidiaries in the US as at 31 December 2020 will not be distributed to its immediate holding company in the foreseeable future. As at 31 December 2020, deferred income tax liability of RMB28,064,000 (2019: RMB60,129,000) on the remaining unremitted distributable profit generated by the Group’s subsidiaries in the US attributable to its immediate holding company with the amount of RMB104,172,000 (2019: RMB240,707,000) was not recognized.

- (e) As of 31 December 2020, the Group has unused tax losses RMB74,273,000 (2019: RMB74,296,000) available for offset against future profits for certain entities in Mainland China which have not been recognized due to the unpredictability of future profit streams. The tax losses in Mainland China would expire within five years.

## 9 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>For the year ended 31 December 2020 RMB'000</b>	For the year ended 31 December 2019 RMB'000
(Loss)/profit from continuing operations attributable to the shareholders of the Company	<b>(100,572)</b>	1,157,663
Profit from discontinued operation attributable to the shareholders of the Company	<u>–</u>	<u>14,280</u>
(Loss)/profit used to determine basic earnings per share	<u><b>(100,572)</b></u>	<u>1,171,943</u>
Weighted average number of ordinary shares in issue (in thousands)	<u><b>4,631,416</b></u>	<u>4,640,314</u>
Basic (loss)/earnings per share (expressed in RMB per share)		
From continuing operations attributable to the shareholders of the Company for the year	<b>RMB(0.022)</b>	RMB0.249
From discontinued operation	<u>–</u>	<u>RMB0.003</u>
	<u><b>RMB(0.022)</b></u>	<u>RMB0.252</u>

**(b) Diluted (loss)/earnings per share**

Diluted (loss)/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.

	<b>For the year ended 31 December 2020 RMB'000</b>	<b>For the year ended 31 December 2019 RMB'000</b>
(Loss)/profit from continuing operations attributable to the shareholders of the Company	<b>(100,572)</b>	1,157,663
Profit from discontinued operation attributable to the shareholders of the Company	<u>—</u>	<u>14,280</u>
Weighted average number of ordinary shares in issue (in thousands)	<b>4,631,416</b>	4,640,314
Adjustment for:		
— Assumed distribution of shares under restricted share award scheme (in thousands)	<u>—</u>	<u>5,391</u>
Adjusted weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u><b>4,631,416</b></u>	<u>4,645,705</u>
Diluted (loss)/earnings per share (expressed in RMB per share)		
From continuing operations attributable to the shareholders of the Company for the year	<b>RMB (0.022)</b>	RMB 0.249
From discontinued operation	<u>—</u>	<u>RMB 0.003</u>
	<u><b>RMB (0.022)</b></u>	<u>RMB 0.252</u>

## 10 DIVIDEND

	<b>For the year ended 31 December 2020 RMB'000</b>	For the year ended 31 December 2019 RMB'000
Final dividend for the year ended 31 December 2019 of RMB cents 7.40 (2018: RMB cents 3.83) per fully paid share	<b>351,583</b>	180,864
	<b>For the year ended 31 December 2020 RMB'000</b>	For the year ended 31 December 2019 RMB'000
Proposed distribution of final dividend out of contributed surplus account of HK\$ cents 3.00 (equivalent to RMB cents 2.50) (2019: HK\$ cents 8.20 (equivalent to RMB cents 7.40)) per ordinary share	<b>119,621</b>	351,583

The final dividend relating to the year ended 31 December 2019 was amounted to RMB351,583,000, of which RMB190,118,000 had been paid by the end of 31 December 2020.

The Board proposed to make a distribution out of contributed surplus account of HK\$ cents 3.00 (equivalent to RMB cents 2.50) (2019: HK\$ cents 8.20 cents (equivalent to RMB cents 7.40)) per ordinary share amounting to a total of RMB119,621,000. The proposed distribution is based on 4,722,307,545 (2019: 4,722,307,545) shares in issued as at 30 March 2021. The proposed final dividend is not reflected as a dividend payable as of 31 December 2020, but will be recorded as a distribution for the year ending 31 December 2021.

The proposed distribution out of contributed surplus account is subject to the passing of an ordinary resolution for approving the distribution of final dividend out by the shareholders at the annual general meeting of the Company to be held on 30 June 2021.

## 11 INTERESTS IN ASSOCIATES

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
At 1 January	1,858,413	1,315,706
Additions:		
— Additional investments in associates	404,800	10,200
— Subsidiaries becoming associates	—	50
Disposals:		
— Capital reduction of associates	(64,600)	—
— Associate becoming subsidiary	(50)	—
— Liquidation of an associate	—	(401)
Share of net profit of associates ( <i>note 4</i> )	452,771	651,501
Elimination of transactions with associates	(11,812)	(19,428)
Reversal of receivables from associates	(5,113)	(4,496)
Dividends from associates	(493,379)	(94,719)
At 31 December	2,141,030	1,858,413

Set out below are the associates of the Group as at 31 December 2020 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	% of ownership interest		Measurement method	Carrying amount	
		31 December	31 December		31 December	31 December
		2020	2019		2020	2019
					RMB'000	RMB'000
Chengdu Chengfeng Enterprise Management and Consultant Limited ("Chengdu Chengfeng")	Mainland China	33.00	33.00	Equity method	330,273	208,275
Hangzhou Langyou Investment Co., Limited ("Hangzhou Langyou")	Mainland China	30.00	30.00	Equity method	41,140	8,069
Individually immaterial associates					1,769,617	1,642,069
Total interests in associates					2,141,030	1,858,413

None of the Group's associates has quoted price available.

## 12 INTERESTS IN JOINT VENTURES

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
At 1 January	<u>2,329,032</u>	<u>2,596,047</u>
Additions:		
— Additional investments in joint ventures	81,360	533,825
— Subsidiaries becoming joint ventures	37,703	7,220
Disposals:		
— Disposal of joint ventures in subsidiaries	—	(418)
— Capital reduction of joint ventures	(57,825)	—
— Partial disposal of shares of joint ventures	(1,831)	(49,494)
— Liquidation of a joint venture	(1,044)	(333,902)
— Joint ventures becoming subsidiaries	—	(190,522)
Share of net profit/(loss) of joint ventures	242,902	(20,396)
Elimination of transactions with joint ventures	(63,514)	(203,754)
(Reversal of)/impairment on receivables from joint ventures	(51,891)	42,995
Dividends from joint ventures	(97,782)	(58,037)
Exchange difference	<u>(11,362)</u>	<u>5,468</u>
At 31 December	<u>2,405,748</u>	<u>2,329,032</u>

Set out below are the joint ventures of the Group as at 31 December 2020 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	% of ownership interest		Measurement method	Carrying amount	
		31 December	31 December		31 December	31 December
		2020	2019		2020 RMB'000	2019 RMB'000
Hangzhou Langping Real Estate Co., Ltd. ("Hangzhou Langping")	Mainland China	50.00	50.00	Equity method	224,269	697
Suzhou Chenqing Industrial Co., Ltd ("Suzhou Chenqing")	Mainland China	51.00	51.00	Equity method	35,814	—
Hangzhou Langzheng Real Estate Co., Ltd. ("Hangzhou Langzheng")	Mainland China	50.00	50.00	Equity method	22,526	41,520
Individually immaterial joint ventures					<u>2,123,139</u>	<u>2,286,815</u>
Total interests in joint ventures					<u>2,405,748</u>	<u>2,329,032</u>

None of the Group's joint ventures has quoted price available.

### 13 INVESTMENT PROPERTIES

As at 31 December 2020, the Group held certain properties located in Mainland China. Changes to the carrying amount of investment properties in the consolidated balance sheet are summarized as follows:

	<b>For the year ended</b>	
	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
At 1 January	<b>852,500</b>	6,465,630
Transfer from property, plant and equipment	—	343,000
Transfer from properties under development for sale	<b>107,810</b>	—
Addition	—	145,715
Fair value gain from continuing operations (note 4)	<b>80,790</b>	3,870
Fair value gain from discontinued operation	—	24,285
Disposal of discontinued operation	—	(6,130,000)
Disposal of subsidiaries	<b>(366,200)</b>	—
At 31 December	<b>674,900</b>	852,500

### 14 PROPERTIES UNDER DEVELOPMENT FOR SALE

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Properties under development for sale located in:		
— Mainland China	<b>515,650</b>	2,582,467
— US	<b>4,642,850</b>	4,008,460
	<b>5,158,500</b>	6,590,927
Less: provision for decline in the value of properties under development for sale	—	—
	<b>5,158,500</b>	6,590,927
Amount comprises:		
— Land payments	<b>2,792,749</b>	3,443,112
Leasehold land, Mainland China	<b>463,911</b>	1,450,011
Freehold land, US	<b>2,328,838</b>	1,993,101
— Development expenditures and improvements	<b>2,073,910</b>	2,411,609
— Finance cost capitalized	<b>291,841</b>	736,206
	<b>5,158,500</b>	6,590,927

# 15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Included in non-current assets:		
Amounts due from related parties	1,034,406	1,469,914
Less: provision for bad debt	(129,421)	(14,699)
	<u>904,985</u>	<u>1,455,215</u>
Amounts due from non-controlling interests (c)	—	634,632
Less: provision for bad debt	—	(6,346)
	<u>—</u>	<u>628,286</u>
Other receivables		
— Deposits for building construction	50,000	50,000
— Lendings to third parties	16,090	33,074
— Deposits for property maintenance (d)	5,579	12,386
	<u>71,669</u>	<u>95,460</u>
Less: provision for bad debt	(1,777)	(955)
	<u>69,892</u>	<u>94,505</u>
	<u>974,877</u>	<u>2,178,006</u>
Included in current assets:		
Trade receivables (a)		
— Related parties	294,508	274,028
— Third parties	564,237	670,020
	<u>858,745</u>	<u>944,048</u>
Less: provision for bad debt		
— Related parties	(16,255)	(2,740)
— Third parties	(158,505)	(71,418)
	<u>(174,760)</u>	<u>(74,158)</u>
	<u>683,985</u>	<u>869,890</u>



	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Prepayments		
— Prepaid taxes <i>(b)</i>	<b>61,823</b>	89,124
— Prepaid value added tax (“VAT”) and other surcharges <i>(b)</i>	<b>56,742</b>	112,496
— Prepayments for land bidding	—	236,000
— Other prepayments	<b>80,247</b>	73,823
	<b>198,812</b>	511,443
Amounts due from related parties	<b>3,542,100</b>	2,733,961
Less: provision for bad debt	<b>(192,425)</b>	(40,457)
	<b>3,349,675</b>	2,693,504
Amounts due from non-controlling interests <i>(c)</i>	<b>674,714</b>	184,936
Less: provision for bad debt	<b>(6,747)</b>	(1,849)
	<b>667,967</b>	183,087
Deposits for purchase of land	<b>209,011</b>	171,831
Less: provision for bad debt	<b>(2,090)</b>	(1,718)
	<b>206,921</b>	170,113
Other receivables		
— Lendings to third parties	<b>242,448</b>	471,319
— Consideration Receivables <i>(e)</i>	<b>171,500</b>	—
— Escrow Receivable	<b>75,806</b>	61,639
— Deposits in housing fund	<b>11,535</b>	19,572
— Deposits for building construction	<b>3,538</b>	4,955
— Deposits for apartments rental	<b>2,368</b>	2,102
— Deposits for land bidding	—	20,000
— Others	<b>57,618</b>	37,585
	<b>564,813</b>	617,172
Less: provision for bad debt	<b>(5,933)</b>	(6,172)
	<b>558,880</b>	611,000
	<b>5,666,240</b>	5,039,037

(a) Trade receivables

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade receivables from property development and sales	237,993	338,281
Trade receivables from management services	620,752	605,767
	<u>858,745</u>	<u>944,048</u>
Less: provision for bad debt	<u>(174,760)</u>	<u>(74,158)</u>
	<u><u>683,985</u></u>	<u><u>869,890</u></u>

The aging analysis of the current trade receivables based on the invoice date is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Related parties		
— Less than one year	115,212	130,950
— One to two years	83,025	125,203
— Two to three years	79,489	17,875
— Three to four years	16,782	—
	<u>294,508</u>	<u>274,028</u>
Third parties		
— Less than one year	92,294	566,168
— One to two years	392,449	46,879
— Two to three years	41,149	56,973
— Three to four years	38,345	—
	<u>564,237</u>	<u>670,020</u>
	<u><u>858,745</u></u>	<u><u>944,048</u></u>

The credit terms granted to customers of purchasing properties are generally ranging from 30 days to 60 days, while for the customers to whom the Group provides management services, decoration services and sales land, the credit terms are around one year.

- (b) The Group's subsidiaries in Mainland China which develop properties for sale are subject 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 subject to prepayments of EIT and land appreciation tax on expected profit margin and land appreciation tax based on advance collected from customers together. Such prepayments are recorded as "prepayments — prepaid tax".

- (c) 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 31 December 2020, the outstanding amounts due from the non-controlling shareholders of Suzhou Langkun amounted to RMB661,537,000.

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

- (d) Deposits for property maintenance are repayable within 2 to 8 years from the end of the year.
- (e) On 29 December 2020, the Group entered into an agreement to dispose of its 100% equity interests in Dawning Information for a total consideration of RMB500,000,000, of which RMB300,000,000 had been collected as of 31 December 2020. The transaction was completed on 29 December 2020 and the remaining RMB171,500,000 was collected in March 2021 after deducting the withholding tax amounting to RMB28,500,000.

As at 31 December 2020, the carrying amounts of trade and other receivables, prepayments and deposits (netting off provision for bad debt) were denominated in below currencies:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
RMB	<b>6,281,941</b>	6,589,205
US\$	<b>349,077</b>	613,906
HK\$	<b>10,099</b>	13,932
	<b><u>6,641,117</u></b>	<u>7,217,043</u>

As at 31 December 2020 and 2019, the fair value of trade and other receivables approximate their carrying amounts.

## 16 TRADE AND OTHER PAYABLES

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Included in non-current liabilities:		
— Amounts due to related parties	<b>1,687,307</b>	1,424,133
— Warranty accrual	<b>76,533</b>	60,646
— Other payables	<b>8,022</b>	10,652
	<b>1,771,862</b>	1,495,431
Included in current liabilities:		
— Amounts due to related parties	<b>6,024,107</b>	3,740,877
— Payables for construction materials and services	<b>1,556,954</b>	1,441,141
— Deposits received from rental and construction services	<b>454,127</b>	251,642
— Interest payable	<b>267,287</b>	219,137
— Amounts due to non-controlling interests	<b>259,837</b>	215,611
— Accruals for staff costs	<b>255,693</b>	234,786
— VAT and other tax payables	<b>247,359</b>	423,616
— Dividend payable	<b>161,222</b>	28,994
— Fundings from third parties	<b>138,854</b>	532,600
— Consideration payables	<b>27,676</b>	57,144
— Notes payables	<b>8,168</b>	29,121
— Other payables	<b>116,887</b>	17,057
	<b>9,518,171</b>	7,191,726

As at 31 December 2020, the carrying amounts of trade and other payables approximate their fair values.

As at balance sheet date, the aging analysis of the payables for construction materials and services based on invoice date is as follows:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Less than one year	<b>885,351</b>	1,072,550
One to two years	<b>497,393</b>	315,666
Two to three years	<b>153,504</b>	49,179
Over three years	<b>20,706</b>	3,746
	<b>1,556,954</b>	1,441,141

As at balance sheet date, the carrying amounts of trade and other payables were denominated in below currencies:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
RMB	<b>10,290,856</b>	8,099,846
US\$	<b>892,796</b>	571,665
HK\$	<b>106,381</b>	15,646
	<b><u>11,290,033</u></b>	<b><u>8,687,157</u></b>

## 17 BORROWINGS

	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Current RMB'000</b>	<b>Non-current RMB'000</b>	<b>Current RMB'000</b>	<b>Non-current RMB'000</b>
Secured				
— Bank borrowings	<b>720,385</b>	<b>1,376,770</b>	656,796	1,133,948
— Loans from other financial institutions	<b>—</b>	<b>—</b>	231,806	289,000
Total secured borrowings	<b><u>720,385</u></b>	<b><u>1,376,770</u></b>	<b><u>888,602</u></b>	<b><u>1,422,948</u></b>
Unsecured				
— Bank borrowings	<b>10,000</b>	<b>27,833</b>	—	—
— Senior notes 2018	<b>—</b>	<b>—</b>	1,415,837	—
— Senior notes 2019	<b>4,141</b>	<b>1,287,542</b>	—	1,368,212
— Senior notes 2020	<b>62,180</b>	<b>1,271,611</b>	—	—
— Loans from the ultimate controlling company	<b>—</b>	<b>917,577</b>	—	917,577
— EB-5 loans and contributions from EB-5 investors	<b>—</b>	<b>815,553</b>	—	907,964
— Loans from other financial institutions	<b>60,000</b>	<b>—</b>	40,000	—
Total unsecured borrowings	<b><u>136,321</u></b>	<b><u>4,320,116</u></b>	<b><u>1,455,837</u></b>	<b><u>3,193,753</u></b>
Total borrowings	<b><u>856,706</u></b>	<b><u>5,696,886</u></b>	<b><u>2,344,439</u></b>	<b><u>4,616,701</u></b>

Borrowings carry interest ranging from 0.10% to 10.75% (2019: 0.10% to 11.70%) per annum.

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

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
RMB	<b>1,552,193</b>	2,239,283
US\$	<b>5,001,399</b>	4,488,949
HK\$	<b>–</b>	232,908
	<b><u>6,553,592</u></b>	<b><u>6,961,140</u></b>

The Group's borrowings are repayable as follows as at each balance sheet date:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Within one year	<b>856,706</b>	2,344,439
Between one and two years	<b>3,000,814</b>	1,913,374
Between two and five years	<b>1,896,831</b>	1,812,805
Over five years	<b>799,241</b>	890,522
	<b><u>6,553,592</u></b>	<b><u>6,961,140</u></b>

## **CHAIRMAN’S STATEMENT**

### **2020 REVIEW**

#### **MARKET OVERVIEW**

During the previous year, despite the impact of the Epidemic, real estate market in the PRC has been recovering from the second half of last year and achieved steady growth. The sales area and sales value of commercial residential properties both reaching single-digit growth. Meanwhile, the launch of the “five red lines(五道紅線)” made 2020 the first year of prudent development of the PRC’s real estate market, and marked the crucial period of real estate companies to undergo industry transformation under the new logic.

For the United States, the annual GDP dropped by 3.5%, recording the lowest value since 1946, but annualized quarter-on-quarter growth in the third and fourth quarters turned from negative to positive, representing an apparent recovery from the first half of last year. Market sentiment in real estate market in the United States recovered since the second quarter of 2020.

#### **Operation Performance**

During the period under review, “Landsea Products” recorded contracted sales of approximately RMB41.19 billion. The contracted GFA was approximately 2.33 million sq.m., realizing a net core profit of RMB250 million with a year-on-year decrease of 82.2%. During the period, the Group secured 35 projects, of which 20 were in the PRC and 15 were in the United States.

The drop of net profit during the period was mainly due to: firstly, the delay in construction and delivery of houses in the United States due to material impact of the Epidemic in the area, which resulted in significant portion of revenue not being recognized in 2020; as at the end of 2020, the value of outstanding orders sold in the United States was approximately RMB2.72 billion, representing a year-on-year increase of 346%. During the period, under prudent principle, we provided for inventory impairment for certain projects in New York. The United States business segment recorded a core net loss of RMB70 million in 2020, instead of a core net profit of RMB190 million in 2019.

The progress of the expansion of light asset business in the PRC was delayed due to the Epidemic, which led to a shift in the timing of contracting and revenue recognition; During the period, due to the impact of factors including adjustment and controls on real estate in the PRC, selling prices of certain associates fell below expectation. We provided for impairment under prudent principle, resulting in loss in book value of non-cash nature.

Our business in United States was successfully listed in Nasdaq through SPAC on 7 January 2021, incurring related non-recurring expenses of approximately RMB105 million according to Hong Kong accounting standards; Meanwhile, the appreciation of RMB in 2020 resulted in unrealized exchange losses of RMB193 million.

The Board believes that despite suffering from the impact of the epidemic, the Company's overall operation remains satisfying, with prudent and sound investment in land acquisition and sufficient cash flow in both the PRC and the United States. Our on-balance sheet net debt ratio was only 25.9% and the cash to short term debt ratio was as high as 6.1x. The successful listing of our US business in Nasdaq will be benefiting its future development. We will continue to maintain a prudent and stable financial strategy and actively adopt various contingency measures to hedge against the ongoing impact of Epidemic across the PRC and the globe, so as to ensure smooth and orderly progress of our real estate projects throughout the year.

## **REAL ESTATE BUSINESS IN THE PRC**

In March 2021, Landsea was ranked as one of the top 100 real estate development enterprises (地產開發企業百強) for the 11th time. As a leading green property development service provider in the PRC, Landsea has been innovating and developing for nearly two decades, deeply cultivated continuously. As of the end of 2020, Landsea had built 132 green residential projects in 33 cities across the PRC, providing quality products and services to 500,000 property owners. Over 70% of Landsea's development projects are green real estate projects, the proportion was the highest among the green real estate developers in the PRC.



In December 2020, Landsea was once again selected as one of Top 10 China Real Estate Green Development Competitiveness (中國房地產綠色開發競爭力十強), ranking top one. Meanwhile, Zhangjiagang Le Mansion was also awarded as one of the “Top 10 Green Projects of 2020 (二零二零年度十大綠色項目)”. Since the launch of “Landsea International Block (朗詩國際街區)” in 2005, Landsea has continued to explore residence with green technology, and has experienced iterations from centralized residence to household residence and then to compound residence. In April 2020, we launched “Ark of Freedom (自由方舟)”, a green healthy residents, as a new generation of products, and quickly debuted in cities such as Zhongshan, Chengdu, Nanjing and Suzhou. In the future, the product will be developed in Wuhan, Kaifeng, Beijing, Huizhou and other cities. This residential product possesses more than 100 patents, has initiated another mission to explore of the boundary of “freedom” of human living. Its differentiated product capability has brought significant competitive advantages, the developed products had a premium of RMB 3,000 to 6,000 per square meter as compared with competing products in the surrounding area.

During the period, the Company acquired a total of 20 projects in cities including Nanjing, Suzhou, Wuxi, Jiaxing, Ningbo, Jinhua, Huizhou and Tianjin, saleable value and saleable area of new projects was approximately RMB26.56 billion and 1.61 million sq.m. respectively. Among those city, Huizhou, Jinhua and Mianyang were cities we entered into for the first time. In 2020, the Company’s new-acquired development projects concentrated in first and second tier cities and a small number of third and fourth tier cities in core areas, of which the value of projects in the Yangtze River Delta and the Greater Bay Area has reached approximately 85% among new-acquired projects in the PRC.

## **REAL ESTATE BUSINESS IN THE UNITED STATES**

Factors including the desire for independent space created by the Epidemic outbreak, the entry of millennial into the home buying market, the continuing reduction in mortgage rates, and the lack of housing supply have created great market opportunities for homebuilders in the United States, especially those deeply cultivated in high-growth markets.

In January 2020, we acquired Garrett Walker Homes, a homebuilder in Phoenix, Arizona, and acquired 18 of its single-family community projects (14 of which were in sale) and over 1,700 lots. The projects acquired in the acquisition complemented Landsea Homes’ original business layout, further optimizing its product portfolio in the United States and providing assistance to Landsea Homes’ solid growth in the entire United States market. As of the end of 2020, Landsea Homes has jumped to the fifth place in the builder ranking in Arizona. By now, Arizona, California and the New York metropolitan area together constitute a significant source of revenue for Landsea Homes.

In January 2021, Landsea Homes was officially listed on NASDAQ and became one of the 18 listed builders in the United States, recognizing our commitment and efforts of over 7 years in the United States market as well as remarking beginning of our new journey. Landsea Homes, becoming an independent listed entity, helps further enhance its corporate governance level, broaden its financing channels, and facilitate extensive and in-depth communication with potential investors, which in turns contributes assist sustainable growth of its business in the United States. With the Epidemic gradually came under control and the residence market continued to heat up, the United States real estate business is expected to grow in a long term.

During the period, Landsea Homes secured a total of 15 projects in second-tier gateway cities such as Orinda, California and Phoenix, Arizona, saleable value of new projects was approximately RMB6.65 billion, representing a year-on-year increase of 66%, and saleable area of new projects was 550,000 sq.m.. In 2020, contracted sales of property projects in the United States reached RMB6.91 billion, representing an increase of 73% as compared with last year.

## **CORPORATE SOCIAL RESPONSIBILITIES AND SUSTAINABLE DEVELOPMENT**

Landsea always adheres to coordinate development of economy, society and environment, and conducts corporate operations responsibly; It vigorously promotes green development of the supply chain, and has continued to introduce innovative technologies and integrated internal and external resources over years, to form a green chain management system in respect of the whole process of project planning and design, procurement, construction to operation and maintenance. Over the past four years since the establishment of Green Chain Action, of which I am the Chairman, 100 real estate companies have joined the action; as of October 2020, a total of 3,848 real estate upstream companies in 10 categories have joined the Green Chain Supplier White List.

At the end of 2020, the Institute of Public and Environmental Affairs (公眾環境研究中心) released the results of the seventh annual evaluation of the Green Supply Chain CITI Index, and Landsea was ranked first in the real estate sector for the fourth time, maintaining its leading position in the green real estate industry. Meanwhile, with its outstanding performance in promoting greening of the supply chain and green transformation of the industry, Landsea was awarded the honorary title of “Green Chain Enterprise of the Year (年度綠鏈企業)” and the Award of Excellence under the category of “Green Supply Chain Enterprise” of the Year at the China Real Estate Chamber of Commerce Annual Conference 2020.

During the period, the 2019 ESG Report of Landsea Green Property was granted the “Sustainability and Social Responsibility Reporting Awards” by the Hong Kong Institute of Certified Public Accountants, winning the award for two consecutive years.

## **OUTLOOK FOR 2021**

### **Development Analysis**

The government work report in March 2021 insisted on the positioning of “Houses are for living but not for speculating” and proposed “stable land price, stable house price and stable expectation (穩地價、穩房價、穩預期)” to promote the stable and healthy development of the real estate market; it is expected that the macro policy will continue to follow the prudent principle in 2021, the deleveraging of real estate finance will continue to intensify, the era of general and significant inflation in house price has passed.

It is clearly stated in the “14th Five-Year Plan” that a carbon emissions peaking action plan should be formulated by 2030, to achieve carbon neutrality by 2060; accelerating development by way of green transformation and commencing demonstration of major projects such as nearly zero-energy buildings. At the same time, consumer market in the PRC is expected to further expand during the “14th Five-Year Plan” period and become the world’s largest market. The growth of income will bring adjustment of consumption structure, prompting the upgrading of consumption towards high-end, high-quality and smart transformation. The major trend is to promote low-carbon transformation, develop green buildings and promote the healthy development of residence consumption.

As early as 2004, Landsea, in foresight, established a differentiated competitive strategy focusing on green technology residence and has been adhering to it since then. Upholding the mission of creating green living with high comfort and low energy consumption, Landsea has been polishing its products through continuous investment in research and development and its in-depth observation on customers, as well as constant reforms and improvement. At the same time, we have been exploring asset-light for years; Asset-light transformation is principally an innovation in business model and the restructuring of earning model, based on strong product and operation capabilities, healthy financial position and the ability to obtain capitals. In the future, as our strategic choice, we will continue to implement and polish our differentiated product technology and asset-light business model; we will also effectively implement the concept of customer service and sustainable development in our mindset, and guide our business development with the strategic positioning of “green builder + real estate investment bank (綠色建商+地產投行)”.

### **ACKNOWLEDGEMENT**

As 2020 came to the end, Landsea also celebrated its 20th anniversary. We make breakthroughs and move forward steadily. As a company with distinctive values, Landsea has always adhered to its own strategies and cultural position, and upheld its belief in long-term concept. It is the vision and source of motivation of Landsea to become a “Everlasting Green Company”. The continuous support from all sectors in the society and valuable contribution from the dedicated staff at all levels are essential to the strong development of the Group over the past 20 years. On behalf of the Board, I would like 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overall performance of the Group*

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 2020, “Landsea Products” recorded contracted sales of approximately RMB41.19 billion (including the contracted sales of approximately RMB39.86 billion from the Group and a small amount of remaining projects entrusted by Landsea Group) (2019: approximately RMB40.49 billion). The contracted GFA of 2,333,585 sq.m. (including 2,251,373 sq.m. from the Group and a small amount of remaining projects entrusted by Landsea Group) (2019: 2,340,931 sq.m.), remained basically the same as compared with 2019.

In 2020, the Group secured 35 projects, of which 20 were in the PRC and 15 were in the United States, all of the projects were under development for sale (including 17 projects in which the Group held equity interests and 18 development management projects entrusted by independent third parties).

In 2020, the Group recorded an increase in the new project saleable area of 2,160,986 sq.m. with expected new project saleable value of approximately RMB33.21 billion, in which new project GFA of 979,388 sq.m. (new project saleable area of 860,089 sq.m.) and expected new project saleable value of approximately RMB11.27 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 683,066 sq.m. (new project saleable area of 646,950 sq.m.) as well as expected new project saleable value of approximately RMB8.01 billion. During the period, the Group obtained new entrusted development management projects with GFA of 1,873,358 sq.m. (saleable area of 1,300,897 sq.m.) and expected saleable value of approximately RMB21.94 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 31 December 2020, the Group had project reserves with saleable area of 5,289,758 sq.m. and expected saleable value of approximately RMB104.32 billion, in which saleable area of 1,947,043 sq.m. and expected saleable value of approximately RMB37.64 billion secured for the equity-held projects, with saleable area of 1,139,253 sq.m. and expected saleable value of approximately RMB21.15 billion attributable to the Group. The Group had also acquired a total of 48 development management projects by entrusted independent third parties, with saleable area of 3,342,715 sq.m. and expected saleable value of approximately RMB66.68 billion. The Group held the leased properties with total GFA of 165,632 sq.m. and the equity-held projects with GFA of 91,082 sq.m..

## **Business development in the PRC**

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 20 projects in cities such as Nanjing, Suzhou, Wuxi, Jiaxing, Ningbo, Jinhua, Huizhou and Tianjin with an additional saleable area of 1.61 million sq.m. and saleable value of approximately RMB26.56 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 RMB900 million (2019: RMB1.8 billion). In addition, at the end of 2020, confirmed contracts of the Group amounted to approximately RMB1.15 billion.

## **Business development in the United States**

The Group's property development business covers both the PRC and the United States. Currently, Landsea Homes Incorporated ("**Landsea Homes**") ranks top 40 among real estate developers in the United States. Since entering into the United States 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. Assets of United States business accounted for approximately 26.9% of the Group's assets for the year ended 31 December 2020.

During the period, Landsea Homes secured 15 projects in cities including Olinda, California and Phoenix, Arizona, with additional saleable area of 0.55 million sq.m. and saleable value of approximately RMB6.65 billion.

## **Contracted sales in which the Group held equity interests and properties sold but not recognised**

In 2020, the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB25.68 billion with contracted sales area of 1,410,828 sq.m., i.e. an average selling price of RMB18,205 per sq.m.. The contracted sales were mainly from the on-sale projects in Shanghai, Tianjin, Chongqing, Chengdu, Nanjing, Suzhou, Wuxi, Hefei and Zhongshan, etc. in the PRC and first tier and second tier gateway cities in the United States. As at 31 December 2020, the Group's accumulated areas of properties sold but not recognized were 2,681,693 sq.m. (31 December 2019: 2,402,004 sq.m.), amounting to approximately RMB43.65 billion (31 December 2019: approximately RMB39.78 billion), in which areas of properties sold but not recognised attributable to the Group were 1,080,907 sq.m. (31 December 2019: 902,868 sq.m.), amounting to approximately RMB17.41 billion (31 December 2019: approximately RMB15.28 billion).



## External contracts 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%	2,622	—	—
2	Nanjing Future Home	50.1%	(423)	—	—
3	Nanjing Poly Landsea Weilan	49.9%	35,218	1,295	27,187
4	Nanjing Xihua Mansion	19.0%	5,440	—	—
5	Nanjing Zixi Mansion	20.0%	1,093,719	61,659	17,738
6	Suqian Weilan Elegant Yard	51.0%	662,232	62,539	10,589
7	Suqian Weilan Court	51.0%	400,198	36,788	10,878
8	Hefei Wanxin's Hi-tech Court	49.0%	1,088,968	56,984	19,110
9	Shangshi Landsea Future Block	100.0%	710,433	38,445	18,479
10	Kunshan Langlu Garden	51.0%	15,300	—	—
11	Kunshan Langyue Garden	51.0%	72,220	1,150	62,780
12	Wuxi Tiancui	100.0%	2,712	—	—
13	Suzhou Green County of Taihu	55.0%	6,790	408	16,642
14	Wuxi Luka Small Town	100.0%	9,528	(89)	(106,846)
15	Suzhou 8 Renmin Road	100.0%	2,145	—	—
16	Yixin Xindu Mansion	26.0%	39,230	500	78,454
17	Suzhou Blue Square	51.0%	79,036	5,016	15,757
18	Suzhou Cheng Garden	0.1%	23,556	178	132,048
19	Suzhou Wuyue Xihua Elegant Court	15.0%	1,852,127	56,908	32,546
20	Wuxi Xihua Mansion	45.0%	1,637,052	69,318	23,617
21	Changshu Landsea Crystal	51.0%	532,765	21,054	25,304
22	Zhangjiagang Le Mansion	50.1%	466,314	21,464	21,726
23	Hangzhou Xihua Mansion	49.0%	53,650	449	119,572
24	Hangzhou Le Mansion	50.0%	40,860	787	51,945
25	Hangzhou Light of City	40.0%	5,028	—	—
26	Ningbo Crystal Apartment	40.0%	5	—	—
27	Hangzhou Maple Union	50.0%	9,803	—	—
28	Haining Oasis Jing Yuan	20.1%	465,785	35,493	13,123
29	Wuhan Xihua Mansion	30.0%	61,000	1,627	37,490
30	Chengdu Southern Gate Green	25.0%	27,677	—	—
31	Chengdu Landsea Qingyang District Project	9.9%	985,266	47,958	20,544
32	Chengdu Future Home	100.0%	2,953	—	—
33	Chengdu Xihua Mansion	33.0%	86,816	369	235,209
34	Chongqing Yue Mansion	30.0%	725,077	52,427	13,830
35	Chengdu Landsea Cuiyue	50.0%	16,576	717	23,123
36	Chengdu Shanglin Xihua Mansion	33.3%	269,685	25,175	10,712
37	Chendu Future Zhe	50.0%	1,266,049	41,417	30,569
38	Chengdu Golden Mansion Future Block	51.0%	632,782	85,752	7,379

# 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)
39	Chengdu Le Mansion	50.6%	1,577,471	60,499	26,075
40	Chendu XihuaTianxi	50.0%	2,501,126	91,909	27,213
41	Tianjin Emerald Lan Wan	75.0%	26,802	1,718	15,605
42	Tianjin Cuiweilan Pavilion	35.0%	413,682	26,428	15,653
43	Shijiazhuang Future Block	25.5%	189,263	21,262	8,902
44	Xi'an Future Block	30.0%	143,253	9,646	14,850
45	Zhongshan Landsea Dezhou Shangjun	34.5%	536,080	35,072	15,285
46	Iron Ridge	100.0%	965,693	33,150	29,131
47	Tevelde	100.0%	869,112	51,557	16,857
48	Sanctuary	100.0%	759,390	20,253	37,495
49	North Copper Canyon	100.0%	563,920	63,267	8,913
50	Verrado	100.0%	448,071	36,468	12,287
51	West Pointe	100.0%	445,142	40,534	10,982
52	Westerly	100.0%	400,827	15,695	25,539
53	Catalina	100.0%	347,101	6,897	50,326
54	Park Forest	100.0%	287,428	39,346	7,305
55	Avora	51.0%	252,353	4,456	56,632
56	Sundance	100.0%	226,985	20,978	10,820
57	Centerra	100.0%	203,828	18,273	11,155
58	Sonora Crossing	100.0%	186,564	13,561	13,758
59	Crestley	100.0%	185,808	7,187	25,853
60	Abigail Place	100.0%	173,622	4,643	37,394
61	Orinda	100.0%	163,270	3,293	49,581
62	Harvest Queen Creek	100.0%	127,296	9,851	12,922
63	Grand Village	100.0%	61,944	16,805	3,686
64	Germann Country Garden Estates	100.0%	58,470	3,706	15,777
65	Alamar	100.0%	56,373	5,000	11,275
66	Mountain Views	100.0%	54,652	11,435	4,779
67	Lido Villas	100.0%	30,322	347	87,383
68	Encanta	100.0%	29,124	3,190	9,130
69	Trenton park	100.0%	6,710	5,096	1,317
70	Bethany Ranch	100.0%	4,266	3,367	1,267
71	Eastmark	100.0%	1,999	151	13,238
Equity-held projects entered into by HK106			25,684,141	1,410,828	18,205

# Contracted sales GFA does not include parking space

## Project reserves

As at 31 December 2020, the Group had project reserves with saleable area of approximately 5,289,758 sq.m. and expected saleable value of approximately RMB104.32 billion. In terms of equity interests, saleable area attributable to the Group was approximately 1,139,253 sq.m. and expected saleable value was approximately RMB21.15 billion. The Group had also acquired a total of 48 development management projects by entrusted independent third parties, with saleable area of approximately 3,342,715 sq.m. and expected saleable value of RMB66.68 billion.

## Accumulated land reserve at the end of 2020

Number	Project	Equity Holding	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA for future development	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB'000)	Saleable GFA (sq.m.)
						(sq.m.)				
1	Shanghai Future Block	100.0%	233,791	233,791	–	–	2,824,838	149,587	98,060	–
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	–	–	2,927,438	245,414	68,208	–
4	Nanjing Future Home	50.1%	133,530	133,530	–	–	959,822	109,579	14,970	–
5	Suzhou Green County of Taihu	55.0%	438,677	438,677	–	–	5,642,889	326,805	7,148	477
6	Wuxi Tiancui	100.0%	48,772	48,772	–	–	499,094	34,793	4,502	200
7	Wuxi Luka Small Town	100.0%	139,689	133,919	–	5,770	701,287	93,362	64,681	5,952
8	Suzhou Oasis	20.0%	99,790	99,790	–	–	1,129,223	73,580	1,229	93
9	Nanjing Poly Landsea Weilan	49.9%	250,567	250,567	–	–	5,628,769	196,680	32,680	847
10	Nanjing Xihua Mansion	19.0%	201,116	201,116	–	–	5,551,180	149,556	57,192	2,917
11	Hangzhou Xihua Mansion	49.0%	139,152	139,152	–	–	4,323,540	88,760	62,290	–
12	Hangzhou Le Mansion	50.0%	80,602	80,602	–	–	2,620,391	54,469	60,325	369
13	Chengdu Landsea Qingyang District Project	9.9%	685,684	–	685,684	–	6,290,416	357,731	–	–
14	Tianjin Emerald Lan Wan	75.0%	142,156	142,156	–	–	1,551,857	108,563	9,400	–
15	Tianjin Cuiweilan Pavilion	35.0%	157,140	59,332	97,808	–	1,485,513	104,288	168,562	7,677
16	Shanghai Changfenghui Silver Premier	100.0%	18,875	18,875	–	–	889,575	16,877	67,227	1,529
17	Suzhou Blue Square	51.0%	91,325	–	91,325	–	796,956	46,940	134,059	16,691
18	Wuhan Xihua Mansion	30.0%	140,553	–	140,553	–	61,000	1,627	3,436,476	98,345
19	Changsha Lu Island Project	1.0%	266,216	80,301	112,098	73,817	950,100	148,987	85,422	13,657
20	Chengdu Xihua Mansion	33.0%	367,753	367,753	–	–	4,287,043	230,594	517,978	24,817
21	Hefei Wanxin's Hi-tech Court	49.0%	129,919	–	129,919	–	1,700,898	83,203	238,065	7,821
22	Hangzhou Light of City	40.0%	94,095	94,095	–	–	1,434,609	72,791	21,042	–
23	Chengdu Future Home	100.0%	146,733	146,733	–	–	862,840	107,822	–	–
24	Chengdu Landsea Cuiyue	50.0%	30,316	30,316	–	–	131,344	9,592	42,663	1,641
25	Hefei Feidong Jade Garden	10.0%	57,398	–	57,398	–	147,220	8,584	365,935	31,838
26	Yixing Xindu Mansion	26.0%	220,045	158,667	61,378	–	1,602,650	163,519	30,436	–
27	Suqian Weilan Court	51.0%	224,621	–	224,621	–	1,596,048	160,783	65,760	–



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.)
28	Sujian Weilan Elegant Court	51.0%	200,522	77,829	122,693	–	1,446,067	137,498	24,046	1,309
29	Chongqing Le Mansion	30.0%	332,649	62,121	228,608	41,920	2,989,326	183,634	1,805,710	86,303
30	Nanjing Zixi Mansion	20.0%	209,504	–	209,504	–	1,227,869	70,441	1,768,818	80,712
31	Suzhou Cheng Garden	0.1%	12,450	12,450	–	–	270,480	6,999	6,512	176
32	Hangzhou Linglongyue	30.0%	153,746	–	–	153,746	–	–	1,990,000	127,214
33	Chengdu Golden Mansion Future Block	51.0%	384,307	–	306,236	78,071	1,577,462	228,901	714,909	58,647
34	Chengdu Shanglin Xihua Mansion	33.3%	265,576	–	265,576	–	1,861,409	132,936	1,794,827	59,410
35	Suzhou Wuyue Xihua Elegant Court	15.0%	129,571	51,237	78,334	–	2,871,727	87,061	14,825	543
36	Kunshan Langlu Garden	51.0%	43,362	–	43,362	–	666,260	26,336	–	–
37	Kunshan Langyue Garden	51.0%	43,294	–	43,294	–	682,910	27,645	–	–
38	Shijiazhuang Future Block	25.5%	162,370	–	127,526	34,844	1,079,183	124,875	121,200	–
39	Nanjing Wangjiawan Project	60.0%	136,671	–	63,516	73,155	–	–	1,873,557	72,483
40	Xi'an Future Block	30.0%	85,111	–	85,111	–	724,333	55,343	93,429	1,746
41	Chendu Future Zhe	50.0%	216,938	–	190,318	26,620	1,266,049	41,417	1,622,049	149,094
42	Wuxi Xihua Mansion	45.0%	230,096	–	230,096	–	3,544,982	138,146	291,449	3,254
43	Zhongshan Landsea Dezhou Shangjun	34.5%	80,160	–	80,160	–	536,080	35,072	436,119	21,922
44	Chengdu Le Mansion	50.6%	124,114	–	124,114	–	1,577,471	60,499	775,454	23,507
45	Chendu Xihua Tianxi	50.0%	190,204	–	190,204	–	2,501,126	91,909	1,079,470	32,432
46	Changshu Landsea Crystal	51.0%	48,292	–	48,292	–	532,765	21,054	315,665	11,193
47	Zhangjiagang Le Mansion	50.1%	123,233	–	123,233	–	466,314	21,464	1,470,440	66,117
48	Haining Oasis Jing Yuan	20.1%	313,501	–	191,180	122,321	465,785	35,493	3,061,461	189,128
49	Mianyang Xiaojian Project	60.0%	114,587	–	–	114,587	–	–	1,099,025	84,167
50	Chongqing Future Times	0.0%	188,273	–	188,273	–	354,631	47,872	772,904	77,850
51	Nanjing Qixia G82 Project	0.0%	124,989	–	–	124,989	–	–	2,334,290	112,906
52	0 Fuying Road Project	0.0%	39,175	–	–	39,175	–	–	563,410	25,933
53	Nanjing G22 Project	0.0%	102,630	–	102,630	–	–	–	2,546,455	75,324
54	Nanjing Landsea Linglongjun	0.0%	134,633	–	134,633	–	2,639,657	101,055	–	–
55	Xi'an Langshiyuan Nanqi	0.0%	68,441	–	68,441	–	677,358	40,908	9,154	519
56	Nanjing Haiyue Metropolis	0.0%	278,748	278,748	–	–	9,610,126	205,953	25,465	–
57	Nanjing Landsea Golden Elephant Mangrove	0.0%	307,241	230,001	77,240	–	6,046,411	216,606	30,676	1,206
58	Nanjing Jiulong Xi'an	0.0%	257,054	180,538	76,516	–	3,034,249	119,033	308,637	10,697
59	Hefei Landsea Green County	0.0%	148,441	148,441	–	–	1,332,040	102,268	10,405	655
60	Wuxi Landsea New County	0.0%	297,136	–	297,136	–	135,390	–	4,051,873	191,128
61	Suzhou Wuzhong Hongzhuang Project	0.0%	122,242	–	122,242	–	1,088,029	42,105	–	–
62	Century Landsea Green County in Yancheng Dongtai	0.0%	200,269	36,248	88,688	75,333	1,242,163	111,653	473,939	43,433
63	Nanjing G68 Project	0.0%	263,294	–	263,294	–	–	–	10,500,000	150,000
64	Zhangjiakou Dongshan Yiyuan	0.0%	134,908	–	134,908	–	461,721	65,145	229,753	20,447
65	Nanjing Jiangning G45 Project	0.0%	142,633	–	142,633	–	912,489	27,837	1,690,230	77,163
66	Wuhan West Coast	0.0%	171,838	43,779	128,059	–	1,088,298	98,521	189,520	11,432
67	Rugao Xihua Mansion	0.0%	292,587	–	292,587	–	2,211,209	158,776	1,247,158	91,310
68	Suzhou Wujiang Shangyi Project	0.0%	281,829	–	61,074	220,755	–	–	1,484,850	97,950
69	Changzhou Xihua Mansion	0.0%	140,833	–	140,833	–	2,360,268	100,461	117,791	840
70	Chengdu Yaolongwan	0.0%	188,652	–	188,652	–	–	–	807,550	106,727

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.)
71	Chengdu Guanshanyue	0.0%	191,853	–	191,853	–	1,097,240	106,963	71,839	1,347
72	Wuxi Xiangbin Street	0.0%	58,294	–	–	58,294	–	–	845,290	42,400
73	Xi'an Huyuqi	0.0%	28,835	–	28,835	–	325,016	20,018	–	–
74	Wuhan Dongxi Lake Jinnan First Road Project	0.0%	595,139	180,000	193,949	221,190	–	–	9,850,000	420,000
75	Beijing Jianguo Apartment Project	0.0%	22,483	–	22,483	–	–	–	1,110,000	12,885
76	Beijing Zengguang Road Project	0.0%	14,729	–	–	14,729	–	–	1,000,000	9,109
77	Kaifeng Bianjing Xihua Mansion	0.0%	278,468	–	278,468	–	–	–	2,218,586	212,212
78	Xi'an Yue Centre	0.0%	126,335	–	–	126,335	–	–	–	–
79	Chengdu Tianfu Green	0.0%	276,474	–	147,923	128,551	459,498	41,398	1,163,308	101,568
80	Suzhou Hefeng Xihua Elegant Court	0.0%	185,379	–	185,379	–	3,031,248	91,554	1,548,600	39,970
81	Xianyang Weichengfu	0.0%	394,474	–	61,965	332,509	76,889	8,314	3,036,553	271,834
82	Nanjing Hanzhong Gongguan	0.0%	12,653	–	12,653	–	297,521	8,971	134,220	3,681
83	Cuzhou Zhizaogu	0.0%	118,961	–	–	118,961	–	–	475,325	57,347
84	Nantong Haiyingli	0.0%	86,399	–	–	86,399	–	–	637,788	66,754
85	Yangzhou Longpowan	0.0%	130,690	–	130,690	–	23,850	2,407	654,390	59,285
86	Suzhou Caohu Project	0.0%	132,740	–	–	132,740	–	–	2,013,200	92,105
87	Suzhou Huangqiao Project	0.0%	71,632	–	–	71,632	–	–	697,260	24,884
88	Yixing Guanlin Project	0.0%	92,508	–	–	92,508	–	–	451,830	61,620
89	Jiangyin Linggang Plot B	0.0%	79,145	–	–	79,145	–	–	908,750	77,992
90	Wuxi Yuculi	0.0%	125,904	–	111,044	14,860	226,631	12,472	1,203,919	67,423
91	Suzhou Zhong'ou Project	0.0%	91,545	–	91,545	–	48,732	2,338	416,737	16,761
92	Suzhou Wujiang Chengtong Project	0.0%	155,356	–	–	155,356	–	–	3,088,470	99,609
93	Jinhua Taoyuanli	0.0%	162,643	–	82,969	79,674	–	–	1,420,780	109,235
94	Ningbo Hangzhouwan Project	0.0%	163,434	–	–	163,434	–	–	2,204,270	165,198
95	Tianjin Lanhuajun Project	0.0%	77,762	–	–	77,762	–	–	981,000	93,143
96	Xi'an Le Mansion	0.0%	68,284	–	–	68,284	–	–	967,240	43,681
97	Huizhou Longhai 2 Road	0.0%	139,537	–	–	139,537	–	–	2,187,700	97,152
98	Avora	51.0%	31,776	31,776	–	–	1,102,422	18,420	380,327	5,409
99	The Westerly	100.0%	34,559	30,279	4,280	–	770,369	33,009	20,070	1,551
100	Iron Ridge	100.0%	143,457	124,726	9,698	9,033	2,602,302	126,208	483,632	17,249
101	Sanctuary	100.0%	259,655	253,418	6,237	–	2,165,740	259,655	6,524	–
102	Synagogue	90.0%	4,552	641	3,911	–	–	–	554,813	3,412
103	Catalina	100.0%	15,249	8,827	6,422	–	405,929	8,671	381,103	6,578
104	Sonora Crossing	100.0%	14,623	6,846	5,282	2,495	176,638	13,561	26,555	1,062
105	14th & 6th	95.0%	7,550	–	7,550	–	–	–	1,014,684	4,952
106	Tevelde	100.0%	115,465	24,301	25,513	65,651	823,157	51,557	979,814	63,908
107	Crestley	100.0%	15,650	3,753	4,089	7,808	175,962	7,187	247,634	8,463
108	Novato	100.0%	10,628	–	–	10,628	–	–	380,973	10,628
109	Harvest Queen Creek	100.0%	19,699	2,134	7,050	10,515	118,239	9,671	112,879	10,028
110	North Central Phoenix (Madison Town & Country)	100.0%	10,124	–	–	10,124	–	–	225,870	10,124
111	Alamar	100.0%	15,838	450	3,599	11,789	53,385	5,000	108,318	10,838
112	Centerra	100.0%	45,047	16,001	2,342	26,704	193,177	18,373	283,211	26,674
113	Eastmark	100.0%	29,410	8,501	–	20,909	88,210	8,501	256,654	20,909
114	Estrella	100.0%	32,908	9,410	–	23,498	44,565	4,705	309,698	28,203
115	Verrado	100.0%	91,462	38,420	10,073	42,969	590,652	50,423	494,852	41,038

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.)
116	Ontario Vander Eyk	100.0%	47,074	–	–	47,074	–	–	926,256	47,074
117	Orinda	100.0%	9,081	–	1,911	7,170	154,617	3,293	274,576	5,788
118	Germann Country Garden Estates	100.0%	4,174	783	3,131	260	55,371	3,706	9,035	468
119	North Copper Canyon	100.0%	95,464	46,926	5,044	43,494	639,389	63,267	273,897	32,197
120	Grand Village	100.0%	16,805	16,805	–	–	168,038	16,805	–	–
121	Mountain Views	100.0%	11,435	11,435	–	–	119,127	11,435	–	–
122	Bethany Ranch	100.0%	3,367	3,367	–	–	33,631	3,367	–	–
123	Park Forest	100.0%	44,128	33,312	6,332	4,484	379,022	39,346	29,688	4,782
124	Trenton park	100.0%	5,096	5,096	–	–	51,776	5,096	–	–
125	Sundance	100.0%	34,324	10,004	8,275	16,045	214,955	20,978	91,184	13,345
126	West Pointe	100.0%	55,115	18,042	19,421	17,652	437,214	40,534	123,096	14,581
127	Northern Farms	100.0%	52,142	–	–	52,142	–	–	465,656	52,142
128	Sunset Farms	100.0%	28,419	–	–	28,419	–	–	256,794	28,419
129	Saunrise Ranch	100.0%	99,809	–	10,079	89,730	–	–	961,562	99,809
130	EllisTownCountry	100.0%	15,738	–	–	15,738	–	–	1,096,293	15,738
131	El Cidro	100.0%	76,204	–	–	76,204	–	–	810,271	76,204
<b>Total</b>			<u>17,823,818</u>	<u>5,286,305</u>	<u>8,549,975</u>	<u>3,987,538</u>	<u>134,547,246</u>	<u>7,306,336</u>	<u>104,318,801</u>	<u>5,289,758</u>
<b>Of Which: Subtotal of Equity-held Project</b>			<u>10,056,316</u>	<u>4,188,550</u>	<u>4,502,380</u>	<u>1,365,386</u>	<u>95,766,582</u>	<u>5,573,708</u>	<u>37,637,686</u>	<u>1,947,043</u>
<b>Subtotal of Entrusted Development and Management Project</b>			<u>7,767,502</u>	<u>1,097,755</u>	<u>4,047,595</u>	<u>2,622,152</u>	<u>38,780,664</u>	<u>1,732,628</u>	<u>66,681,115</u>	<u>3,342,715</u>

Projects	Equity Holding	Status	Usage	GFA (sq.m.)
Beijing Landsea Tower*	50.0%	Under renovation	To be leased	21,906
Shanghai Huangxing Building	100.0%	Under renovation	Partially leasing	11,427
Shanghai Senlan Apartment*	50.0%	Completed	Leasing	43,543
Shanghai Zhangjiang Landsea Center*	30.0%	Completed	Leasing	10,489
Shanghai Daning Landsea Tower*	50.0%	Completed	Leasing	19,390
Guangzhou Jiefang Tower*	33.6%	Completed	Leasing	11,507
Nanjing Huafei Apartment	100.0%	Completed	Leasing	5,729
Nanjing Wangjiawan Building	60.0%	Under renovation	Partially leasing	15,118
Nanjing Tianlong Temple Project*	30.0%	Completed	Leasing	15,856
Wuxi Neighbourhood Union	100.0%	Completed	Leasing	10,667
				<u>165,632</u>

\* The property is held by joint ventures of the Company.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

For the year ended 31 December 2020, the Group's revenue was mainly derived from development and management services of approximately RMB690 million (2019: approximately RMB1.05 billion), from sale of properties of approximately RMB8.28 billion (2019: approximately RMB7.48 billion) and rental and property management fee income of approximately RMB28 million (2019: approximately RMB32 million), which in aggregate was approximately RMB8.99 billion (2019: approximately RMB8.56 billion), representing an increase of approximately 5.1% as compared with 2019. For the year ended 31 December 2020, the recognised sales income of joint ventures and associates attributable to the Group were approximately RMB5.55 billion (2019: approximately RMB3.09 billion), representing an increase of 79.4% as compared with 2019. The revenue recognized by the Group and off-balance sheet recognised sales income of joint ventures and associates attributable to the Group was RMB14.54 billion (2019: approximately RMB11.65 billion), representing an increase of approximately 24.8% as compared with 2019.

For the year ended 31 December 2020, the gross profit of the Group was approximately RMB1.71 billion (2019: approximately RMB2.42 billion), the off-balance sheet recognised gross profit of joint ventures and associates attributable to the Group was approximately RMB1.31 billion (2019: approximately RMB930 million), aggregating to approximately RMB3.02 billion (2019: approximately RMB3.34 billion); the gross profit margin was approximately 19.0% (2019: approximately 28.3%), representing a decrease of approximately 9.3% as compared with 2019. The off-balance sheet recognised average gross profit margin of joint ventures and associates attributable to the Group was approximately 23.7% (2019: approximately 29.9%), representing a decrease of 6.2% as compared with 2019. The on-balance sheet and off-balance sheet average gross profit margin of joint ventures and associates attributable to the Group was approximately 20.8% (2019: approximately 28.7%), representing a decrease of 7.9 percentage points as compared with 2019.

### **Recognized sales of properties of subsidiaries**

For the year ended 31 December 2020, the Group recognized revenue of approximately RMB8.99 billion (2019: approximately RMB8.56 billion), representing an increase of approximately 5.1%. In which, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB8.28 billion (2019: approximately RMB7.48 billion) and 491,995 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, Sanctuary Project, North Copper Canyon Project, Verrado Project, Catalina Project, etc. in the United States. The average selling price in the PRC was approximately RMB14,179 per sq.m., while the average selling price in the United States was approximately RMB16,882 per sq.m..

## **Recognised sales of properties of joint ventures and associates**

For the year ended 31 December 2020, the recognised sales of joint ventures and associates attributable to the Group was approximately RMB5.55 billion (2019: approximately RMB3.09 billion), with 250,956 sq.m. in gross floor areas attributable to the Group. Sales attributable to the Group were mainly generated from Tianjin Cuiweilan Pavilion, Chengdu Xihua Mansion, Chengdu Landsea Cuiyue, Chongqing Le Mansion, Hangzhou Xihua Mansion, Hangzhou Le Mansion, Hangzhou Maple Union, Hangzhou Light of City, Hangzhou Weilan Block, Yixing Xindu Mansion, Suqian Weilan Elegant Court in the PRC, and Avora Project in the United States. The average selling price in the PRC was approximately RMB21,794 per sq.m. and the average selling price in the United States was approximately RMB56,622 per sq.m..

## **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 RMB690 million (2019: approximately RMB1.05 billion) for the year ended 31 December 2020. Gross profit margin of property development and management services income was maintained at 39%. Meanwhile, the Group had entered into contracts in relation to property development and management services with independent third parties, with contract sum of approximately RMB900 million (2019: RMB1.80 billion). In addition, the value of confirmed contracts of the Group was approximately RMB1.15 billion at the end of 2020.

## **Income from rental and management fee**

As at 31 December 2020, the Group recognised rental and management fee income of approximately RMB28 million (2019: approximately RMB32 million), representing a decrease of 11.3% as compared with 2019.

## **Fair value gain on investment properties**

The Group's investment properties included Huafei Apartment in Nanjing, Neighbourhood Union in Wuxi, Huangxing Building in Shanghai and Wangjiawan Building in Nanjing 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 year ended 31 December 2020, the Group's fair value gain on the investment properties was approximately RMB81 million<sup>#</sup> (2019: RMB4 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.

<sup>#</sup> Including the fair value gain on Landsea Tower in Shenzhen which was sold in 2020

## **Selling expenses**

For the year ended 31 December 2020, the Group recorded selling expenses of approximately RMB407 million (2019: approximately RMB249 million), representing an increase of 63.5% 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 year ended 31 December 2020, the Group recorded administrative expenses of approximately RMB909 million (2019: approximately RMB634 million), representing an increase of approximately 43.3% as compared with 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 an increase in headcounts resulting from the acquisition of Garrett Walker Homes as well as the increase in spin-off and listing expenses in the United States.

## **Net provision for impairment loss on financial assets**

For the year ended 31 December 2020, the Group's net provision for impairment loss on financial assets was approximately RMB381 million (2019: approximately RMB85 million). The Company's net 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 selling prices of real estate development projects in the PRC of the Group and the Group's certain joint ventures and associates fell below expectation due to factors such as adjustment and controls in the domestic real estate market. The Group provided for impairment under prudent principle.

## **Other gains**

For the year ended 31 December 2020, the Group recorded other gains of approximately RMB9 million (2019: approximately RMB137 million). The decrease in other gains was the combined effect of: (i) the increase in the unrealized foreign exchange losses of approximately RMB193 million (2019: foreign exchange gains of approximately RMB68 million) arising from foreign currency loans and current accounts between the subsidiaries of the Group during the year; and (ii) the disposal of subsidiary by the Group during the year resulting in increase in gains of RMB194 million (2019: RMB26 million).

## **Finance costs**

For the year ended 31 December 2020, the Group recorded interest expense (excluding the finance cost of RMB156 million recognized for advanced receipts) of approximately RMB723 million (2019: approximately RMB715 million). The capitalization rate of interest expenses was 33.5% in 2020 (2019: 45.1%). For the year ended 31 December 2020, the expensed finance costs of the Group were approximately RMB481 million (2019: approximately RMB392 million). For the year ended 31 December 2020, the interest income of the Group was approximately RMB157 million. Net finance costs were approximately RMB324 million (2019: approximately RMB207 million). For the year ended 31 December 2020, the on-balance sheet weighted average finance cost was approximately 7.6% (31 December 2019: 7.6%).

## **Taxation**

For the year ended 31 December 2020, the Group recorded taxation charge of approximately RMB489 million (2019: approximately RMB598 million).

## **Profit for the period**

For the year ended 31 December 2020, the Group realized a net core profit (net profit excluding exchange gain/loss, spin-off and listing expense in the United States and change of fair value on investment property) amounted to approximately RMB250 million (2019: approximately RMB1.41 billion), representing a decrease of approximately 82.2% as compared with the corresponding period of last year; the net core profit attributable to the shareholders of the Company was approximately RMB120 million (2019: approximately RMB1.09 billion), representing a decrease of approximately 89.1% as compared with 2019. During the period, due to increase in listing expense in the United States and exchange losses, the Group's net profit decrease to RMB33 million (2019: approximately RMB1.498 billion), representing a decrease of 97.8% as compared with corresponding period of last year.

## **Liquidity and financial resources**

### *Cash positions*

As at 31 December 2020, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB5.25 billion (As at 31 December 2019: approximately RMB4.76 billion). As at 31 December 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 31 December 2020, the total indebtedness of the Group amounted to approximately RMB6.55 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 31 December 2020, total net debts<sup>#</sup> were approximately RMB1.42 billion (As at 31 December 2019: approximately RMB2.46 billion). As at 31 December 2020, the proportion of short-term debts was 13.1% (As at 31 December 2019: 33.7%) and long-term debts was 86.9% (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:

	31 December 2020		31 December 2019	
	<i>RMB'000</i>	<i>percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Analysis of total indebtedness by settlement currency:				
Denominated in RMB	<b>1,552,193</b>	<b>23.68%</b>	2,239,283	32.17%
Denominated in USD	<b>5,001,399</b>	<b>76.32%</b>	4,488,949	64.49%
Denominated in HK\$	<b>–</b>	<b>0.00%</b>	232,908	3.34%
	<b><u>6,553,592</u></b>	<b><u>100.00%</u></b>	<b><u>6,961,140</u></b>	<b><u>100.00%</u></b>
Analysis of total indebtedness by maturity:				
Within one year	<b>856,706</b>	<b>13.07%</b>	2,344,439	33.68%
Between one and two years	<b>3,000,814</b>	<b>45.79%</b>	1,913,374	27.49%
Between two and five years	<b>1,896,831</b>	<b>28.94%</b>	1,812,805	26.04%
Five years or above	<b>799,241</b>	<b>12.20%</b>	890,522	12.79%
	<b><u>6,553,592</u></b>	<b><u>100.00%</u></b>	<b><u>6,961,140</u></b>	<b><u>100.00%</u></b>

## Gearing ratios

The Group has been working hard on optimizing its capital and debt structure. As at 31 December 2020, the on-balance sheet net debts<sup>#</sup> to equity ratio of the Group was approximately 25.9% (As at 31 December 2019: 40.2%), representing a decrease of 14.3 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 26.5% as at 31 December 2020 (As at 31 December 2019: 26.9%). In addition, the debt to assets ratio of the Group as at 31 December 2020 was 77.8% (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.

<sup>#</sup> net debts = total debts less cash and cash equivalents (excluding restricted cash)



## **Pledge of assets of the group**

As at 31 December 2020, bank borrowings of the Group were secured by one or a combination of the following items: properties under development for sale, properties, restricted cash, equity interest of certain subsidiaries of the Group, guarantees provided by the controlling shareholder and equity interests and properties under development for sale of certain non-subsidiary of the Group. 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 31 December 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 Mainland China subsidiaries is Renminbi. As at 31 December 2020, the borrowing of RMB918 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 losses recorded by the Group of RMB193 million (2019: exchange gains of RMB68 million). As at 31 December 2020, the Group's assets denominated in USD were USD1.017 billion (equivalent to RMB6.64 billion), representing 27% of the total assets, and the liabilities denominated in USD were USD868 million (equivalent to RMB5.67 billion), representing 29% of the total liabilities, and assets denominated in USD exceeds liabilities denominated in USD by 1.17 times. As foreign currency assets are in line with the foreign currency liabilities, no financial instrument is required for hedging purposes.

## **Issue of senior notes**

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

## **Interest rate risk**

As at 31 December 2020, the debts payable borne with fixed interest rate accounted for approximately 56.0% (As at 31 December 2019: 65.1%) of the total debts of the Group. 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. In this regard, the Group considered the exposure to interest rate risk low.

## **Major investments, major acquisition and disposal**

- (1) On 8 January 2020, Landsea Homes of Arizona, LLC (the “**Landsea Arizona**”) and 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 Landsea Arizona 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 Listing Rules. For further details, please refer to the announcement of the Company dated 8 January 2020.

- (2) On 31 August 2020 (US time), Landsea Homes and Landsea Holdings Corporation, both are indirect wholly-owned subsidiaries of the Company, entered into the conditional merger agreement (the “**Merger Agreement**”) with LF Capital Acquisition Corp., (“**LF Capital**”), a special purpose acquisition company in the United States with its Class A common stock, public warrants and units listed on National Association of Securities Dealers Automated Quotations capital market and Merger Sub, Inc. (“**Merger Sub**”) in relation to a business combination transaction by which Merger Sub merges with and into Landsea Homes with Landsea Homes being the surviving entity of such merger (the “**Merger**”). The Merger Sub is a wholly-owned subsidiary of LF Capital. Following the Merger, Landsea Homes will become a wholly-owned subsidiary of LF Capital, a special purpose acquisition company, the LF Common Stock, public warrants and units of which are listed on Nasdaq. The Merger consideration is USD343,805,119.68 (equivalent to approximately HK\$2,681,679,933), which shall be payable in the form of Class A common stock in LF Capital.

Under Paragraph 3(f) of Practice Note 15 of the Listing Rules (“**PN15**”), a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spin-off entity, either by way of a distribution in specie of existing shares in the spin-off entity or by way of preferred application in any offering of existing or new shares in the spin-off entity. Based on a number of factors, the Board did not consider that the provision of assured entitlement is practicable nor in the interest of the shareholders of the Company as a whole. Therefore, shareholders approval to waive the assured entitlement is required.

The Merger constituted a spin-off of the Company which is subject to the applicable requirements in PN15 which has been approved by the Stock Exchange on 18 December 2020. The Merger and spin-off also constituted a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the approval of the shareholders under paragraph 3(e)(1) of PN15 and Chapter 14 of the Listing Rules. As no shareholders of the Company has a material interest in the Merger and the spin-off (save that the controlling shareholders of the Company are required to abstain from voting on the resolution to waive the assured entitlement), (i) Greensheid Corporation (“**Greensheid**”) is wholly-owned by Landsea International Holdings Limited (“**Landsea International**”); (ii) Landsea International is wholly-owned by Landsea Group Co., Ltd., which is in turn owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian, and as to 15.85% by Mr. Tian; and (iii) Easycorps Corporation (“**Easycorps**”) is a company wholly and beneficially owned by Mr. Tian Ming. Each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 shares, 1,997,961,187 shares, 367,914,894 shares and 361,493,785 shares of the Company respectively, together representing approximately 57.95% of the issued share capital of the Company giving the right to attend and vote at general meetings of the Company, have given to the Company the written approval in lieu of holding a general meeting of the Company.

A special general meeting of the Company was convened and held on 7 January 2021 and the shareholders of the Company (other than the controlling shareholders) have approved the waiver on the assured entitlement). The Merger Agreement was consummated completed on 7 January 2021.

For details of the Merger Agreement and the transactions contemplated thereunder, please refer to the circular of the Company dated 21 December 2020.

- (3) On 18 December 2020, 南京朗銘地產集團有限公司(Nanjing Langming Properties Group Co., Ltd.\*) (“**Nanjing Langming**”), Xi’an Jiapeng Real Estate Development Co., Ltd. (“**Xi’an Jiapeng**”), 民生加銀資產管理有限公司 (Minsheng Royal Asset Management Co., Ltd.\*) (“**Minsheng Royal Asset Management**”) and 南京鑫輝盛投資管理有限公司 (Nanjing Xinhuisheng Investment Management Co., Ltd.\*) (“**Nanjing Xinhuisheng**”) entered into the equity transfer agreement, pursuant to which Minsheng Royal Asset Management (being an asset manager) agreed to transfer the entire equity interests of Nanjing Xinhuisheng on behalf of Minsheng Royal Asset Management’s asset management plan and Nanjing Langming and Xi’an Jiapeng agreed to purchase 74% and 26% equity interests of Nanjing Xinhuisheng respectively at the total consideration of RMB531,783,806.66, in which Nanjing Langming shall pay RMB393,520,016.93.

Xi’an Jiapeng is a joint venture company owned as to 30% by the Group and 70% by 南京洛德德寧房地產投資合伙企業 (Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership)\*).

Nanjing Xinhuisheng holds 49.9% equity interests in 南京學衡置業有限公司 (Nanjing Xueheng Properties Co., Limited\*) which in turn holds the land situated at 南京市栖霞區邁皋橋街道合班村 (Heban Village, Maigaoqiao Street, Qixia District, Nanjing, the PRC\*), which has been developed into a residential project with ground commercial facilities.

The agreement and the transaction contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and it was completed on 24 December 2020. Upon completion of the transfer, Nanjing Xinhuisheng owned as to 74% by Nanjing Langming and as to 26% by Xi’an Jiapeng. Nanjing Xinhuisheng continues to be a subsidiary of the Group and its financial results continues to be consolidated into the consolidated financial statements of the Company. For details of the transactions, please refer to the announcement of the Company dated 18 December 2020.

- (4) On 29 December 2020, 中國信息產業有限公司 (China Information Industry Limited\*) (“**China Information**”), a wholly-owned subsidiary of the Company, as vendor, Nanjing Langming, 深圳市科發工貿集團有限公司 (Shenzhen Kofa Industry and Trade Group Co., Ltd.\*) (“**Shenzhen Kofa**”), as purchaser and 曙光信息產業(深圳)有限公司 (Dawning Information Industry (Shenzhen) Limited\*) (“**Dawning Information**”) entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) pursuant to which China Information agreed to sell and Shenzhen Kofa agreed to purchase 100% equity interest in Dawning Information at the initial consideration of RMB500,000,000 (subject to adjustment).

Dawning Information owns the building named Landsea Tower situated in Nanshan District, Shenzhen, the PRC.

The Equity Transfer Agreement and the transaction contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and it was completed on 29 December 2020. For details of the transaction, please refer to the announcement of the Company dated 29 December 2020.

\* For identification purpose only

## **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 31 December 2020, the outstanding guarantees amounted to approximately RMB1.52 billion (As at 31 December 2019: approximately RMB1.34 billion).

As at 31 December 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 31 December 2020.

## **Employees and remuneration policy**

As at 31 December 2020, the Group had 1,614 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 increase in headcounts is mainly due to an increase in the number of staff employed for the business development arising from the merger and acquisition in the United States and new property development projects in the PRC. The increment levels of the employees' emolument, promotion and remuneration were determined with reference to their duties, performance and professional experience. Other employee benefits included mandatory provident fund scheme, insurance and medical coverage. According to the terms of the Share Option Scheme adopted on 25 April 2012 and the Share Award Scheme adopted on 2 July 2014, the Company will grant share options or awarded shares to the Group's management and staff based on their individual performance.

## **Events after the reporting period**

On 8 February 2021, the Group acquired 70% equity interest of Xi'an Jiapeng from third parties at a total consideration of RMB42,000,000. After completion of the acquisition, Xi'an Jiapeng became a wholly owned subsidiary of the Group.

## **DISTRIBUTION**

The Directors recommended to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 30 June 2021 ("AGM"), the distribution of a final dividend of HK3.00 cents (equivalent to RMB2.50 cents) per share out of contributed surplus account of the Company for FY2020 to be paid on Monday, 26 July 2021 to the shareholders whose names appear on the register of members of the Company on Thursday, 15 July 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of the shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 24 June 2021 to Wednesday, 30 June 2021, both dates inclusive, during which period no transfer of shares will be effected. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 June 2021.

For determining the entitlement of the shareholders to the proposed distribution, the register of members of the Company will be closed from Monday, 12 July 2021 to Thursday, 15 July 2021, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration not later than 4:30 p.m. on Friday, 9 July 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020, other than those purchased by the trustee for the Share Award Scheme.

## **MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for FY2020.

## **CORPORATE GOVERNANCE PRACTICE**

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



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 with effect from 27 March 2020 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 FY2020.

## **AUDIT COMMITTEE**

The Audit Committee 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 review of the Company's financial reporting procedure, control systems and interim and annual results of the Group and to review the risk management and internal control systems of the Group. The consolidated financial statements of the Group for FY2020 have been reviewed by the Audit Committee.

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

Hong Kong, 30 March 2021

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