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LANDSEA GREEN PROPERTIES CO., LTD.

朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHT

1. During the first half year of 2021, “Landsea Products” had contracted sales of approximately RMB23.40 billion, representing an increase of approximately 81.6% as compared with corresponding period of last year.
2. During the first half year of 2021, the Group recognised revenue of approximately RMB3.54 billion and gross profit of approximately RMB799 million, representing an increase of approximately 24.0% and approximately 58.1% respectively as compared with corresponding period of last year; gross profit margin was approximately 22.6%, representing an increase of 4.9 percentage points as compared with corresponding period of last year.
3. During the first half year of 2021, the net core profit amounted to approximately RMB132 million and the net core profit attributable to the shareholders of the Company amounted to approximately RMB114 million, representing an increase of approximately 29.5% and approximately 103.9% respectively as compared with corresponding period of last year.
4. As at 30 June 2021, the net debt ratio was approximately 52.8%, which remained low in the industry.
5. The proportion of interest-bearing debts with maturity within one year was approximately 20.3%, the ratio of cash (including restricted cash) to short-term debts was approximately 2.7 times, representing sufficient liquidity and stable cash flows.

The board (the “**Board**”) of directors (the “**Directors**”) of Landsea Green Properties Co., Ltd. (the “**Company**”) would like to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures. The unaudited interim condensed consolidated results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>Notes</i>	For the six months ended 30 June	
		2021	2020
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue	3, 4	3,536,704	2,852,686
Cost of sales and services		(2,737,755)	(2,347,478)
Gross profit		798,949	505,208
Other income	5	88,848	138,406
Selling expenses		(226,720)	(149,455)
Administrative expenses		(800,451)	(326,536)
Provision for impairment loss on financial assets		(20,901)	(96,731)
Fair value (losses)/gains		(44,483)	44,500
Other (losses)/gains, net	6	(36,908)	60,819
Operating (loss)/profit		(241,666)	176,211
Finance income	7	11,631	12,067
Finance costs	7	(162,565)	(256,143)
Finance costs, net	7	(150,934)	(244,076)
Share of net profit of associates	12	28,564	404,265
Share of net profit/(loss) of joint ventures	13	54,844	(29,401)
(Loss)/profit before income tax		(309,192)	306,999
Income tax expenses	8	(132,446)	(118,947)
(Loss)/profit for the period		(441,638)	188,052

		For the six months ended 30 June	
		2021	2020
<i>Notes</i>		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
	— Exchange differences on translation of foreign operations	<u>54,293</u>	<u>(45,834)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>54,293</u>	<u>(45,834)</u>
Total comprehensive (loss)/income for the period		<u>(387,345)</u>	<u>142,218</u>
(Loss)/profit for the period attributable to:			
	— The shareholders of the Company	<u>(445,677)</u>	141,937
	— Non-controlling interests	<u>4,039</u>	<u>46,115</u>
		<u>(441,638)</u>	<u>188,052</u>
Total comprehensive (loss)/income for the period attributable to:			
	— The shareholders of the Company	<u>(380,885)</u>	94,887
	— Non-controlling interests	<u>(6,460)</u>	<u>47,331</u>
		<u>(387,345)</u>	<u>142,218</u>
(Loss)/earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)			
	Basic (loss)/earnings per share	<u>10</u> RMB(0.097)	RMB0.031
	Diluted (loss)/earnings per share	<u>10</u> RMB(0.097)	<u>RMB0.031</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

		As at 30 June 2021	As at 31 December 2020
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Investment properties	11	679,400	674,900
Property, plant and equipment		251,025	251,893
Right-of-use assets		57,067	54,253
Interests in associates	12	1,742,975	2,141,030
Interests in joint ventures	13	2,640,448	2,405,748
Trade and other receivables, prepayments and deposits	15	716,577	974,877
Deferred income tax assets		586,706	567,900
Goodwill		158,962	135,097
		6,833,160	7,205,698
Current assets			
Properties held for sale		790,762	1,186,481
Properties under development	14	7,811,528	5,158,500
Inventories		48,549	51,565
Contract assets	3	218,255	179,226
Trade and other receivables, prepayments and deposits	15	4,692,116	5,666,240
Restricted cash		78,146	121,407
Cash and cash equivalents		3,860,117	5,131,678
		17,499,473	17,495,097
Total assets		24,332,633	24,700,795

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	16	278,351	1,771,862
Financial liabilities at fair value through profit or loss		113,655	–
Advance from lessees		24,514	25,794
Lease liabilities		42,391	38,354
Borrowings	17	5,638,676	5,696,886
Deferred income tax liabilities		154,851	160,761
		<u>6,252,438</u>	<u>7,693,657</u>
Current liabilities			
Trade and other payables	16	8,892,769	9,518,171
Advance from lessees		2,692	2,692
Contract liabilities	3	1,124,006	304,896
Lease liabilities		19,563	19,519
Borrowings	17	1,435,353	856,706
Current income tax liabilities		514,726	810,015
		<u>11,989,109</u>	<u>11,511,999</u>
Total liabilities		<u>18,241,547</u>	<u>19,205,656</u>
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		38,702	38,702
Reserves		4,190,218	4,944,784
		<u>4,228,920</u>	<u>4,983,486</u>
Non-controlling interests		<u>1,862,166</u>	<u>511,653</u>
Total equity		<u>6,091,086</u>	<u>5,495,139</u>
Total liabilities and equity		<u>24,332,633</u>	<u>24,700,795</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION

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

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 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, a director of the Company.

The interim financial information, unless otherwise stated, is presented in thousands of Renminbi (“**RMB’000**”) and was approved by the Board of Directors for issue on 27 August 2021.

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

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period.

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

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2021:

- *Covid-19-related Rent Concessions — Amendments to HKFRS 16*
- *Interest Rate Benchmark Reform — Phase 2 — Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16*

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

2.2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2021 and relevant to the Group and have not been early adopted by the Group.

Standards, amendments and interpretations		Effective for annual periods beginning on or after
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

3. REVENUE

Revenue recognized during the period is as follows:

	For the six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognized at a point in time		
Property development and sales		
— China's Mainland	472,322	864,032
— US	2,657,497	1,628,332
Management services		
— China's Mainland	142,541	143,519
— US	1,232	1,399
	<u>3,273,592</u>	<u>2,637,282</u>
Revenue recognized over period		
Management services		
— China's Mainland	261,004	200,861
	<u>261,004</u>	<u>200,861</u>
Rental income		
— Office property investment	2,108	14,543
	<u>3,536,704</u>	<u>2,852,686</u>

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

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Contract assets related to		
— Management services	225,230	183,996
Less: provision for bad debt	(6,975)	(4,770)
	<u>218,255</u>	<u>179,226</u>
Contract liabilities related to		
— Property development and sales	1,027,069	195,222
— Management services	96,937	109,674
	<u>1,124,006</u>	<u>304,896</u>

4. SEGMENT INFORMATION

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

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

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

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

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2021 is as follows:

	For the six months ended 30 June 2021				
	Property development and sales			Office property investment	Total
	US RMB'000	China's Mainland RMB'000	Management services RMB'000	RMB'000	RMB'000
Segment revenue (from external customers) (note 3)					
— Revenue recognized at a point in time under HKFRS 15	2,657,497	472,322	143,773	—	3,273,592
— Revenue recognized over period under HKFRS 15	—	—	261,004	—	261,004
— Rental income	—	—	—	2,108	2,108
	<u>2,657,497</u>	<u>472,322</u>	<u>404,777</u>	<u>2,108</u>	<u>3,536,704</u>
Depreciation of property, plant and equipment	(9,890)	(3,809)	(6,092)	—	(19,791)
Depreciation of right-of-use assets	(4,910)	(867)	(4,654)	—	(10,431)
Fair value gain on investment properties (note 11)	—	—	—	4,500	4,500
Fair value loss on warrant liabilities	(48,983)	—	—	—	(48,983)
Share of net profit of associates (note 12)	—	28,564	—	—	28,564
Share of net profit of joint ventures (note 13)	13,988	40,856	—	—	54,844
Segment (loss)/profit	<u>(385,156)</u>	<u>156,649</u>	<u>155,505</u>	<u>1,854</u>	<u>(71,148)</u>
At 30 June 2021					
Segment assets	8,055,118	13,603,254	1,969,917	704,344	24,332,633
Interests in associates (note 12)	—	1,742,975	—	—	1,742,975
Interests in joint ventures (note 13)	77,152	2,563,296	—	—	2,640,448
Additions/(deductions) to non-current assets (excluding financial assets)	32,563	(6,469)	(283)	—	25,811
Segment liabilities	<u>5,294,812</u>	<u>12,355,810</u>	<u>534,820</u>	<u>56,105</u>	<u>18,241,547</u>

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

	For the six months ended 30 June 2020				
	Property development and sales			Office property investment	Total
	US <i>RMB'000</i>	China's Mainland <i>RMB'000</i>	Management services <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue (from external customers) (<i>note 3</i>)					
— Revenue recognized at a point in time under HKFRS 15	1,628,332	864,032	144,918	—	2,637,282
— Revenue recognized over period under HKFRS 15	—	—	200,861	—	200,861
— Rental income	—	—	—	14,543	14,543
	<u>1,628,332</u>	<u>864,032</u>	<u>345,779</u>	<u>14,543</u>	<u>2,852,686</u>
Depreciation of property, plant and equipment	(4,876)	(1,859)	(6,492)	(504)	(13,731)
Depreciation of right-of-use assets	(5,854)	(1,315)	(1,911)	—	(9,080)
Fair value gain on investment properties (<i>note 11</i>)	—	—	—	44,500	44,500
Share of net profit of associates (<i>note 12</i>)	—	404,265	—	—	404,265
Share of net (loss)/profit of joint ventures (<i>note 13</i>)	(103,987)	74,586	—	—	(29,401)
Segment (loss)/profit	<u>(185,146)</u>	<u>634,151</u>	<u>162,346</u>	<u>53,516</u>	<u>664,867</u>
At 30 June 2020					
Segment assets	7,099,227	16,269,574	1,365,760	963,081	25,697,642
Interests in associates (<i>note 12</i>)	—	2,218,182	—	—	2,218,182
Interests in joint ventures (<i>note 13</i>)	182,039	2,153,426	—	—	2,335,465
Additions/(deductions) to non-current assets (excluding financial assets)	118,948	(2,759)	(7,673)	(499)	108,017
Segment liabilities	<u>4,359,427</u>	<u>15,112,601</u>	<u>458,977</u>	<u>280,874</u>	<u>20,211,879</u>

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

	Revenue from external customers		Non-current assets	
	For the six months ended 30 June		As at 30 June	As at 31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
China's Mainland	877,975	1,222,955	6,504,145	6,758,293
US	2,658,729	1,629,731	324,038	446,565
Hong Kong (domicile)	–	–	4,977	840
	<u>3,536,704</u>	<u>2,852,686</u>	<u>6,833,160</u>	<u>7,205,698</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 six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Segment (loss)/profit	(71,148)	664,867
Finance costs, net (<i>note 7</i>)	(150,934)	(244,076)
Unallocated corporate expenses	(87,110)	(113,792)
Profit before income tax	<u>(309,192)</u>	<u>306,999</u>

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

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Segment assets	24,332,633	24,700,795
Unallocated assets	–	–
Total assets	<u>24,332,633</u>	<u>24,700,795</u>
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Segment liabilities	18,241,547	19,205,656
Unallocated liabilities	–	–
Total liabilities	<u>18,241,547</u>	<u>19,205,656</u>

5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income from:		
— Amounts due from joint ventures and associates	22,500	76,775
— Amounts due from non-controlling interests	11,736	13,532
— Loan to third parties and deposit paid for acquisition of an associate	2,958	7,571
Government grants	51,291	39,662
Sundry income	363	866
	<u>88,848</u>	<u>138,406</u>

6. OTHER (LOSSES)/GAINS, NET

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Gains on re-measurement of existing interest in joint venture upon conversion to a subsidiary (<i>note 13</i>)	18,000	—
Gain on partial disposal of a joint venture	7,000	—
Net exchange (losses)/gains	(67,213)	61,105
Loss on disposal of property, plant and equipment	(16)	—
Gain on disposal of subsidiaries	—	666
Others	5,321	(952)
	<u>(36,908)</u>	<u>60,819</u>

7. FINANCE COSTS, NET

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance cost:		
— Bank borrowings	129,789	96,744
— Loans from the ultimate holding company	25,525	25,666
— Senior notes	151,173	207,646
— EB-5 loans	791	1,022
— Interest expense on amounts due to related parties	7,824	17,266
— Loans from non-controlling interest	–	4,673
— Loans from other financial institutions	132	1,622
— Financing component of contract with customers	44,981	90,913
— Lease liabilities	2,165	1,861
— Other finance charges	2,496	4,978
	<u>364,876</u>	<u>452,391</u>
Less: interest capitalised	<u>(202,311)</u>	<u>(196,248)</u>
	162,565	256,143
Finance income		
— Bank interest income	<u>(11,631)</u>	<u>(12,067)</u>
	<u>150,934</u>	<u>244,076</u>

The average interest rate of borrowing costs capitalized for the six months ended 30 June 2021 was approximately 6.45% per annum (For the six months ended 30 June 2020: 6.29% per annum).

8. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax	42,714	58,395
Deferred income tax	67,869	51,067
Land appreciation tax	<u>21,863</u>	<u>9,485</u>
	<u>132,446</u>	<u>118,947</u>

Hong Kong profits tax at the rate of 16.5% (For the six months ended 30 June 2020: 16.5%) has not been provided for since the Group has no estimated assessable profit arising in Hong Kong for the six months ended 30 June 2021.

The Group's subsidiaries in China's Mainland are subject to enterprise income tax ("EIT") at the rate of 25% (For the six months ended 30 June 2020: 25%) for the six months ended 30 June 2021.

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

In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 28.00% (For the six months ended 30 June 2020: 26.62%). This is then adjusted for items which are not assessable or deductible.

9. DIVIDEND

The Board declared a distribution out of contributed surplus account of HK\$ cents 3.00 (equivalent to RMB cents 2.50) (2020: HK\$ cents 8.20 (equivalent to RMB cents 7.40)) per ordinary share amounting to a total of RMB119,621,000 (For the six months ended 30 June 2020: RMB351,583,000) based on 4,722,307,545 shares issued as at 30 March 2021. The distribution out of contributed surplus account was approved by the shareholders at the annual general meeting of the Company held on 30 June 2021. As at 30 June 2021, the distribution had not yet been paid.

10. (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 six months ended 30 June 2021.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
(Loss)/profit attributable to the shareholders of the Company	<u>(445,677)</u>	<u>141,937</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>4,615,166</u>	<u>4,631,807</u>
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.097)</u>	<u>0.031</u>

(b) Diluted

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. The effects of restricted share award scheme were excluded from calculation of diluted loss per share as the effects would have been anti-dilutive during the six months ended 30 June 2021.

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(Loss)/profit attributable to the shareholders of the Company	<u>(445,677)</u>	<u>141,937</u>
Weighted average number of ordinary shares in issue (in thousands)	4,615,166	4,631,807
Adjustment for:		
— Assumed distribution of shares under restricted share award scheme (in thousands)	<u>—</u>	<u>396</u>
Adjusted weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>4,615,166</u>	<u>4,632,203</u>
Diluted (loss)/earnings per share (expressed in RMB per share)	<u>(0.097)</u>	<u>0.031</u>

11. INVESTMENT PROPERTIES

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	<u>674,900</u>	<u>852,500</u>
Fair value gain on revaluation	<u>4,500</u>	<u>44,500</u>
At 30 June	<u>679,400</u>	<u>897,000</u>

12. INTERESTS IN ASSOCIATES

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	<u>2,141,030</u>	<u>1,858,413</u>
Additions:		
— Additional investments in an existing associate	122,152	404,800
Disposals:		
— Associates becoming joint ventures	(398,187)	–
Share of net profit of associates	28,564	404,265
Elimination of transactions with associates	(15,684)	(9,932)
Impairment on receivables from associates	–	4,114
Dividends from associates	<u>(134,900)</u>	<u>(443,478)</u>
At 30 June	<u><u>1,742,975</u></u>	<u><u>2,218,182</u></u>

13. INTERESTS IN JOINT VENTURES

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	<u>2,405,748</u>	<u>2,329,032</u>
Additions:		
— Additional investments in existing joint ventures	9,800	65,360
— Associates becoming joint ventures	398,187	37,703
Disposals:		
— Joint ventures becoming subsidiaries	(18,000)	–
Share of net profit/(loss) of joint ventures	54,844	(29,401)
Gains on re-measurement of existing interest in joint venture upon conversion to a subsidiary (<i>note 6</i>)	18,000	–
Elimination of transactions with joint ventures	(40,809)	(76,562)
Reversal of recognized share of net loss of joint ventures	(88)	–
Impairment on receivables from joint ventures	–	15,865
Collection of investments in joint ventures	–	(10,325)
Dividends from joint ventures	<u>(185,954)</u>	–
Exchange difference	<u>(1,280)</u>	<u>3,793</u>
At 30 June	<u><u>2,640,448</u></u>	<u><u>2,335,465</u></u>

14. PROPERTIES UNDER DEVELOPMENT

	30 June 2021 RMB'000	31 December 2020 RMB'000
Properties under development located:		
— China's Mainland	1,953,657	515,650
— US	5,857,871	4,642,850
	<u>7,811,528</u>	<u>5,158,500</u>
Less: provision for decline in the value of properties under development	—	—
	<u>7,811,528</u>	<u>5,158,500</u>
Amount comprises:		
— Land payments	4,241,462	2,792,749
Leasehold land, China's Mainland	1,299,182	463,911
Freehold land, US	2,942,280	2,328,838
— Development expenditures and improvements	3,154,835	2,073,910
— Interest capitalized	415,231	291,841
	<u>7,811,528</u>	<u>5,158,500</u>

15. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Included in non-current assets:		
Amounts due from related parties	817,649	1,034,406
Less: provision for bad debt	(155,036)	(129,421)
	<u>662,613</u>	<u>904,985</u>
Other receivables		
— Deposits for building construction	50,000	50,000
— Lendings to third parties (b)	—	16,090
— Deposits for property maintenance	5,580	5,579
	<u>55,580</u>	<u>71,669</u>
Less: provision for bad debt	(1,616)	(1,777)
	<u>53,964</u>	<u>69,892</u>
	<u>716,577</u>	<u>974,877</u>

	30 June 2021 RMB'000	31 December 2020 RMB'000
Included in current assets:		
Trade receivables (b)		
— Related parties	303,409	294,508
— Third parties	612,431	564,237
	915,840	858,745
Less: provision for bad debt		
— Related parties	(16,407)	(16,255)
— Third parties	(163,913)	(158,505)
	(180,320)	(174,760)
	735,520	683,985
Prepayments		
— Prepaid taxes (c)	90,559	61,823
— Prepaid VAT and other surcharges (c)	72,301	56,742
— Other prepayments	240,096	80,247
	402,956	198,812
Amounts due from related parties	2,377,764	3,542,100
Less: provision for bad debt	(181,170)	(192,425)
	2,196,594	3,349,675
Amounts due from non-controlling interests (a)	605,654	674,714
Less: provision for bad debt	(6,057)	(6,747)
	599,597	667,967
Deposits for purchase of land (d)	356,832	209,011
Less: provision for bad debt	(3,568)	(2,090)
	353,264	206,921
Other receivables		
— Lendings to third parties	268,464	242,448
— Escrow receivable	69,514	75,806
— Deposits in housing fund	9,091	11,535
— Deposits for building construction	3,169	3,538
— Deposits for apartments rental	2,374	2,368
— Consideration Receivables	—	171,500
— Others	55,656	57,618
	408,268	564,813
Less: provision for bad debt	(4,083)	(5,933)
	404,185	558,880
	4,692,116	5,666,240

- (a) In December 2018, 蘇州朗坤置業有限公司 (Suzhou Langkun Real Estate Co., Ltd.) (“**Suzhou Langkun**”), an indirect non-wholly owned subsidiary of the Company, entered into the supplemental agreement with its owners, pursuant to which Suzhou Langkun agreed to extend the loan term from 31 December 2019 to 31 December 2021. The loan is unsecured, repayable within three years, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amounts of drawdown. As at 30 June 2021, the outstanding amounts due from the non-controlling shareholders of Suzhou Langkun amounted to RMB592,477,000.

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

- (b) As at 30 June 2021 and 31 December 2020, the ageing analysis of the current trade receivables based on invoice date were as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Related parties		
— Less than one year	147,946	115,212
— One to two years	56,770	83,025
— Two to three years	75,164	79,489
— Three to four years	23,529	16,782
	303,409	294,508
Third parties		
— Less than one year	136,578	92,294
— One to two years	346,324	392,449
— Two to three years	79,711	41,149
— Three to four years	24,117	38,345
— Four to five years	25,701	–
	612,431	564,237
	915,840	858,745

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

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

- (d) As at 30 June 2021, deposits for purchase of land mainly related to acquisition of land use right upon successfully bidding at the land auctions. The relevant land use right certificates have not been obtained at 30 June 2021.

16. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Included in non-current liabilities:		
— Amounts due to related parties	183,958	1,687,307
— Warranty accrual	87,828	76,533
— Other payables	6,565	8,022
	278,351	1,771,862
Included in current liabilities:		
— Amounts due to related parties	5,283,964	6,024,107
— Payables for construction materials and services	1,468,101	1,556,954
— Dividend payable	275,429	161,222
— Value added tax and other tax payables	164,652	247,359
— Amounts due to non-controlling interests	280,119	259,837
— Interest payable	291,787	267,287
— Deposits received from rental and construction services	636,060	454,127
— Fundings from third parties	320,489	138,854
— Notes payables	17,448	8,168
— Accruals for staff costs	64,034	255,693
— Consideration payables	14,599	27,676
— Other payables	76,087	116,887
	8,892,769	9,518,171

As at 30 June 2021 and 31 December 2020, the aging analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Less than one year	834,489	885,351
One to two years	266,557	497,393
Two to three years	272,713	153,504
Over three years	94,342	20,706
	1,468,101	1,556,954

17. BORROWINGS

	30 June 2021		31 December 2020	
	Current RMB'000	Non-current RMB'000	Current RMB'000	Non-current RMB'000
Secured				
— Bank borrowings	<u>352,472</u>	<u>2,033,486</u>	<u>720,385</u>	<u>1,376,770</u>
Total secured borrowings	<u>352,472</u>	<u>2,033,486</u>	<u>720,385</u>	<u>1,376,770</u>
Unsecured				
— Bank borrowings	10,000	793,704	10,000	27,833
— Guaranteed senior notes 2019	1,012,881	—	4,141	1,287,542
— Guaranteed senior notes 2020	—	1,121,860	62,180	1,271,611
— Loans from the ultimate holding company	—	917,577	—	917,577
— EB-5 loans and contributions from EB-5 investors	—	772,049	—	815,553
— Loans from other financial institutions	<u>60,000</u>	<u>—</u>	<u>60,000</u>	<u>—</u>
Total unsecured borrowings	<u>1,082,881</u>	<u>3,605,190</u>	<u>136,321</u>	<u>4,320,116</u>
Total borrowings	<u>1,435,353</u>	<u>5,638,676</u>	<u>856,706</u>	<u>5,696,886</u>

Borrowings carry interest ranging from 0.50% to 10.75% (2020: 0.10% to 10.75%) per annum.

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
RMB	1,656,457	1,552,193
US\$	<u>5,417,572</u>	<u>5,001,399</u>
	<u>7,074,029</u>	<u>6,553,592</u>

CHAIRMAN’S STATEMENT

REVIEW OF THE FIRST HALF OF 2021

Market Overview

In the first half of the year, the economy of the PRC has gradually recovered from the impact of the epidemic and returned to the track of healthy and stable growth. The total GDP exceeded RMB50 trillion, representing a year-on-year increase of approximately 12.7%. The overall national real estate market has also maintained rapid growth, with sales area and value hitting a record high over the same period in the previous years. With stricter management and control over the market in various regions, it is expected that the growth rate of scale will continue to slow down.

Driven by economic stimulus policies, the GDP in the United States in the first half of the year also achieved relatively rapid growth. According to Urban Land Institute’s forecast, the upward trend of real estate market in the United States will continue in 2022. The S&P Homebuilders Select Industry index has been maintaining a growing trend since the end of March 2020, posting a year-to-date increase of over 30%.

Operation Performance

During the period under review, “Landsea Products” recorded contracted sales of approximately RMB23.40 billion, representing a year-on-year increase of approximately 81.6%. The contracted GFA was approximately 1.48 million sq.m. with a year-on-year increase of approximately 101.1%, realizing a net core profit of approximately RMB132 million with a year-on-year increase of approximately 29.5%. During the period, the Group secured 17 projects, of which 8 were in the PRC and 9 were in the United States.

Real Estate Business in the PRC

Landsea Green Properties (“**Landsea**” or the “**Group**”) has been focusing on green products differentiation to build and enhance its green brand power for years. As of the end of June 2021, Landsea had built 141 green residential projects in 36 cities across the PRC with a green residential development area of over 25 million sq.m.. Currently, the Company has obtained a total of 97 green building certifications in the PRC, of which 51 certifications, accounting for over half of the total, were green building three-star certifications. All first green building three-star certification in 9 cities, including Shanghai, Nanjing, Hangzhou and Suzhou, were obtained by Landsea. In addition, we have also obtained 21 international green building certifications, including BREEAM and LEED. At present, over 75,000 household users of Landsea Properties in the PRC have been using our technology housing services.

Since the debut of “Ark of Freedom (自由方舟)”, a green healthy residence, as a new generation of products in 2020, Landsea has launched a total of 3,732 houses in six cities, including Nanjing, Zhangjiagang, Changshu, Kaifeng, Chengdu and Zhongshan. As compared with other comparables, the houses under “Ark of Freedom (自由方舟)” enjoyed a premium of RMB3,000 to RMB6,000 per sq.m..

During the period, the Group acquired a total of 8 projects in cities including Tianjin, Chongqing, Wuhan, Suzhou, Changzhou and Jinhua, with saleable value and saleable area of new projects of approximately RMB17.35 billion and 850,000 sq.m. respectively. As of 30 June 2021, the accumulated saleable value in the PRC was approximately RMB80.88 billion, of which first-tier and new first-tier cities accounted for over 60% and the Yangtze River Delta and the Greater Bay Area accounted for over 70%.

Among those 8 newly acquired projects in the PRC, 6 were development management projects entrusted by independent third parties, i.e. project management projects, realizing a revenue from project management services of approximately RMB405 million with a year-on-year increase of 17.1%. The saleable value and saleable area of new projects have been rapidly increased from approximately RMB1.23 billion and 62,000 sq.m. in the first half of 2019 to approximately RMB12.86 billion and 649,000 sq.m. in the first half of the year respectively, representing a three-year compound growth rate of over 220%. Meanwhile, the gross profit margin of project management business maintained at a relatively high level of 57%. As of 30 June 2021, we provided a total of 50 projects with project management services, with a total saleable area of approximately 2.776 million sq.m. and an estimated saleable value of approximately RMB59.54 billion.

Real Estate Business in the United States

Currently, the lowest mortgage interest rates in history and the demand for home offices and home learning in the United States have fueled a surge in housing demand. Affected by the epidemic, there was no increase in housing supply in the United States due to continuous shortage of labour and materials. According to the S&P/Case-Shiller20-City Composite Home Price Index, the housing prices in March posted the fastest growth on record since December 2013 and Phoenix, Arizona saw the largest increase in housing prices.

As more and more large-scale companies adopted telecommuting, there was a trend of relocation in the United States to states with lower housing prices and lower taxes. Texas, Florida and Arizona have witnessed a rapid growth in net population inflow due to their lower costs of living and ample employment opportunities.

Following tapping into the United States capital market in January this year, Landsea Homes Corporation (“**Landsea Homes**”) has acquired Vintage Estate Homes, a homebuilder, in April to enter the housing market in Florida and Texas, securing 1,815 lots and 405 housing reserve. Connecting certain major areas, namely Phoenix in Arizona, Austin and San Antonio in Texas and Orlando in Florida together with well-established Northern California Bay Area, Greater Los Angeles Area in Southern California and New York Metropolitan Area, Landsea Homes has preliminarily created a “smiling coastline” in the United States. We are one step closer to our goal of “providing functional housings in growing markets across the United States”.

During the period, Landsea Homes secured a saleable area of approximately 588,000 sq.m. and saleable value of approximately RMB9.39 billion for new projects in California, Arizona, Texas and Florida, representing a year-on-year increase of 129%.

CORPORATE SOCIAL RESPONSIBILITIES AND SUSTAINABLE DEVELOPMENT

It has been the fifth year since Landsea, Society of Entrepreneurs & Ecology (SEE), China Urban Realty Association, China Real Estate Chamber of Commerce and Vanke jointly launched the “China Real Estate Green Chain Action” in 2016. As an initiator, a promoter and a practitioner of the Green Chain Action, Landsea has always been committed to promoting the sustainable development of upstream companies. As at the fifth anniversary of Green Chain Action Conference in June this year, Green Chain Action’s green procurement program has increased from 4 to 13 categories, and the number of companies that meet environmental protection production requirements on the “White List” has increased to 3,874 as well. As the chairman of the Green Chain Action, I strongly believe that the green procurement of Chinese real estate companies is of great significance both in areas of response to climate change and pollution prevention.

On 30 June this year, Landsea formally established an environmental, social and governance (“ESG”) committee under the Board structure to take over the functions of the sustainable development supervision committee of the Company formed in 2016. Under the leadership of the committee, we have officially released five corporate social responsibility reports and ESG reports. For Landsea, not only is ESG reports a compliance requirement for disclosure, but also a reflection of the corporate culture, strategic selection and the nature of green business. We fully integrate ESG governance into our corporate business strategies, risk control and business decision-making process on a daily basis. This process helps each department put ESG ideas into practice in every part of business development as well as management and operation, and in turn achieving sustainable development.

At the end of June 2021, Landsea received the “Outstanding ESG Performer of the Year — Platinum” at the ESG Achievement Awards 2020 ceremony held by the Institute of ESG & Benchmark (IESGB) and honored by Hang Seng Indexes Company Limited, showing high degree of recognition for Landsea in the area of sustainable development in the industry.

OUTLOOK

On 16 July this year, the national carbon emissions trading market was officially opened. This is a key institutional innovation for the country to make use of market mechanism to control and reduce greenhouse gas emissions and facilitate green and low-carbon development. This is also an important policy instrument to promote the dual-carbon goal. In particular, emission reduction in the upstream and downstream of the real estate and construction industry and its supply chain is of great significance.

The capital market has gradually realized that ESG has an impact on an organization’s operational performance and long-term financial performance in every aspect. Investors are gradually placing ESG at the core of their investment strategies whereas other stakeholders such as employees, customers and suppliers have also raised concern for corporate performance of emission reduction year by year.

Against the backdrop of global response to climate change and China's "3060" carbon emission reduction goal, green and low-carbon development has become a "must-select model" for enterprises. To achieve carbon neutrality in the construction and real estate industry, innovation is fundamental to green and low-carbon technology. For twenty years, as a company that has been deeply involved in the field of green construction and has always been committed to creating green living with high comfort and low energy consumption, the current policy environment will bring us better development opportunities with no doubt; over the years, the exploration of the asset-light model has also built our solid financial foundation and our strong product and operational capabilities.

In the future, we will continue to adhere to the strategic choice of product differentiation, asset-light model and income diversification, as well as develop green product capabilities, establish and improve the green supply chain, and facilitate the achievement of the dual-carbon goal with determination.

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 the first half of 2021, “Landsea Products” recorded contracted sales of approximately RMB23.40 billion (including the contracted sales of approximately RMB23.29 billion from the Group and a small amount of remaining projects of Landsea Group) (first half of 2020: approximately RMB12.89 billion). The contracted GFA of 1,480,359 sq.m. (including 1,476,353 sq.m. from the Group and a small amount of remaining projects of Landsea Group) (first half of 2020: 736,077 sq.m.), representing an increase of approximately 101.1% as compared with the first half of 2020.

In the first half of 2021, the Group secured 17 projects, of which 8 were in the PRC and 9 were in the United States, all of the projects were under development for sale (including 11 projects in which the Group held equity interests and 6 development management projects entrusted by independent third parties).

In the first half of 2021, the Group recorded an increase in the new project saleable area of 1,438,009 sq.m. with expected new project saleable value of approximately RMB26.73 billion, in which new project GFA of 851,889 sq.m. (new project saleable area of 789,434 sq.m.) and expected new project saleable value of approximately RMB13.87 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 851,889 sq.m. (new project saleable area of 789,434 sq.m.) as well as expected new project saleable value of approximately RMB13.87 billion. During the six months ended 30 June 2021, the Group obtained new entrusted development management projects with GFA of 976,521 sq.m. (saleable area of 648,574 sq.m.) and expected saleable value of approximately RMB12.86 billion. By adhering to a consistently stable and prudent investment strategy, the Group’s costs for acquiring land and asset have significant advantage in resisting the market risk in the future.

As at 30 June 2021, the Group had project reserves with saleable area of 4,988,846 sq.m. and expected saleable value of approximately RMB99.61 billion, in which saleable area of 2,212,746 sq.m. and expected saleable value of approximately RMB40.07 billion secured for the equity-held projects, with saleable area of 1,765,343 sq.m. and expected saleable value of approximately RMB29.39 billion attributable to the Group. The Group had also acquired a total of 50 development management projects by entrusted independent third parties, with saleable area of 2,776,100 sq.m. and expected saleable value of approximately RMB59.54 billion. The Group held the leased properties with total GFA of 191,681 sq.m. and the equity-held projects with GFA of 104,367 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 six months ended 30 June 2021, the Group secured a total of 8 projects in cities such as Tianjin, Chongqing, Wuhan, Suzhou, Changzhou and Jinhua with an additional saleable area of 850,000 sq.m. and saleable value of approximately RMB17.35 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 RMB268 million.

Business development in the United States

The Group's property development business covers both the PRC and the United States. Currently, Landsea Homes ranks top 50 among real estate developers in the United States. In January 2021, Landsea Homes successfully listed on NASDAQ, becoming the 18th building company listed in the United States and the first building company in the PRC listed on NASDAQ. Since entering into the United States market in 2013, Landsea has been implementing the localisation strategy clearly from the four dimensions of local market, local resources, local customers and local team, and successively expanding to Greater New York, California and Arizona, and to Texas and Florida in the first half of 2021, connecting five major metropolitan areas on the East and West Coasts to create a "smiling coastline". Assets of United States business accounted for approximately 33% of the Group's assets as at 30 June 2021.

During the six months ended 30 June 2021, Landsea Homes secured additional saleable area of approximately 588,000 sq.m. and saleable value of approximately RMB9.39 billion in California, Arizona, Texas and Florida.

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

In the first half of 2021, the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB12.52 billion with contracted sales area of 706,907 sq.m., i.e. an average selling price of RMB17,716 per sq.m.. The contracted sales were mainly from the on-sale projects in Shanghai, Tianjin, Chongqing, Chengdu, Nanjing, Wuhan, Suzhou, Wuxi, Hefei, Jiaxing and Zhongshan, etc. in the PRC and first tier and second tier gateway cities in the United States. As at 30 June 2021, the Group's accumulated areas of properties sold but not recognised were 2,829,652 sq.m. (30 June 2020: 2,652,173 sq.m.), amounting to approximately RMB44.45 billion (30 June 2020: approximately RMB41.32 billion), in which areas of properties sold but not recognised attributable to the Group were 1,286,405 sq.m. (30 June 2020: 1,068,980 sq.m.), amounting to approximately RMB20.26 billion (30 June 2020: approximately RMB16.27 billion).

External contracts for the first half of 2021

Number	Projects	Equity Holding	Contracted Sales Amounts (RMB'000)	Contracted Sales GFA# (sq.m.)	Average Contracted Sales Selling Price (RMB)
1	Nanjing Youth Block	100.0%	1,109	–	–
2	Nanjing Poly Landsea Weilan	49.9%	13,790	325	42,431
3	Nanjing Xihua Mansion	19.0%	104,451	2,917	35,802
4	Nanjing Zixi Mansion	20.0%	750,864	49,523	15,162
5	Suqian Weilan Elegant Yard	51.0%	24,046	1,309	18,376
6	Suqian Weilan Court	51.0%	5,490	–	–
7	Hefei Landsea Hi-tech Court	49.0%	166,371	7,821	21,273
8	Shangshi Future Block	100.0%	15,409	–	–
9	Shanghai The Course of The Future	100.0%	11,703	468	25,000
10	Shanghai Changfenghui Silver Premier	100.0%	67,227	1,529	43,956
11	Wuxi Tiancui	100.0%	297	–	–
12	Suzhou Green County of Taihu	55.0%	3,260	192	16,986
13	Suzhou Oasis Elegant Court	20.0%	1,229	93	13,183
14	Yixin Xindu Mansion	26.0%	9,388	–	–
15	Suzhou Blue Square	51.0%	123,486	11,930	10,351
16	Suzhou Cheng Garden	100.0%	1,073	–	–
17	Suzhou Wuyue Xihua Elegant Court	15.0%	14,825	543	27,292
18	Wuxi Xihua Mansion	40.0%	83,287	3,254	25,595
19	Changshu Shangjing Mingzhu	11.0%	292,194	11,193	26,104
20	Zhangjiagang Le Mansion	50.1%	884,602	41,459	21,337
21	Hangzhou Xihua Mansion	49.0%	12,410	–	–
22	Hangzhou Le Mansion	50.0%	39,195	369	106,117
23	Hangzhou Light of City	40.0%	18,788	–	–
24	Haining Oasis Jing Yuan	20.1%	736,450	53,553	13,752
25	Wuhan Xihua Mansion	30.0%	793,772	28,668	27,688
26	Changsha Lu Island Project	1.0%	85,422	13,657	6,255
27	Chengdu Xihua Mansion	33.0%	61,166	2,567	23,828
28	Chongqing Yue Mansion	30.0%	734,932	51,700	14,215
29	Chengdu Landsea Cuiyue	50.0%	12,232	941	13,000
30	Chengdu Shanglin Xihua Mansion	33.3%	891,498	59,410	15,006
31	Chendu Future Zhe	50.0%	902,882	66,285	13,621
32	Chengdu Le Mansion	75.6%	610,604	23,507	25,975
33	Chendu Xihua Tianxi	50.0%	798,545	27,208	29,349
34	Chengdu Golden Mansion Future Block	51.0%	508,099	58,647	8,664
35	Tianjin Cuiweilan Pavilion	35.0%	128,690	7,677	16,764

Number	Projects	Equity Holding	Contracted Sales Amounts (RMB'000)	Contracted Sales GFA# (sq.m.)	Average Contracted Sales Selling Price (RMB)
36	Xi'an Future Block	100.0%	47,271	1,746	27,076
37	Zhongshan Landsea Dezhou Shangjun	34.5%	368,945	21,923	16,830
38	14th & 6th	95.0%	86,015	516	166,610
39	Alamar	100.0%	97,645	8,530	11,447
40	Avara	51.0%	187,168	3,227	58,004
41	Catalina	100.0%	317,302	6,427	49,371
42	Centerra	100.0%	99,635	7,506	13,274
43	Crestley	100.0%	71,822	2,532	28,370
44	Estrella	100.0%	2,996	175	17,097
45	Germann Country Garden Estates	100.0%	7,341	495	14,829
46	Harvest Queen Creek	100.0%	119,198	8,715	13,678
47	North Copper Canyon	100.0%	214,576	17,386	12,342
48	Orinda	100.0%	269,025	5,237	51,372
49	Sonora Crossing	100.0%	28,504	1,979	14,403
50	Sundance	100.0%	109,758	8,926	12,297
51	The Westerly	100.0%	41,523	1,551	26,778
52	Verrado	100.0%	241,090	16,669	14,464
53	Vintage	100.0%	115,287	8,953	12,876
54	West Pointe	100.0%	125,755	10,676	11,779
55	Park Forest	100.0%	27,891	2,602	10,718
56	Iron Ridge	100.0%	364,952	11,106	32,862
57	Tevelde	100.0%	529,790	27,615	19,184
58	OntarioVander Eyk	100.0%	141,130	5,670	24,889
	Equity-held projects entered into by HK106		<u>12,523,405</u>	<u>706,907</u>	<u>17,716</u>

Contracted sales GFA does not include parking space

Project reserves

As at 30 June 2021, the Group had project reserves with saleable area of 4,988,846 sq.m. and expected saleable value of approximately RMB99.61 billion. In terms of equity interests, saleable area attributable to the Group was 1,765,343 sq.m. and expected saleable value was approximately RMB29.39 billion. The Group had also acquired a total of 50 development management projects by entrusted independent third parties, with saleable area of 2,776,100 sq.m. and expected saleable value of approximately RMB59.54 billion.

Accumulated land reserve at the end of first half of 2021

Number	Projects	Equity Holding	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB'000)	Saleable GFA (sq.m.)
						for future development (sq.m.)				
1	Shanghai Future Block	100.0%	233,791	233,791	-	-	2,840,247	149,587	82,651	-
2	Shanghai The Course of The Future	100.0%	106,622	106,622	-	-	1,330,260	80,199	26,788	774
3	Nanjing Youth Block	100.0%	314,894	314,894	-	-	2,928,546	245,414	67,099	-
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	-	-	5,646,149	326,997	3,888	285
6	Wuxi Tiancui	100.0%	48,772	48,772	-	-	499,391	34,793	4,205	200
7	Wuxi Luka Small Town	100.0%	139,689	133,919	-	5,770	701,287	93,362	64,681	5,952
8	Nanjing Poly Landsea Weilan	49.9%	250,567	250,567	-	-	5,642,559	197,005	18,890	522
9	Nanjing Xihua Mansion	19.0%	201,116	201,116	-	-	5,655,631	152,473	52,512	-
10	Hangzhou Xihua Mansion	49.0%	139,152	139,152	-	-	4,335,950	88,760	49,880	-
11	Hangzhou Le Mansion	50.0%	80,602	80,602	-	-	2,659,587	54,838	20,010	-
12	Chengdu Landsea Qingyang District Project	9.9%	685,684	-	685,684	-	6,290,416	357,731	-	-
13	Tianjin Emerald Lan Wan	75.0%	142,156	142,156	-	-	1,551,857	108,563	9,400	-
14	Tianjin Cuiweilan Pavilion	35.0%	157,140	59,332	97,808	-	1,614,203	111,965	39,872	-
15	Shanghai Changfenghui Silver Premier	100.0%	18,875	18,875	-	-	956,802	18,406	4,500	-
16	Suzhou Blue Square	51.0%	91,325	-	91,325	-	920,442	58,870	118,364	4,761
17	Wuhan Xihua Mansion	30.0%	140,553	-	140,553	-	854,772	30,296	2,642,706	69,679
18	Changsha Lu Island Project	1.0%	266,216	80,301	112,098	73,817	1,035,522	162,644	3,480	-
19	Chengdu Xihua Mansion	33.0%	367,753	367,753	-	-	4,348,209	233,161	456,813	22,250
20	Hefei Landsea Hi-tech Court	49.0%	129,919	-	129,919	-	1,867,269	91,024	117,714	2,217
21	Chengdu Landsea Cuiyue	50.0%	30,316	30,316	-	-	143,576	10,533	109,472	11,992
22	Hefei Feidong Jade Garden	10.0%	57,398	-	57,398	-	147,220	8,584	365,935	31,838
23	Yixing Xindu Mansion	26.0%	220,045	171,171	48,874	-	1,612,038	163,519	21,048	-
24	Suqian Weilan Court	51.0%	224,621	81,544	143,077	-	1,601,538	160,783	46,381	-
25	Suqian Weilan Elegant Court	51.0%	200,522	77,828	122,694	-	1,470,113	138,807	44,677	-
26	Chongqing Le Mansion	30.0%	400,855	216,984	115,662	68,209	3,724,257	235,331	1,070,778	34,603
27	Nanjing Zixi Mansion	20.0%	209,504	-	209,504	-	1,978,732	119,964	1,017,954	31,189
28	Suzhou Cheng Garden	100.0%	12,450	12,450	-	-	271,553	6,999	6,512	176
29	Hangzhou Linglongyue	30.0%	161,440	-	77,230	84,210	-	-	2,237,572	92,098
30	Chengdu Golden Mansion Future Block	51.0%	384,307	-	384,307	-	2,085,561	287,548	168,750	-
31	Chengdu Shanglin Xihua Mansion	33.3%	265,576	-	265,576	-	2,752,907	192,347	295,880	-
32	Kunshan Langlu Garden	51.0%	43,362	-	43,362	-	666,260	26,336	-	-
33	Kunshan Langyue Garden	51.0%	43,294	-	43,294	-	682,910	27,645	-	-
34	Shijiazhuang Future Block	25.5%	166,336	-	166,336	-	1,079,183	124,875	121,200	-
35	Nanjing Wangjiawan Project	60.0%	136,671	-	121,469	15,202	-	-	1,873,557	72,483

Number	Projects	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.)
36	Xi'an Future Block	100.0%	85,111	-	85,111	-	771,603	57,089	70,560	-
37	Chendu Future Zhe	50.0%	216,938	-	190,319	26,619	2,168,931	107,701	719,168	82,809
38	Wuxi Xihua Mansion	40.0%	230,096	63,428	166,668	-	3,628,268	141,400	317,383	4,376
39	Zhongshan Landsea Dezhou Shangjun	34.5%	80,160	-	80,160	-	905,026	56,994	41,520	-
40	Chengdu Le Mansion	75.6%	124,114	-	124,114	-	2,188,075	84,006	151,181	-
41	Chendu Xihua Tianxi	50.0%	190,204	-	190,204	-	3,299,670	119,118	280,925	5,224
42	Changshu Shangjing Mingzhu	11.0%	48,292	-	48,292	-	824,959	32,248	29,444	-
43	Zhangjiagang Le Mansion	50.1%	123,233	-	123,233	-	1,350,917	62,922	585,838	24,659
44	Haining Oasis Jing Yuan	20.1%	314,250	-	314,250	-	1,202,235	89,046	2,325,010	135,575
45	Mianyang Jiangyu Bay	60.0%	115,409	-	115,409	-	-	-	1,161,783	84,134
46	Tianjin Jinnan Xinzhuang Project	100.0%	196,771	-	-	196,771	-	-	2,837,210	135,461
47	Chongqing Central Park Project	100.0%	66,729	-	-	66,729	-	-	1,644,440	66,325
48	Chongqing Future Times	0.0%	188,273	-	188,273	-	989,136	125,722	113,096	235
49	Nanjing G22 Project	0.0%	102,630	-	102,630	-	-	-	2,546,453	75,325
50	Nanjing Landsea Linglongjun	0.0%	134,633	-	134,633	-	2,639,657	101,055	-	-
51	Fuqing Road No. Zero Project	0.0%	39,514	-	39,514	-	-	-	563,410	25,938
52	Nanjing Mountain and Jiuzhu Mansion	0.0%	124,989	-	124,989	-	853,105	32,290	1,481,185	80,615
53	Nanjing Haiyue Metropol	0.0%	278,748	278,748	-	-	9,610,126	205,953	25,465	-
54	Nanjing Landsea Golden Elephant Mangrove	0.0%	307,241	230,001	77,240	-	6,077,087	217,813	-	-
55	Nanjing Jiulong Xi'an Plot C	0.0%	76,516	-	76,516	-	1,275,572	40,666	27,676	706
56	Nanjing Jiulong Xi'an Plot A/B	0.0%	180,538	180,538	-	-	2,276,465	93,316	911,431	32,013
57	Hefei Wanxin Landsea Green County	0.0%	148,441	148,441	-	-	1,332,040	102,268	10,405	655
58	Wuxi Landsea New County	0.0%	297,136	-	297,136	-	293,721	-	3,893,542	191,128
59	Suzhou New County	0.0%	122,242	-	122,242	-	1,088,029	42,105	-	-
60	Century Landsea Green County in Yancheng Dongtai	0.0%	200,269	36,247	88,687	75,335	1,650,573	132,808	308,588	26,355
61	Nanjing G68 Project	0.0%	263,294	-	263,294	-	-	-	10,500,000	150,000
62	Zhangjiakou Dongshan Yiyuan	0.0%	134,908	-	134,908	-	599,951	85,593	411,505	14,424
63	Nanjing Jiangning G45 Project	0.0%	142,633	-	142,633	-	1,215,621	37,468	1,387,098	67,532
64	Wuhan West Coast	0.0%	171,838	171,838	-	-	1,088,298	98,521	189,520	11,432
65	Rugao Xihua Mansion	0.0%	292,587	-	292,587	-	2,466,077	176,660	992,290	73,426
66	Suzhou Feiniaoji	0.0%	281,829	-	61,074	220,755	710,702	60,768	774,148	37,182
67	Changzhou Xihua Mansion	0.0%	140,833	-	140,833	-	2,381,002	101,301	99,360	-
68	Chengdu Yaolongwan	0.0%	188,652	-	188,652	-	302,793	44,496	504,757	62,231
69	Chengdu Guanshanyue	0.0%	191,853	-	191,853	-	1,169,079	108,310	26,265	-
70	Wuxi Xiangbin Street	0.0%	58,294	-	-	58,294	-	-	845,290	42,400
71	Xi'an Huyuqi	0.0%	28,835	-	28,835	-	325,016	20,018	-	-
72	Beijing Jianguo Apartment Project	0.0%	22,483	-	22,483	-	-	-	1,110,000	12,885
73	Beijing Zengguang Road Project	0.0%	14,729	-	-	14,729	-	-	1,000,000	9,109
74	Kaifeng Bianjing Xihua Mansion	0.0%	278,468	-	278,468	-	569,809	54,644	1,648,778	157,569
75	Chengdu Tianfu Green	0.0%	276,474	-	147,923	128,551	1,395,498	119,340	227,309	23,626
76	Suzhou Hefeng Xihua Elegant Court	0.0%	185,379	-	185,379	-	4,317,967	131,524	249,600	-
77	Xianyang Weichengfu	0.0%	394,474	-	107,900	286,574	1,429,711	137,713	1,683,731	142,434
78	Cuzhou Zhizaogu	0.0%	117,880	-	-	117,880	-	-	490,780	61,846
79	Nantong Haiyingli	0.0%	86,399	-	41,827	44,572	477,989	51,763	159,799	14,990
80	Suzhou Shangjun	0.0%	133,529	-	-	133,529	-	-	1,681,430	76,188
81	Suzhou Huangqiao Project	0.0%	72,615	-	-	72,615	-	-	697,260	24,900
82	Yixing Guanlin Project	0.0%	92,508	-	-	92,508	-	-	451,830	61,620
83	Jiangyin Linggang Plot B	0.0%	102,120	-	-	102,120	-	-	991,370	77,489

Number	Projects	Equity Holding	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB '000)	Saleable GFA (sq.m.)
						for future development (sq.m.)				
84	Wuxi Yucui	0.0%	125,904	–	111,044	14,860	932,490	52,531	498,060	27,364
85	Suzhou Zhong'ou Alumni Project	0.0%	91,500	–	91,500	–	255,981	11,819	209,489	7,280
86	Suzhou Xihewan Huating	0.0%	155,409	–	–	155,409	–	–	3,088,510	99,610
87	Jinhua Taoyuanli	0.0%	162,643	–	162,643	–	695,906	59,123	724,874	50,112
88	Ningbo Hangzhouwan Project	0.0%	217,847	–	–	217,847	–	–	2,188,190	157,779
89	Tianjin Wuqing Lanhuajun	0.0%	77,762	–	–	77,762	–	–	981,000	93,143
90	Xi'an Le Mansion	0.0%	68,284	–	68,284	–	–	–	797,700	43,595
91	Huizhou Luyuan Project	0.0%	139,615	–	139,615	–	–	–	2,179,500	94,390
92	Zhangzhou Changtai Project	0.0%	100,908	–	–	100,908	–	–	1,074,830	55,772
93	Dongyang Lakeside Residence	0.0%	414,978	–	187,634	227,344	–	–	3,527,270	269,311
94	Wuhan Caidian Electrical Appliance Factory Project	0.0%	78,033	–	–	78,033	–	–	834,280	56,485
95	Changzhou Central Art Park North Project	0.0%	251,018	–	–	251,018	–	–	5,648,490	181,456
96	Wujiang Hengtai Project	0.0%	98,296	–	98,296	–	–	–	1,556,840	68,906
97	Huai'an Beijing Road South Project	0.0%	33,287	–	–	33,287	–	–	223,210	16,644
98	14th & 6th	95.0%	7,550	–	7,550	–	85,913	516	918,336	4,952
99	Alamar	100.0%	15,838	1,861	13,977	–	151,426	13,530	8,614	2,308
100	Avora	51.0%	31,776	31,776	–	–	1,280,592	21,647	186,909	2,182
101	Catalina	100.0%	15,249	12,638	2,460	151	769,318	15,098	9,620	151
102	Centerra	100.0%	45,047	18,171	12,722	14,154	288,942	25,738	182,547	19,310
103	Crestley	100.0%	15,650	6,584	3,134	5,932	249,282	9,718	169,957	5,932
104	Eastmark	100.0%	67,833	8,501	–	59,332	87,303	8,501	778,512	59,332
105	El Cidro	100.0%	356,885	101,673	179,008	76,204	104,118	101,673	982,865	255,212
106	Ellis Town Country	100.0%	75,674	–	–	75,674	–	–	1,323,767	75,674
107	Estrella	100.0%	32,908	7,382	–	25,526	47,086	4,880	303,533	28,028
108	Germann Country Garden Estates	100.0%	4,201	3,626	575	–	62,216	4,201	–	–
109	Harvest Queen Creek	100.0%	20,189	5,272	14,917	–	236,957	18,386	29,240	1,803
110	Lavender	100.0%	15,738	–	–	15,738	–	–	1,085,018	15,738
111	North Central Phoenix (Madison Town & Country)	100.0%	10,124	–	961	9,163	–	–	223,547	10,124
112	Northern Farms	100.0%	52,142	–	959	51,183	–	–	460,867	52,142
113	Orinda	100.0%	9,081	–	7,933	1,148	436,613	8,530	25,777	551
114	Park Forest	100.0%	44,128	40,042	2,541	1,545	403,192	41,949	1,315	2,179
115	Sonora Crossing	100.0%	15,540	11,120	4,420	–	204,530	15,540	–	–
116	Sundance	100.0%	29,972	20,172	9,032	768	320,375	29,728	2,843	244
117	Sunrise Ranch	100.0%	99,809	–	20,958	78,851	–	–	951,673	99,809
118	Sunset Farms	100.0%	28,419	–	4,262	24,157	–	–	254,153	28,419
119	Synagogue	90.0%	4,552	641	3,911	–	–	–	549,107	3,412
120	Verrado	100.0%	91,328	44,739	23,955	22,634	829,105	67,677	273,369	23,651
121	North Copper Canyon	100.0%	90,373	61,090	23,014	6,269	848,104	80,652	96,253	9,720
122	West Pointe	100.0%	51,835	36,502	14,730	603	557,165	51,025	10,983	810
123	Iron Ridge	100.0%	143,457	131,435	10,412	1,610	2,941,570	137,314	169,623	6,143
124	Tevelde	100.0%	115,465	50,892	19,975	44,598	1,352,028	79,173	432,401	36,292
125	Novato	100.0%	10,628	–	2,681	7,947	–	–	377,055	10,628
126	Ontario Vander Eyk	100.0%	47,074	–	10,177	36,897	140,418	5,670	776,312	41,403
127	Alameda Marina	100.0%	35,197	–	–	35,197	–	–	1,422,555	35,197
128	Bentridge	100.0%	51,335	–	–	51,335	–	–	485,424	51,335
129	Citrus Park	100.0%	122,487	–	–	122,487	–	–	1,100,724	122,487
130	Lincoln 65 — Nolin	100.0%	10,175	–	–	10,175	–	–	268,745	10,175

Number	Projects	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.)
131	Tirado	100.0%	21,333	-	-	21,333	-	-	676,972	21,333
132	Vintage	100.0%	184,236	15,416	36,109	132,711	1,238,485	90,632	973,245	92,863
133	Placentia Heights	100.0%	15,786	-	-	15,786	-	-	531,694	15,786
134	Monarch Hills	100.0%	113,194	-	-	113,194	-	-	2,283,697	113,194
135	North Copper Canyon (3.1 & 3.2)	100.0%	34,645	-	-	34,645	-	-	403,757	34,645
Total			<u>18,461,158</u>	<u>5,059,126</u>	<u>9,263,828</u>	<u>4,138,204</u>	<u>148,248,592</u>	<u>8,236,828</u>	<u>99,609,224</u>	<u>4,988,846</u>
Of Which: Subtotal of Equity-held Project			<u>10,571,890</u>	<u>4,013,313</u>	<u>4,924,303</u>	<u>1,634,274</u>	<u>99,829,191</u>	<u>5,791,240</u>	<u>40,073,610</u>	<u>2,212,746</u>
Subtotal of Entrusted Development and Management Project			<u>7,889,268</u>	<u>1,045,813</u>	<u>4,339,525</u>	<u>2,503,930</u>	<u>48,419,401</u>	<u>2,445,588</u>	<u>59,535,614</u>	<u>2,776,100</u>

Projects	Equity Holding	Status	Usage	GFA (sq.m.)
Beijing Landsea Tower*	50.0%	Completed	Leasing	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
Suzhou Blue Square*	51.0%	Completed	Leasing	26,049
				<u>191,681</u>

* The property is held by joint ventures of the Company

FINANCIAL REVIEW

Revenue and gross profit

For the half year ended 30 June 2021, the Group's revenue was mainly derived from development and management services of approximately RMB405 million (first half of 2020: approximately RMB346 million), from sale of properties of approximately RMB3.13 billion (first half of 2020: approximately RMB2.49 billion) and rental and property management fee income of approximately RMB2 million (first half of 2020: approximately RMB15 million), which in aggregate was approximately RMB3.54 billion (first half of 2020: approximately RMB2.85 billion), representing an increase of approximately 24.0% as compared with the first half of 2020. For the half year ended 30 June 2021, the recognised sales income of joint ventures and associates attributable to the Group were approximately RMB1.11 billion (first half of 2020: approximately RMB2.65 billion). The revenue recognised by the Group and off-balance sheet recognised sales income of joint ventures and associates attributable to the Group was approximately RMB4.65 billion (first half of 2020: approximately RMB5.50 billion).

For the half year ended 30 June 2021, the gross profit of the Group was approximately RMB799 million (first half of 2020: approximately RMB505 million), the off-balance sheet recognised gross profit of joint ventures and associates attributable to the Group was approximately RMB244 million (first half of 2020: approximately RMB550 million), aggregating to approximately RMB1.04 billion (first half of 2020: approximately RMB1.06 billion); the gross profit margin was approximately 22.6% (first half of 2020: approximately 17.7%), representing an increase of 4.9 percentage points as compared with the first half of 2020. The off-balance sheet recognised average gross profit margin of joint ventures and associates attributable to the Group was approximately 22.0% (first half of 2020: approximately 20.7%), representing an increase of 1.3 percentage points as compared with the first half of 2020. The on-balance sheet and off-balance sheet average gross profit margin of joint ventures and associates attributable to the Group was approximately 22.5% (first half of 2020: approximately 19.2%), representing an increase of 3.3 percentage points as compared with the first half of 2020.

Recognised sales of properties of subsidiaries

For the half year ended 30 June 2021, the Group recognised revenue of approximately RMB3.54 billion (first half of 2020: approximately RMB2.85 billion), representing an increase of approximately 24.0%. In which, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB3.13 billion (first half of 2020: approximately RMB2.49 billion) and 168,535 sq.m. respectively, mainly attributable to Shanghai Future Block and Tianjin Emerald Lan Wan in the PRC, and Tevelde, Iron Ridge, Sanctuary, Catalina, West Pointe, Vintage, The Westerly and North Copper Canyon in the United States. The average selling price in the PRC was approximately RMB25,009 (first half of 2020: approximately RMB13,103) per sq.m., while the average selling price in the United States was approximately RMB16,890 (first half of 2020: approximately RMB16,756) per sq.m..

Recognised sales of properties of joint ventures and associates

For the half year ended 30 June 2021, the recognised sales of joint ventures and associates attributable to the Group was approximately RMB1.11 billion (first half of 2020: approximately RMB2.65 billion), with 69,245 sq.m. in gross floor areas attributable to the Group. Sales attributable to the Group were mainly generated from Wuxi Xihua Mansion, Suzhou Wuyue Xihua Elegant Court and Suqian Linglongjun in the PRC, and Avora Project in the United States. The average selling price in the PRC was approximately RMB14,936 (first half of 2020: approximately RMB32,786) per sq.m. and the average selling price in the United States was approximately RMB58,289 (first half of 2020: approximately RMB57,154) 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 RMB405 million (first half of 2020: approximately RMB346 million) for the half year ended 30 June 2021. Gross profit margin of property development and management services income was maintained at 57%.

Income from rental and management fee

For the half year ended 30 June 2021, the Group recognised rental and management fee income of approximately RMB2 million (first half of 2020: approximately RMB15 million), representing a decrease of approximately 85.5% as compared with the first half of 2020. The decrease in rental and management fee income was mainly attributable to the sales of Landsea Tower in Shenzhen at the end of last year.

Fair value (losses)/gains

For the half year ended 30 June 2021, the fair value losses of the Group amounted to approximately RMB44 million (first half of 2020: gains of approximately RMB45 million). The increase in fair value losses was the combined effect of: (i) the losses on changes in fair value of warrants brought by the acquisition of SPAC in the United States during the period of approximately RMB49 million; and (ii) the decrease in fair value gains on investment properties during the period of approximately RMB5 million (first half of 2020: approximately RMB45 million). The Group’s investment properties included Huangxing Building in Shanghai, Huafei Apartment in Nanjing, Wangjiawan Building in Nanjing and Neighbourhood Union in Wuxi located in the PRC. The fair value of investment properties was determined by a competent independent valuer based on the property’s current business model adopted by the Group and its expected income to be generated.

Selling expenses

For the half year ended 30 June 2021, the Group recorded selling expenses of approximately RMB227 million (first half of 2020: approximately RMB149 million), representing an increase of approximately 51.7% as compared with the first half of 2020. 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 under the pandemic.

Administrative expenses

For the half year ended 30 June 2021, the Group recorded administrative expenses of approximately RMB800 million (first half of 2020: approximately RMB327 million), representing an increase of approximately 145.1% as compared with the first half of 2020. The increase in administrative expenses was mainly attributable to the increase in listing expenses indirectly incurred by the acquisition of SPAC in the United States of approximately RMB377 million and the increase in headcounts resulting from the acquisition of Vintage Estate Homes.

Net provision for impairment loss on financial assets

For the half year ended 30 June 2021, the Group's net provision for impairment loss on financial assets was approximately RMB21 million (first half of 2020: approximately RMB97 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.

Other (losses)/gains

For the half year ended 30 June 2021, the Group recorded other losses of approximately RMB37 million (first half of 2020: gains of approximately RMB61 million). The increase in other losses was mainly due to the combined effect of: (i) the increase in the unrealised foreign exchange losses of approximately RMB67 million (first half of 2020: foreign exchange gains of approximately RMB61 million) arising from foreign currency loans and current accounts between the subsidiaries of the Group during the period; and (ii) the gains arising from the acquisition of non-subsidiary during the period of approximately RMB18 million.

Finance costs

For the half year ended 30 June 2021, the Group recorded interest expense (excluding the finance cost of approximately RMB45 million recognised for advanced receipts) of approximately RMB320 million (first half of 2020: approximately RMB361 million). The capitalisation rate of interest expenses was approximately 49.2% for the first half of 2021 (first half of 2020: approximately 29.1%). For the half year ended 30 June 2021, the expensed finance costs of the Group were approximately RMB163 million (first half of 2020: approximately RMB256 million). For the half year ended 30 June 2021, the interest income of the Group was approximately RMB49 million. Net finance costs were approximately RMB114 million (first half of 2020: approximately RMB145 million). For the half year ended 30 June 2021, the weighted average finance cost was approximately 7.0% (31 December 2020: approximately 7.6%).

Taxation

For the half year ended 30 June 2021, the Group recorded taxation charge of approximately RMB132 million (first half of 2020: approximately RMB119 million), of which the increase in taxation arose from the acquisition of SPAC in the United States amounted to approximately RMB79 million.

(Loss)/Profit for the period

For the half year ended 30 June 2021, the Group realised a net core profit (net loss excluding exchange gains/losses, expenses in relation to the acquisition of SPAC in the United States and changes in fair value) amounted to approximately RMB132 million (first half of 2020: approximately RMB102 million), representing an increase of approximately 29.5% as compared with corresponding period of last year; the net core profit attributable to the shareholders of the Company was approximately RMB114 million (first half of 2020: approximately RMB56 million), representing an increase of approximately 103.9% as compared with the first half of 2020. During the period, due to increase in listing expenses in the United States (such listing expenses was assessed to be charged to profit or loss in accordance with Hong Kong Financial Reporting Standards, whereas if the assessment was made in accordance with US GAAP or PRC GAAP, such listing expenses would have been recorded in equity and would not have had any impact on profit or loss) and exchange losses, the Group's loss amounted to approximately RMB442 million (first half of 2020: net profit of approximately RMB188 million).

LIQUIDITY AND FINANCIAL RESOURCES

Cash positions

As at 30 June 2021, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB3.94 billion (as at 31 December 2020: approximately RMB5.25 billion). As at 30 June 2021, the Group's current ratio (current assets divided by current liabilities) was approximately 1.5 times (as at 31 December 2020: 1.5 times).

Indebtedness

As at 30 June 2021, the total indebtedness of the Group amounted to approximately RMB7.07 billion (as at 31 December 2020: approximately RMB6.55 billion). The Group's indebtedness mainly included shareholder's loans, secured bank loans, senior notes and EB-5 financing. As at 30 June 2021, total net debts[#] were approximately RMB3.21 billion (as at 31 December 2020: approximately RMB1.42 billion). As at 30 June 2021, the proportion of short-term debts was approximately 20.3% (as at 31 December 2020: approximately 13.1%) and long-term debts was approximately 79.7% (as at 31 December 2020: approximately 86.9%). 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.

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

Analysis of Indebtedness:

	30 June 2021		31 December 2020	
	<i>RMB'000</i>	<i>percentage</i>	<i>RMB'000</i>	<i>percentage</i>
Analysis of total indebtedness by settlement currency:				
Denominated in RMB	1,656,457	23.42%	1,552,193	23.68%
Denominated in US\$	5,417,572	76.58%	5,001,399	76.32%
	7,074,029	100.00%	6,553,592	100.00%
Analysis of total indebtedness by maturity:				
Within one year	1,435,353	20.29%	856,706	13.07%
Between one and two years	1,854,019	26.21%	3,000,814	45.79%
Between two and five years	3,784,657	53.50%	1,896,831	28.94%
Five years or above	–	–	799,241	12.20%
	7,074,029	100.00%	6,553,592	100.00%

GEARING RATIOS

The Group has been working hard on optimising its capital and debt structure. As at 30 June 2021, the on-balance sheet net debts[#] to equity ratio of the Group was approximately 52.8% (as at 31 December 2020: approximately 25.9%), which remained low in the industry. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 29.1% as at 30 June 2021 (as at 31 December 2020: approximately 26.5%). In addition, the debt to assets ratio of the Group net of advance payment received as at 30 June 2021 was approximately 73.8% (as at 31 December 2020: approximately 77.5%), which remained stable as compared with 31 December 2020. The management will continue to monitor the Group's capital and debt structure from time to time with aim of controlling short-term debt ratio and mitigating its exposure to the risk of gearing.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2021, bank borrowings of the Group were secured by one or a combination of the following items: properties under development for sale, investment properties, restricted cash and guarantees provided by the controlling shareholder. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans were guaranteed by a subsidiary.

FOREIGN EXCHANGE AND CURRENCY RISK

As at 30 June 2021, 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 subsidiaries in Hong Kong is Hong Kong dollar, and that of the subsidiaries in China's Mainland is Renminbi. As at 30 June 2021, the borrowing of approximately 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 net amount of approximately RMB1.42 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 approximately RMB67 million (first half of 2020: exchange gains of approximately RMB61 million). As at 30 June 2021, the Group's assets denominated in US\$ were approximately US\$1.25 billion (equivalent to RMB8.06 billion), representing approximately 33% of the total assets, and the liabilities denominated in US\$ were approximately US\$944 million (equivalent to approximately RMB6.10 billion), representing approximately 33% of the total liabilities, and assets denominated in US\$ exceeds liabilities denominated in US\$ by 1.3 times. As foreign currency assets are in line with the foreign currency liabilities, no financial instrument is required for hedging purposes.

INTEREST RATE RISK

As at 30 June 2021, the debts payable borne with fixed interest rate accounted for approximately 54.1% (as at 31 December 2020: approximately 56.0%) 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.

GUARANTEES

The Group cooperates with various financial institutions to arrange mortgage loan facilities for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 30 June 2021, the outstanding guarantees amounted to approximately RMB1.06 billion (as at 31 December 2020: approximately RMB1.52 billion).

As at 30 June 2021, there were certain corporate guarantees provided by the subsidiaries of the Group for each other in respect of their borrowings. The management considered that the subsidiaries had sufficient financial resources to fulfill their obligations.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2021.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

On 31 August 2020 (US time), Landsea Homes Incorporated and Landsea Holdings Corporation, both are then 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 then renamed as Landsea Homes Corporation, and LFCA Merger Sub, Inc. (“**Merger Sub**”) in relation to a business combination transaction by which Merger Sub merges with and into Landsea Homes Incorporated with Landsea Homes Incorporated being the surviving entity of such merger (the “**Merger**”). Merger Sub is a wholly-owned subsidiary of LF Capital. Following the Merger, Landsea Homes Incorporated became a wholly-owned subsidiary of LF Capital, the LF Common Stock, public warrants and units of which are listed on Nasdaq. The Merger consideration is US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933), which was paid in the form of Class A common stock in LF Capital.

Under Paragraph 3(f) of Practice Note 15 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**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 Ming (“**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. Each of Mr. Tian, 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 then 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.

Reference is made to the announcement dated 11 February 2019 in relation to the cooperation framework agreement (the “**Cooperation Framework Agreement**”) entered into between Nanjing Langming Real Estate Group Co., Ltd.* (“**Nanjing Langming**”), Xi’an Langshiming Real Estate Development Co., Ltd.* (“**Xi’an Langshiming**”), Xi’an Jiapeng Real Estate Development Co., Ltd.* (the “**Project Company**”) and Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership)* (“**Dening Fund**”). Pursuant to the terms of the Cooperation Framework Agreement and subject to certain conditions, Dening Fund agreed to invest in the property development project on 陝西省西安市未央區西戶鐵路以東、昆明路以北，宗地編號FD2-14-32 (land parcel No. FD2-14-32 located in the east of the Xihu Railway and the north of Kunming Road in Weiyang District, Xi’an City, Shaanxi Province*) (the “**Subject Project**”) held by the Project Company through the acquisition of the 70% equity interest in the Project Company (the “**Sale Interest**”) and the provision of the shareholder’s loan provided by Dening Fund to the Project Company (the “**Dening Fund Shareholder’s Loan**”). Pursuant to the terms of the Cooperation Framework Agreement, Dening Fund could request to exit the Subject Project and Xi’an Langshiming and/or its designated third party should agree to buy back the total investment amount of not exceeding RMB140,000,000 including the provision of the Dening Fund Shareholder’s Loan of not exceeding RMB126,000,000 and the consideration for the Sale Interest of RMB14,000,000 (the “**Dening Fund Investment**”) for a maximum amount of RMB280,000,000 pursuant to the agreed terms (the “**Buy Back**”) upon the earlier occurrence of either (i) the Subject Project sales rate reaches 95% and all sales proceeds have been received; or (ii) 22 months from the completion of the settlement of Dening Fund Investment, for a maximum amount of RMB280,000,000.

On 8 February 2021, both conditions for the Buy Back had been fulfilled. Accordingly, Shanghai Langyu Commercial Management Limited* (“**Shanghai Langyu**”), Dening Fund and the Project Company entered into the equity transfer agreement, pursuant to which Dening Fund agreed to transfer and Shanghai Langyu agreed to buy back the Sale Interest at RMB42,000,000. There was no outstanding balance of Dening Fund Shareholder’s Loan as at the date of the Buy Back. Upon completion of the transfer of the Sale Interest on 10 March 2021, the Project Company become an indirect wholly-owned subsidiary of the Company and its financial results has been consolidated into the financial statements of the Company since then. The option to exercise the Buy Back was previously announced on 21 February 2019 pursuant to the requirements of Chapter 14 of the Listing Rules. For further details, please refer to the announcement of the Company dated 8 February 2021.

* For identification purpose only

On 27 April 2021, Landsea Homes US Corporation (the “**Purchaser**”) and Landsea Homes, which are non wholly-owned subsidiaries of the Company, Mr. Keith Buescher, Mr. Scott Buescher, Ms. Susan Girard, Ms. Linda Swain, and Mr. Tom Buescher (collectively the “**Sellers**”), and Mercedes Premier Homes, LLC (the “**Target Company**”) entered into the membership interest purchase agreement (the “**Agreement**”), pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell the entire membership interests of the Target Company. Upon closing of the acquisition of the entire membership interests under the Agreement on 4 May 2021, the Target Company become a wholly-owned subsidiary of the Purchaser and its results has been consolidated by the Group since then. For further details, please refer to the announcement of the Company dated 27 April 2021.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events occurring after the end of the reporting period and up to the date of this announcement.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2021 (2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021, other than those purchased by the trustee for the Share Award Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. The Company confirms that, having made specific enquiry of all the Directors, all Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code during the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS BY AUDITOR AND AUDIT COMMITTEE

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises one non-executive Director, namely Mr. Liu Pengpeng, and two independent non-executive Directors, namely Mr. Rui Meng (as chairman), and Mr. Chen Tai-yuan. The principal duties of the Audit Committee include the overview of the Company’s financial reporting system, risk management and internal control systems and financial information of the Group. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 has been reviewed by the Audit Committee.

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

Hong Kong, 27 August 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. Liu Pengpeng, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.