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朗诗绿色管理

LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Formerly as “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 2022

FINANCIAL HIGHLIGHT

- 1 In the first half of 2022, the contracted sales of “Landsea Products” was approximately RMB11.70 billion.
- 2 In the first half of 2022, the additional saleable value was approximately RMB19.32 billion, of which the saleable value of additional project with Project Management Services was approximately RMB7.78 billion.
3. In the first half of 2022, the Group recognized revenue of approximately RMB5.75 billion, with a gross profit margin of approximately 20.4%.

The board (the “**Board**”) of directors (the “**Directors**”) of Landsea Green Management Limited (formerly known as 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 2022 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 2022

	Notes	For the six months ended 30 June	
		2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
Revenue	3	5,751,373	3,536,704
Cost of sales and services		(4,580,540)	(2,737,755)
Gross profit		1,170,833	798,949
Other income	5	10,406	88,848
Selling expenses		(311,391)	(226,720)
Administrative expenses		(464,317)	(800,451)
Provision for impairment loss on financial assets		(175,285)	(20,901)
Fair value losses		(43,199)	(44,483)
Other losses, net		(41,222)	(36,908)
Operating profit/(loss)		145,825	(241,666)
Finance income	6	2,313	11,631
Finance costs	6	(133,474)	(162,565)
Finance costs, net	6	(131,161)	(150,934)
Share of net profit of associates		1,578	28,564
Share of net (loss)/profit of joint ventures		(301,043)	54,844
Loss before income tax		(284,801)	(309,192)
Income tax expenses	7	(105,522)	(132,446)
Loss for the period		(390,323)	(441,638)

		For the six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
— Exchange differences on translation of foreign operations		30,471	54,293
<i>Items that will not be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations attributable to the Company		(47,081)	—
— Exchange difference on translation of foreign operations attributable to non-controlling interests		57,595	—
Other comprehensive income for the period, net of tax		40,985	54,293
Total comprehensive loss for the period		(349,338)	(387,345)
(Loss)/profit for the period attributable to:			
— The shareholders of the Company		(507,316)	(445,677)
— Non-controlling interests		116,993	4,039
		(390,323)	(441,638)
Total comprehensive (loss)/income for the period attributable to:			
— The shareholders of the Company		(523,926)	(380,885)
— Non-controlling interests		174,588	(6,460)
		(349,338)	(387,345)
Loss per share for loss attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic loss per share	9	RMB(0.112)	RMB(0.097)
Diluted loss per share	9	RMB(0.112)	RMB(0.097)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

		As at 30 June 2022	As at 31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	10	593,500	687,500
Property, plant and equipment		195,340	201,044
Right-of-use assets		98,280	89,085
Interests in associates		1,225,957	1,263,464
Interests in joint ventures		2,089,082	2,538,674
Trade and other receivables, prepayments and deposits	12	52,464	280,690
Deferred income tax assets		747,490	709,043
Goodwill		460,662	155,928
		5,462,775	5,925,428
Current assets			
Properties held for sale		752,563	479,426
Properties under development	11	12,576,432	11,402,110
Inventories		41,479	32,320
Contract assets	3	428,734	318,822
Trade and other receivables, prepayments and deposits	12	5,378,988	5,440,451
Financial assets at fair value through profit or loss		–	63,747
Restricted cash		159,135	189,739
Cash and cash equivalents		1,348,238	4,031,310
Assets classified as held-for sale		85,500	–
		20,771,069	21,957,925
Total assets		26,233,844	27,883,353

		As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	13	344,956	251,004
Financial liabilities at fair value through profit or loss		23,287	50,103
Advance from lessees		–	23,106
Lease liabilities		63,890	56,417
Borrowings	14	5,282,745	4,650,617
Deferred income tax liabilities		186,465	186,855
		<u>5,901,343</u>	<u>5,218,102</u>
Current liabilities			
Trade and other payables	13	9,074,330	8,565,304
Financial liabilities at fair value through profit or loss		300,486	–
Advance from lessees		–	2,692
Contract liabilities	3	3,072,649	4,029,269
Lease liabilities		39,837	37,555
Borrowings	14	2,539,620	3,839,002
Current income tax liabilities		556,485	610,167
		<u>15,583,407</u>	<u>17,083,989</u>
Total liabilities		<u>21,484,750</u>	<u>22,302,091</u>
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		38,702	38,702
Reserves		2,827,216	3,885,805
		<u>2,865,918</u>	<u>3,924,507</u>
Non-controlling interests		<u>1,883,176</u>	<u>1,656,755</u>
Total equity		<u>4,749,094</u>	<u>5,581,262</u>
Total liabilities and equity		<u>26,233,844</u>	<u>27,883,353</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. With effect from 5 July 2022, the name of the Company has been changed from “Landsea Green Properties Co., Ltd.” to “Landsea Green Management Limited” pursuant to a special resolution passed by the shareholders of the Company. 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 “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries are referred to as the “Group” hereinafter. The Group is principally engaged in development and sales of properties, provision of management services and leasing of properties. The Company’s subsidiary, Landsea Homes Corporation (“**Landsea Homes**”), has been listed on Nasdaq since 7 January 2021.

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.), 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 for issue on 31 August 2022.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2022 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 announcement is to be read in conjunction with the annual financial statements for the year ended 31 December 2021 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 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use — Amendments to HKAS 16*
- *Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37*

- *Annual Improvements to HKFRS Standards 2018–2020*
- *Reference to the Conceptual Framework — Amendments to HKFRS 3*
- *Merger Accounting for Common Control Combinations — Amendments to AG 5*

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 2022 and relevant to the Group and have not been early adopted by the Group.

Standards, amendments and interpretations	Effective for annual periods beginning on or after	
HKFRS 17	Insurance contracts	1 January 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 HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
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	
	2022	2021
	RMB'000	RMB'000
Revenue recognized at a point in time		
Property development and sales		
— China's Mainland	1,013,784	472,322
— US	4,453,215	2,657,497
Management services		
— China's Mainland	65,908	142,541
— US	1,245	1,232
	<u>5,534,152</u>	<u>3,273,592</u>
Revenue recognized over period		
Management services		
— China's Mainland	215,404	261,004
	<u>215,404</u>	<u>261,004</u>
Rental income		
— Office property investment	1,817	2,108
	<u>5,751,373</u>	<u>3,536,704</u>

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

	30 June 2022	31 December 2021
	RMB'000	RMB'000
Contract assets related to		
— Property development and sales	118,816	39,100
— Management services	346,853	295,673
Less: provision for bad debt	(36,935)	(15,951)
	<u>428,734</u>	<u>318,822</u>
Contract liabilities related to		
— Property development and sales	3,027,596	3,984,096
— Management services	45,053	45,173
	<u>3,072,649</u>	<u>4,029,269</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 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 2022 is as follows:

	For the six months ended 30 June 2022				
	Property development and sales		Management services	Office property investment	Total
	US	China's Mainland			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment revenue (from external customers) (note 3)					
— Revenue recognized at a point in time under HKFRS 15	4,453,215	1,013,784	67,153	—	5,534,152
— Revenue recognized over period under HKFRS 15	—	—	215,404	—	215,404
— Rental income	—	—	—	1,817	1,817
	<u>4,453,215</u>	<u>1,013,784</u>	<u>282,557</u>	<u>1,817</u>	<u>5,751,373</u>
Depreciation of property, plant and equipment	(8,896)	(3,347)	(3,173)	—	(15,416)
Depreciation of right-of-use assets	(10,259)	(4,601)	(2,709)	—	(17,569)
Fair value loss on investment properties (note 10)	—	—	—	(8,508)	(8,508)
Fair value loss on financial liabilities at fair value through profit or loss	(34,418)	—	—	—	(34,418)
Fair value loss on financial assets at fair value through profit and loss	(273)	—	—	—	(273)
Share of net profit of associates	—	1,578	—	—	1,578
Share of net profit/(loss) of joint ventures	844	(301,887)	—	—	(301,043)
Segment profit/(loss)	<u>304,919</u>	<u>(431,500)</u>	<u>30,297</u>	<u>(11,887)</u>	<u>(108,171)</u>
At 30 June 2022					
Segment assets	10,648,354	13,854,818	1,094,328	636,344	26,233,844
Interests in associates	—	1,225,957	—	—	1,225,957
Interests in joint ventures	(261)	2,089,343	—	—	2,089,082
Additions/(deductions) to non-current assets (excluding financial assets)	317,177	4,847	(13,799)	(85,492)	222,733
Segment liabilities	<u>7,217,654</u>	<u>13,729,800</u>	<u>520,443</u>	<u>16,853</u>	<u>21,484,750</u>

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		Management services	Office property investment	Total
	US	China's Mainland			
RMB'000	RMB'000	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 10)	—	—	—	4,500	4,500
Fair value loss on warrant liabilities	(48,983)	—	—	—	(48,983)
Share of net profit of associates	—	28,564	—	—	28,564
Share of net profit of joint ventures	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	—	1,742,975	—	—	1,742,975
Interests in joint ventures	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 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
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
China's Mainland	1,296,913	877,975	4,824,020	5,604,674
US	4,454,460	2,658,729	635,380	315,858
Hong Kong (domicile)	—	—	3,375	4,896
	<u>5,751,373</u>	<u>3,536,704</u>	<u>5,462,775</u>	<u>5,925,428</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	
	2022	2021
	RMB'000	RMB'000
Segment loss	(108,171)	(71,148)
Finance costs, net (note 6)	(131,161)	(150,934)
Unallocated corporate expenses	(45,469)	(87,110)
Loss before income tax	<u>(284,801)</u>	<u>(309,192)</u>

5. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest income from:		
— Amounts due from joint ventures and associates	6,879	22,500
— Amounts due from non-controlling interests	515	11,736
— Loan to third parties and deposit paid for acquisition of an associate	—	2,958
Government grants	3,012	51,291
Sundry income	—	363
	<u>10,406</u>	<u>88,848</u>

6. FINANCE COSTS, NET

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Finance cost:		
— Bank borrowings	143,492	129,789
— Senior notes	118,118	151,173
— Loans from other financial institutions	48,168	132
— Loans from the ultimate holding company	21,294	25,525
— Interest expense on amounts due to related parties	7,888	7,824
— Loan from other borrowings	4,333	–
— EB-5 loans	2,685	791
— Financing component of contract with customers	–	44,981
— Lease liabilities	2,462	2,165
— Other finance charges	421	2,496
	<u>348,861</u>	<u>364,876</u>
Less: interest capitalised	<u>(215,387)</u>	<u>(202,311)</u>
	133,474	162,565
Finance income		
— Bank interest income	<u>(2,313)</u>	<u>(11,631)</u>
	<u>131,161</u>	<u>150,934</u>

The average interest rate of borrowing costs capitalized for the six months ended 30 June 2022 was approximately 6.42% per annum (For the six months ended 30 June 2021: 6.45% per annum).

7. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	103,838	42,714
Deferred income tax	(22,415)	67,869
Land appreciation tax	<u>24,099</u>	<u>21,863</u>
	<u>105,522</u>	<u>132,446</u>

Hong Kong profits tax at the rate of 16.5% (For the six months ended 30 June 2021: 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 2022.

The Group's subsidiaries in China's Mainland are subject to enterprise income tax at the rate of 25% (For the six months ended 30 June 2021: 25%) for the six months ended 30 June 2022.

Land appreciation tax 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 2021: 28.00%). This is then adjusted for items which are not assessable or deductible.

8. DIVIDEND

The Board did not declared any distribution during the annual general meeting of the Company held on 30 June 2022 (2021: HK\$ cents 3.00 (equivalent to RMB cents 2.50) per ordinary share amounting to a total of RMB119,621,000 based on 4,722,307,545 shares issued as at 30 March 2021). During the six months ended 30 June 2022, RMB200,000,000 were paid to the shareholders of the Company.

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022.

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Loss attributable to the shareholders of the Company	<u>(507,316)</u>	<u>(445,677)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>4,547,712</u>	<u>4,615,166</u>
Basic loss per share (expressed in RMB per share)	<u>(0.112)</u>	<u>(0.097)</u>

(b) Diluted

Diluted loss 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 dilutive potential ordinary shares including restricted share award scheme, and etc.

The effects of dilutive potential ordinary shares were excluded from calculation of diluted loss per share as the effects would have been anti-dilutive during the six months ended 30 June 2022 and 2021.

10. INVESTMENT PROPERTIES

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
At 1 January	<u>687,500</u>	<u>674,900</u>
Transfer to assets classified as held-for-sale	(85,492)	–
Fair value (loss)/gain on revaluation	<u>(8,508)</u>	<u>4,500</u>
At 30 June	<u>593,500</u>	<u>679,400</u>

Investment properties were valued at 30 June 2022 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

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

11. PROPERTIES UNDER DEVELOPMENT

	30 June 2022 RMB'000	31 December 2021 RMB'000
Properties under development located:		
— China's Mainland	4,628,600	5,648,120
— US	7,947,832	5,753,990
	<u>12,576,432</u>	<u>11,402,110</u>
Less: provision for decline in the value of properties under development	<u>—</u>	<u>—</u>
	<u>12,576,432</u>	<u>11,402,110</u>
Amount comprises:		
— Land payments	5,897,928	5,886,042
Leasehold land, China's Mainland	2,707,646	3,325,628
Freehold land, US	3,190,282	2,560,414
— Development expenditures and improvements	6,074,591	4,882,206
— Interest capitalized	603,913	633,862
	<u>12,576,432</u>	<u>11,402,110</u>

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2022 RMB'000	31 December 2021 RMB'000
Included in non-current assets:		
Amounts due from related parties	—	398,810
Less: provision for bad debt	—	(170,584)
	—	228,226
Other receivables		
— Deposits for building construction	50,000	50,000
— Deposits for property maintenance	5,580	5,580
	<u>55,580</u>	<u>55,580</u>
Less: provision for bad debt	<u>(3,116)</u>	<u>(3,116)</u>
	<u>52,464</u>	<u>52,464</u>
	<u>52,464</u>	<u>280,690</u>

	30 June 2022 RMB'000	31 December 2021 RMB'000
Included in current assets:		
Trade receivables (a)		
— Related parties	170,098	180,176
— Third parties	532,887	501,539
	702,985	681,715
Less: provision for bad debt		
— Related parties	(25,067)	(26,397)
— Third parties	(242,204)	(228,429)
	(267,271)	(254,826)
	435,714	426,889
Prepayments		
— Prepayments for purchase of land	542,500	542,500
— Prepaid taxes	97,613	92,789
— Prepaid VAT and other surcharges	88,127	104,090
— Other prepayments	153,381	164,495
	881,621	903,874
Amounts due from related parties	3,327,372	2,722,671
Less: provision for bad debt	(608,501)	(296,294)
	2,718,871	2,426,377
Amounts due from non-controlling interests	215,267	847,518
Less: provision for bad debt	(8,611)	(33,901)
	206,656	813,617
Deposits for purchase of land	536,733	405,577
Less: provision for bad debt	(5,367)	(4,056)
	531,366	401,521

	30 June 2022 RMB'000	31 December 2021 RMB'000
Other receivables		
— Lendings to third parties	360,610	332,746
— Escrow receivable	175,241	31,246
— Deposits for land bidding	42,000	42,000
— Deposits in housing fund	5,460	8,860
— Deposits for building construction	1,084	3,377
— Deposits for apartments rental	3,585	3,350
— Others	55,215	60,818
	643,195	482,397
Less: provision for bad debt	(38,435)	(14,224)
	604,760	468,173
	5,378,988	5,440,451

(a) As at 30 June 2022 and 31 December 2021, the ageing analysis of the current trade receivables based on invoice date were as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Related parties		
— Less than one year	32,770	64,556
— One to two years	62,216	26,750
— Two to three years	8,565	34,627
— Three to four years	32,053	46,258
— Four to five years	34,494	7,985
	170,098	180,176
Third parties		
— Less than one year	121,088	48,379
— One to two years	11,088	38,246
— Two to three years	236,217	336,896
— Three to four years	115,820	39,822
— Four to five years	23,289	38,196
— Over five years	25,385	—
	532,887	501,539
	702,985	681,715

13. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000	31 December 2021 RMB'000
Included in non-current liabilities:		
— Amounts due to related parties	219,078	145,958
— Warranty accrual	120,878	100,046
— Other payables	5,000	5,000
	344,956	251,004
Included in current liabilities:		
— Amounts due to related parties	4,412,524	4,412,922
— Payables for construction materials and services	1,912,951	1,925,063
— Dividend payable	12,414	204,245
— Value added tax and other tax payables	178,529	220,111
— Amounts due to non-controlling interests	269,187	269,187
— Interest payable	363,154	319,376
— Deposits received	640,865	497,663
— Fundings from third parties	552,023	252,919
— Financial instruments issued to other investors	274,445	—
— Notes payables	12,044	39,520
— Accruals for staff costs	115,415	193,923
— Consideration payables	4,626	4,626
— Other payables	326,153	225,749
	9,074,330	8,565,304

As at 30 June 2022 and 31 December 2021, the aging analysis of the payables for construction materials and services based on invoice date were as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Less than one year	1,178,238	1,192,113
One to two years	447,864	436,909
Two to three years	144,815	202,174
Over three years	142,034	93,867
	1,912,951	1,925,063

14. BORROWINGS

	30 June 2022		31 December 2021	
	Current RMB'000	Non-current RMB'000	Current RMB'000	Non-current RMB'000
Secured				
— Bank borrowings	709,096	4,075,371	1,154,933	2,993,989
— Loans from other financial institutions	623,700	—	623,700	—
Total secured borrowings	<u>1,332,796</u>	<u>4,075,371</u>	<u>1,778,633</u>	<u>2,993,989</u>
Unsecured				
— Bank borrowings	5,000	33,557	10,000	—
— Guaranteed senior notes 2019	—	—	932,592	—
— Guaranteed senior notes 2020	1,185,045	—	1,117,777	—
— Loans from the ultimate holding company	—	412,175	—	917,577
— EB-5 loans and contributions from EB-5 investors	16,779	761,642	—	739,051
Total unsecured borrowings	<u>1,206,824</u>	<u>1,207,374</u>	<u>2,060,369</u>	<u>1,656,628</u>
Total borrowings	<u><u>2,539,620</u></u>	<u><u>5,282,745</u></u>	<u><u>3,839,002</u></u>	<u><u>4,650,617</u></u>

Borrowings carry interest ranging from 0.10% to 12.30% (2021: 0.10% to 12.30%) per annum.

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

	30 June 2022 RMB'000	31 December 2021 RMB'000
RMB	1,544,537	1,568,436
US\$	<u>6,277,828</u>	<u>6,921,183</u>
	<u><u>7,822,365</u></u>	<u><u>8,489,619</u></u>

CHAIRMAN’S STATEMENT

Market Overview

During the first half of the year, the size of overall sales of real estate market has been halved when adjustments continued to be ongoing. The industry as a whole has entered into a new stage of low revenue, high risk and deleveraging, when easing policies which have recently encouraged demand of all kinds and relieved the difficulties of suppliers have been implemented successively. Despite the continuity of the easing policies, poor income expectation due to the impacts by the pandemic has resulted in the low confidence of property-buyers, and worry about guaranteed delivery has further inhibited the demand for buying properties, leading to the ongoing downward trend of the market. In general, the real estate industry has entered into an “ice age” and will face long-term and deep-seated restructuring. However, in our opinion, the size of the real estate industry will continue to be over RMB10,000 billion after the restructuring and the industry will still be one of the pillar industries of the national economy. The real estate industry is evolving from the 1.0 model to the 2.0 model, while the old development model of high leverage, fast turnaround and scalability will be replaced by a new model of professionalization, quality improvement and deleveraging.

Operation Performance

During the first half of 2022, the contracted sales of “Landsea Products” amounted to approximately RMB11.7 billion with contracted GFA of approximately 0.64 million sq.m. Our on-balance sheet revenue increased by approximately 62.6% and our gross profit increased by approximately 46.5%, with our realized operating profit reaching approximately RMB146 million.

Real Estate Business in the PRC

For the first seven months of the year, the scale of land acquisition, the scale of financing and accumulated sales operation amounts of the TOP100 real estate enterprises have all decreased year-on-year by approximately 50%. During the period between the beginning of 2021 and June 2022, the number of defaults from domestic and overseas real estate enterprises on their bonds reached 49 and 74 cases, respectively, evidencing that the market environment was severe. Landsea has also experienced pressure from multiple aspects such as decline in contracted sales, losses in part of the projects and obstruction in financing. However, with green product differentiation and asset-light transformation, overall business of the Company was able to operate normally, with a decrease in the size of liabilities, as compared to the end of last year.

Green development and construction capability are part of the core capabilities of the Company. Landsea persistently focuses on the green product differentiation market to enhance our influence as a green brand. During the period, we introduced new technological residential products of “Healthy Fortress” and obtained good market performance.

As of the end of June 2022, we had created over 150 green residential projects in more than 35 cities across the PRC with a green residential development area exceeding 25 million sq.m. Currently, the Company has obtained a total of 102 green building certifications in the PRC, of which 53, representing the majority, are three-star certifications for green building. The first three-star certification for green building projects in 9 cities, including Shanghai, Nanjing, Hangzhou and Suzhou, has been obtained by Landsea. We have also obtained 21 top international certifications for green buildings, including BREEAM and LEED.

In the first half of 2022, Landsea secured a total of 7 projects in cities such as Chengdu, Wuxi and Nanjing, with an additional saleable value of approximately RMB7.78 billion and an additional saleable area of approximately 505,000 sq.m. As of 30 June 2022, the accumulated saleable value in the PRC amounted to approximately RMB76.36 billion, approximately 55% of which were from first-tier and new first-tier cities and nearly 70% of which were from the Yangtze River Delta and the Greater Bay Area.

Landsea has been exploring the path of transforming from a traditional asset-heavy housing model to an asset-light model. In the first half of the year, all of the 7 projects above which were obtained by the China real estate business segment were projects for development and management services (the “**Project Management Services**”), with an additional contracted sales from the Project Management Services of approximately RMB250 million, which remained unchanged as compared to the first half of 2021. As of 30 June 2022, we provided a total of 88 projects with Project Management Services and with minority interests, when the total saleable area was approximately 3.884 million sq.m. and the estimated saleable value was approximately RMB69.55 billion, representing approximately 91% of the total value for the China region.

Real Estate Business in the United States

In the first half of the year, the real estate market in the United States has also faced pressure from the macro environment and the housing mortgage interest rates increased gradually from 3% at the beginning of the year to 5.8% in June, which has been the highest level since 2008.

During the period, Landsea Homes completed the acquisition of Hanover Family Builders, a Florida-based homebuilder, with 33 new projects in Florida and the saleable areas were approximately 985,000 sq.m. when the saleable value was approximately RMB11.55 billion. As of 30 June 2022, the accumulated saleable value in the United States was approximately RMB31.93 billion, of which 25% was for California, 27% for Arizona and 46% for Florida and Texas together.

OUTLOOK

Landsea always respects the market. We are committed to green and low-carbon construction, and shall neither hoard land with exorbitant price, nor be heavily indebted, well behaving with financial safety. In addition, our strategic transformation for product differentiation, asset-light model transformation and revenue diversification has started in 2014, when there has been eight years so far. Currently, the Company has changed its name to “Landsea Green Management Limited” to more accurately reflect the strategic positioning of asset-light model transformation toward a green development service provider. We plan not only to become a green branded service provider with asset-light operation capability, but also to be equipped with investment capability to a certain extent, such that our revenue level could be improved through quality joint venture projects with minority interests.

For the real estate industry in the PRC, a new page is coming inevitably. We have to give up our fantasies, be proactive and work hard. We shall have bottom-line thinking with a fundamental goal of “survival” anyway and focus on disposing of distressed assets and on our core business of quality. We build up as an organization or a type compatible with our strategic transformation so as to create an army which is invincible to realize the transformation of organization. For the PRC market, our transformation from traditional model of asset-heavy real estate development to the model of asset-light services has basically completed. 2022 is a decisive year for Landsea to complete the transformation and upgrade. Looking ahead, the previous exploration and experience of Landsea are the valuable wealth for us to keep moving forwards and have laid a relatively solid foundation for our successful transformation, for which we are longing.

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 Project Management Services to achieve revenue diversification.

In the first half of 2022, “Landsea Products” recorded contracted sales of approximately RMB11.70 billion (first half of 2021: approximately RMB23.40 billion). The contracted area was 640,173 sq.m. (first half of 2021: 1,480,359 sq.m.).

In the first half of 2022, the Group secured 40 projects, of which 7 were in the PRC and 33 were in the United States, all of the projects were under development for sale (including 33 projects in which the Group held equity interests and 7 Project Management Services projects).

In the first half of 2022, the Group recorded an increase in saleable area of 1,490,511 sq.m. for properties under development for sale, with expected saleable value of approximately RMB19.32 billion, among which, a saleable area of 985,328 sq.m. and expected saleable value of approximately RMB11.55 billion were recorded from the new project in which the Group held interests. Among the equity-held projects, the new saleable area for the part of equity attributable to the Group was 985,328 sq.m., with an estimated saleable value of approximately RMB11.55 billion. During the period under review, the Group obtained new Project Management Services projects with GFA of 537,722 sq.m. (saleable area of 505,183 sq.m.) and expected saleable value of approximately RMB7.78 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 of 30 June 2022, the Group had project reserves with a total saleable area of 6,187,951 sq.m. and the expected saleable value of approximately RMB108.29 billion, when a saleable area of 2,613,638 sq.m. and the expected saleable value of approximately RMB47.65 billion were recorded for the equity-held projects, with saleable area of 2,354,969 sq.m. and expected saleable value of approximately RMB40.50 billion attributable to the Group. The Group had also acquired a total of 61 Project Management Services projects, with saleable area of 3,574,313 sq.m. and expected saleable value of approximately RMB60.64 billion. The Group held the leased properties with total GFA of 149,115 sq.m. and the equity-held projects with GFA of 83,584 sq.m..

Business development in the PRC

For the expansion of property development business in the PRC, Landsea continued to take a prudent and pragmatic approach. During the six months ended 30 June 2022, the Group secured a total of 7 projects in cities such as Chengdu, Wuxi, Nanjing, Yancheng and Tai'an with an additional saleable area of 505,000 sq.m. and saleable value of approximately RMB7.78 billion, which were all Project Management Services projects. Meanwhile, the new Project Management Services contracts amounted to approximately RMB247 million (first half of 2021: RMB268 million), remaining flat as compared with the first half of 2021.

Business development in the United States

The Group's property development business covers both the PRC and the United States. Landsea Homes has successively entered Greater New York, California, Arizona, Texas and Florida. In the first half of 2022, Landsea Homes secured 33 new projects in Florida with additional saleable area of approximately 985,000 sq.m. and saleable value of approximately RMB11.55 billion.

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

In the first half of 2022, the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB6.06 billion with contracted sales area of 336,068 sq.m., i.e. an average selling price of RMB18,019 per sq.m. The contracted sales were mainly from the on-sale projects in Hangzhou, Wuhan, Jiaxing, Chengdu, Mianyang, Chongqing, Wuxi, Nanjing, Shanghai, Suzhou and Xi'an, etc. in the PRC and first tier and second tier gateway cities in the United States. As at 30 June 2022, the Group's accumulated areas of properties sold but not recognised were 2,303,378 sq.m. (30 June 2021: 2,829,652 sq.m.), amounting to approximately

RMB37.89 billion (30 June 2021: approximately RMB44.45 billion), in which areas of properties sold but not recognized attributable to the Group were 1,110,920 sq.m. (30 June 2021: 1,286,405 sq.m.), amounting to approximately RMB19.25 billion (30 June 2021: approximately RMB20.26 billion).

External contracts in the first half of 2022

Number	Project	Equity Holding	Contracted	Contracted	Average
			Sales Amounts (RMB'000)	Sales GFA [△] (sq.m.)	Contracted Sales Selling Price (RMB)
1	Nanjing Youth Block	100%	30	–	–
2	Nanjing Xihua Mansion	19%	550	–	–
3	Nanjing Zixi Mansion	20%	18,511	1,150	16,092
4	Suqian Weilan Court	51%	90	–	–
5	Hefei Landsea's Hi-tech Court	49%	353	–	–
6	Shanghai Landsea Future Block	100%	6,469	–	–
7	Yixin Xindu Mansion	26%	885	–	–
8	Suzhou Cheng Garden	100%	300	–	–
9	Wuxi Xihua Mansion	40%	41,436	60	692,215
10	Zhangjiagang Le Mansion	50%	4,157	202	20,602
11	Hangzhou Le Mansion	50%	676	–	–
12	Hangzhou Linglongyue	30%	315,911	13,617	23,199
13	Haining Oasis Jing Yuan	20%	211,590	15,222	13,900
14	Wuhan Xihua Mansion	30%	258,092	11,061	23,334
15	Chengdu Xihua Mansion	33%	240	–	–
16	Chongqing Le Mansion	30%	80,013	6,404	12,494
17	Chengdu Landsea Cuiyue	50%	8,956	961	9,315
18	Chengdu Future Zhe	50%	106,597	18,789	5,673
19	Chengdu Le Mansion	76%	496	–	–
20	Mianyang Jiangyu Bay	60%	97,696	10,157	9,618
21	Tianjin Cuiweilan Pavilion (CD)	35%	940	–	–
22	Xi'an Future Block	100%	3,896	–	–
23	14th & 6th	95%	233,115	1,413	164,979
24	Avora	51%	14,554	259	56,193
25	Belle Oaks	100%	24,317	1,156	21,035
26	Centerra	100%	50,550	2,955	17,107
27	Country Club Lakes Estates	100%	31,447	2,063	15,243
28	Courtyards at Waterstone	100%	60,916	4,749	12,827
29	Eastmark	100%	113,984	5,689	20,036
30	Ellis Town Country	100%	619,580	22,586	27,432
31	Estrella	100%	110,271	6,634	16,622
32	Georgiana Reserve	100%	13,808	684	20,187

Number	Project	Equity Holding	Contracted Sales Amounts (RMB'000)	Contracted Sales GFA [△] (sq.m.)	Average Contracted Sales Selling Price (RMB)
33	Halifax Plantation-Bulow	100%	38,513	2,368	16,264
34	Harvest Queen Creek	100%	3,877	257	15,086
35	Heathrow Country Estate Homes	100%	30,010	1,672	17,949
36	Iron Ridge	100%	75,650	1,677	45,110
37	Lavender	100%	277,945	3,220	86,318
38	Lincoln 65 — Nolin	100%	91,358	2,791	32,733
39	North Central Phoenix (Madison Town & Country)	100%	82,261	3,257	25,257
40	North Copper Canyon (3.1 & 3.2)	100%	58,259	3,872	15,046
41	Northern Farms	100%	105,706	6,075	17,400
42	Novato	100%	92,604	2,724	33,996
43	Ontario Vander Eyk	100%	330,948	11,705	28,274
44	Palm Bay	100%	8,408	682	12,328
45	Palm Coast	100%	3,876	242	16,017
46	South Carpenter Estates	100%	2,565	199	12,889
47	St. Johns Preserve	100%	39,746	3,124	12,723
48	Stone Creek Ranch	100%	9,759	385	25,348
49	Sunrise Ranch	100%	129,018	7,689	16,780
50	Sunset Farms	100%	84,809	5,472	15,499
51	Synagogue	90%	4,812	42	114,571
52	Tevelde	100%	242,882	10,033	24,208
53	Verrado	100%	141,338	7,542	18,740
54	Vintage Oaks	100%	18,490	810	22,827
55	Ardmore	100%	152,464	11,617	13,124
56	Bargrove	100%	116,708	9,736	11,987
57	Celery Oaks	100%	110,754	8,026	13,799
58	Cypress Hammock	100%	179,455	12,585	14,259
59	Cypress Oaks	100%	11,081	897	12,353
60	Davenport Estates	100%	72,018	5,562	12,948
61	Greenfield	100%	119,983	9,422	12,734
62	Hammock Reserve	100%	30,560	2,437	12,540

Number	Project	Equity Holding	Contracted Sales Amounts (RMB'000)	Contracted Sales GFA [△] (sq.m.)	Average Contracted Sales Selling Price (RMB)
63	Hanover Lakes	100%	191,623	14,223	13,473
64	Horse Creek	100%	88,246	6,988	12,628
65	Lake Lincoln	100%	58,686	4,623	12,694
66	Legacy Landings	100%	28,495	2,236	12,744
67	Orchid Terrace	100%	9,524	767	12,417
68	Preservation Pointe	100%	70,227	5,800	12,108
69	Preserve at Sunrise	100%	109,838	8,286	13,256
70	Ridgeview	100%	211,602	16,470	12,848
71	Sky Lake	100%	3,018	195	15,477
72	Sunrise Ridge	100%	4,766	346	13,775
73	Trinity Lakes	100%	99,018	7,719	12,828
74	Williams Preserve	100%	3,607	317	11,379
75	Wiregrass	100%	80,723	6,166	13,092
	Equity-held projects entered into by HK106		<u>6,055,656</u>	<u>336,068</u>	<u>18,019</u>

[△] Contracted sales GFA does not include parking space.

PROJECT RESERVES

As at 30 June 2022, the Group had project reserves with a total saleable area of 6,187,951 sq.m. and the expected saleable value of approximately RMB108.29 billion. In terms of equity holding, saleable area of project reserves attributable to the Group was 2,354,969 sq.m. and expected saleable value was approximately RMB40.50 billion. The Group had also acquired a total of 61 Project Management Services projects, with saleable area of 3,574,313 sq.m. and expected saleable value of approximately RMB60.64 billion.

ACCUMULATED LAND RESERVE AT THE END OF JUNE 2022

Number	Project	Total GFA (sq.m.)	Developed GFA (sq.m.)	Developing GFA (sq.m.)	GFA for future development (sq.m.)	Value Sold (RMB'000)	GFA Sold (sq.m.)	Saleable Value (RMB'000)	Saleable GFA (sq.m.)
1	Beijing	22,483	–	22,483	–	–	–	1,110,000	12,885
2	Shanghai	252,666	252,666	–	–	3,807,318	167,993	76,882	–
3	Nanjing	2,636,695	1,828,438	793,055	15,202	43,387,666	1,543,178	11,909,804	322,703
4	Hangzhou	381,194	219,754	161,440	–	7,487,519	164,445	1,815,478	71,251
5	Chengdu	3,315,948	1,971,007	1,326,622	18,319	26,218,688	1,748,794	6,765,052	667,965
6	Tianjin	573,800	251,625	226,480	95,695	3,174,452	220,528	3,865,433	230,002
7	Xi'an	299,823	–	182,230	117,593	1,660,576	107,716	2,621,732	89,632
8	Chongqing	680,927	235,844	285,079	160,004	5,151,296	392,732	2,172,472	66,406
9	Wuhan	391,981	171,838	220,143	–	2,843,492	167,691	2,165,547	96,301
10	Hefei	333,080	181,836	151,244	–	3,346,882	201,876	493,701	34,710
11	Changsha	266,216	80,301	112,098	73,817	1,035,522	162,644	3,480	–
12	Shijiazhuang	166,336	–	166,336	–	1,079,183	124,875	121,200	–
13	Suzhou	1,680,175	636,506	822,914	220,755	15,666,717	744,863	6,853,022	255,971
14	Wuxi	1,341,620	368,518	786,869	186,233	10,629,346	565,451	5,430,841	358,013
15	Changzhou	391,851	126,308	265,543	–	4,181,498	167,442	3,947,354	115,315
16	Nantong	378,986	73,658	260,756	44,572	3,935,141	292,482	161,014	24,357
17	Jinhua	576,344	–	576,344	–	1,841,977	153,663	3,037,324	217,433
18	Ningbo	216,549	–	216,549	–	224,439	17,237	1,979,831	147,961
19	Jiaxing	314,288	73,291	240,997	–	2,002,791	147,429	1,524,455	77,192
20	Taizhou	40,624	–	40,624	–	184,213	7,598	537,717	20,315
21	Tai'an	209,788	–	42,620	167,168	–	–	2,519,310	109,805
22	Zhongshan	777,719	78,046	224,528	475,145	1,361,325	118,849	7,189,601	448,393
23	Huizhou	139,615	–	139,615	–	–	–	2,179,500	94,390
24	Kaifeng	278,468	–	278,468	–	861,689	93,801	1,356,897	118,411
25	Huai'an	206,653	–	206,653	–	34,561	3,971	1,152,977	157,228
26	Xianyang	394,474	–	223,452	171,022	1,990,889	187,932	1,122,552	92,216
27	Zhangzhou	103,075	–	103,075	–	–	–	1,074,830	55,772
28	Yancheng	200,269	36,248	147,036	16,985	1,974,275	156,984	834,986	64,405
29	Chuzhou	157,137	–	47,137	110,000	32,186	5,538	699,494	98,846
30	Zhangjiakou	134,908	–	134,908	–	613,257	87,362	398,199	12,655
31	Mianyang	115,409	–	115,409	–	760,466	67,808	361,712	16,278
32	Suqian	425,142	159,372	265,770	–	3,071,741	299,590	90,968	–
33	Ganzi	111,000	–	–	111,000	–	–	782,000	85,427
34	the United States	3,179,581	927,250	379,529	1,872,802	16,089,786	1,153,868	31,932,694	2,025,713
	Total	<u>20,694,824</u>	<u>7,672,506</u>	<u>9,166,006</u>	<u>3,856,312</u>	<u>164,648,891</u>	<u>9,274,340</u>	<u>108,288,059</u>	<u>6,187,951</u>
	Of Which: Subtotal of Equity-held Projects	<u>10,141,370</u>	<u>4,529,004</u>	<u>3,546,425</u>	<u>2,065,941</u>	<u>91,479,795</u>	<u>5,526,205</u>	<u>47,646,621</u>	<u>2,613,638</u>
	Subtotal of Entrusted Development and Management Project	<u>10,553,454</u>	<u>3,143,502</u>	<u>5,619,581</u>	<u>1,790,371</u>	<u>73,169,096</u>	<u>3,748,135</u>	<u>60,641,438</u>	<u>3,574,313</u>

LEASED PROPERTIES HELD

Project	Equity Holding	Status	Usage	GFA (sq.m.)
Beijing Landsea Tower [#]	50%	Completed	Leasing	21,906
Shanghai Huangxing Building	100%	Under renovation	Partially leasing	11,427
Shanghai Zhangjiang Landsea Center [#]	30%	Completed	Leasing	10,489
Shanghai Daning Landsea Tower [#]	50%	Completed	Leasing	19,390
Guangzhou Jiefang Tower [#]	33.6%	Completed	Leasing	11,507
Nanjing Huafei Apartment	100%	Completed	Leasing	5,729
Nanjing Wangjiawan Building	60%	Under renovation	Partially leasing	15,118
Nanjing Tianlong Temple Project [#]	30%	Completed	Leasing	15,856
Wuxi Neighbourhood Union	100%	Completed	Leasing	10,667
Suzhou Blue Square [#]	51.0%	Completed	Leasing	26,026
Building 5, Shanghai IBP International Business Park	100.0%	Completed	Leasing	1,000
				149,115

FINANCIAL REVIEW

Revenue and gross profit

For the six months ended 30 June 2022, the Group's revenue was mainly derived from Project Management Services of approximately RMB283 million (first half of 2021: approximately RMB405 million), from sale of properties of approximately RMB5.47 billion (first half of 2021: approximately RMB3.13 billion) and from rental income of approximately RMB2 million (first half of 2021: approximately RMB2 million), which in aggregate was approximately RMB5.75 billion (first half of 2021: approximately RMB3.54 billion). The gross profit of the Group was approximately RMB1.17 billion (first half of 2021: approximately RMB0.8 billion) and the gross profit margin was approximately 20.4% (first half of 2021: approximately 22.6%).

[#] The property is held by joint ventures of the Company

Recognised sales of properties of subsidiaries

For the six months ended 30 June 2022, the Group recognised revenue of approximately RMB5.75 billion (first half of 2021: approximately RMB3.54 billion), in which, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB5.47 billion (first half of 2021: approximately RMB3.13 billion) and 277,553 sq.m. respectively, mainly attributable to Chengdu Xihua Tianxi, Suzhou Cheng Garden, Shanghai Future Block and Chengdu Future Home in the PRC, and Hanover, Tevelde, 14th & 6th, Ellis Town Country, Ontario Vander Eyk and Verrado in the United States and other projects. The average selling price in the PRC was approximately RMB23,825 (first half of 2021: approximately RMB25,009) per sq.m., while the average selling price in the United States was approximately RMB17,922 (first half of 2021: approximately RMB16,890) per sq.m..

Income from Project Management Services

For the six months ended 30 June 2022, the Group recorded Project Management Services income of approximately RMB283 million (first half of 2021: approximately RMB405 million). The gross profit margin of Project Management Services was approximately 31%.

Selling expenses

For the six months ended 30 June 2022, the Group recorded selling expenses of approximately RMB311 million (first half of 2021: approximately RMB227 million). The increase in selling expenses was attributable to the strengthened stimulating policies to promote sales under the impact of pandemic and market.

Administrative expenses

For the six months ended 30 June 2022, the Group recorded administrative expenses of approximately RMB464 million (first half of 2021: approximately RMB800 million). The decrease in administrative expenses was mainly due to the increase in listing expenses indirectly incurred by the acquisition of special purpose acquisition company (“SPAC”) in the United States (approximately RMB377 million) in the first half of 2021.

Net provision for impairment losses on financial assets

For the six months ended 30 June 2022, net provision for impairment loss on financial assets of the Group amounted to approximately RMB175 million (first half of 2021: approximately RMB21 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.

Fair value losses

For the six months ended 30 June 2022, the fair value losses of the Group amounted to approximately RMB43 million (first half of 2021: losses of approximately RMB44 million). The fair value losses was mainly due to 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 RMB34 million; and (ii) the fair value losses on investment properties during the period of approximately RMB9 million (first half of 2021: gains of approximately RMB5 million). The Group's investment properties included Huangxing Building in Shanghai, 2/F, Building 5, Shanghai IBP International Business Park, Huafei Apartment in Nanjing, Wangjiawan Building in Nanjing and Neighbourhood Union in Wuxi located in the PRC. The fair value of the investment properties was assessed by a qualified independent valuer based on the property's current business model adopted by the Group and its expected income.

Finance cost

For the six months ended 30 June 2022, the Group recorded interest expenses (excluding finance costs recognised for advanced receipts) of approximately RMB349 million (first half of 2021: approximately RMB320 million). The capitalisation rate of interest expenses in the first half of 2022 was approximately 61.7% (first half of 2021: approximately 49.2%). For the year ended 30 June 2022, the expensed finance cost of the Group was approximately RMB133 million (first half of 2021: approximately RMB163 million). For the year ended 30 June 2022, the interest income of the Group was approximately RMB10 million (including interest income from amounts due from joint ventures and associates, non-controlling interests and loan to third parties) and the net finance cost was approximately RMB124 million (first half of 2021: approximately RMB114 million). For the year ended 30 June 2022, the weighted average finance cost was approximately 6.3% (first half of 2021: approximately 7.0%).

Share of net loss of joint ventures

For the six months ended 30 June 2022, the Group's share of net losses of joint ventures amounted to approximately RMB301 million, mainly due to an increase in our share of net losses of joint ventures as a result of the expected project impairment of joint venture.

Taxation

For the six months ended 30 June 2022, the Group recorded taxation charge of approximately RMB106 million (first half of 2021: approximately RMB132 million).

Loss for the period

For the six months ended 30 June 2022, the Group incurred a net loss of approximately RMB390 million (first half of 2021: net loss of approximately RMB442 million).

LIQUIDITY AND FINANCIAL RESOURCES

Cash positions

As at 30 June 2022, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB1.51 billion (as at 31 December 2021: approximately RMB4.22 billion). As at 30 June 2022, the Group's current ratio (current assets divided by current liabilities) was approximately 1.3 times (as at 31 December 2021: approximately 1.3 times).

Indebtedness

As at 30 June 2022, the total indebtedness of the Group amounted to approximately RMB7.82 billion (as at 31 December 2021: approximately RMB8.49 billion). The indebtedness of the Group primarily consists of shareholder loans, bank borrowings, senior notes and EB-5 financing. As at 30 June 2022, total net debts were approximately RMB6.47 billion (as at 31 December 2021: approximately RMB4.46 billion). As at 30 June 2022, the proportion of short-term debts was approximately 32.5% (as at 31 December 2021: approximately 45.2%) and that of long-term debts was approximately 67.5% (as at 31 December 2021: approximately 54.8%). Long-term debts of the Company accounted for a greater proportion, maintaining reasonable structure of long-term and short-term debt.

Analysis of indebtedness

	30 June 2022		31 December 2021	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Analysis of total indebtedness by settlement currency:				
Denominated in RMB	1,544,537	19.75%	1,568,436	18.47%
Denominated in USD	6,277,828	80.25%	6,921,183	81.53%
	7,822,365	100.00%	8,489,619	100.00%
Analysis of total indebtedness by maturity:				
Within one year	2,539,620	32.47%	3,839,002	45.22%
Between one and two years	809,161	10.34%	111,292	1.31%
Over 2 years	4,473,584	57.19%	4,539,325	53.47%
	7,822,365	100.00%	8,489,619	100.00%

GEARING RATIOS

The Group has been working hard on optimising its capital and debt structure. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 29.8% as at 30 June 2022 (as at 31 December 2021: approximately 30.4%). In addition, the debt to assets ratio of the Group net of advance payment received as at 30 June 2022 was approximately 79.5% (as at 31 December 2021: approximately 76.6%). The management will continue to monitor the Group's capital and debt structure from time to time with aim of mitigating its exposure to the risk of gearing.

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2022, bank borrowings of the Group were secured by one or a combination of the following items: restricted cash, property, plant and equipment, properties under development, investment properties, equity interests in certain subsidiaries of the Group and guarantees provided by the controlling shareholder. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans were guaranteed by a subsidiary.

FOREIGN EXCHANGE AND CURRENCY RISK

As at 30 June 2022, 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 2022, the corresponding exchange rate changes in the internal funds transfer of the Group resulted in book exchange gains recorded by the Group of approximately RMB57 million (first half of 2021: exchange losses of approximately RMB67 million). As at 30 June 2022, the assets denominated in US\$ of the Group was 1.47 times of the liabilities denominated in US\$. 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 2022, the debts payable borne with fixed interest rate accounted for approximately 37.7% (as at 31 December 2021: approximately 51.8%) 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 2022, the outstanding guarantees amounted to approximately RMB1.31 billion (as at 31 December 2021: approximately RMB1.25 billion). In addition, the Group provided guarantee for the loan of Guangzhou Langxiu Business Management Consulting Co., Ltd.* (廣州朗秀企業管理諮詢有限公司), and the balance of the guarantee as at 30 June 2022 was approximately RMB102 million (31 December 2021: approximately RMB118 million). As at 30 June 2022, 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 2022.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

- (i) On 18 January 2022 (United States Pacific Standard Time), Landsea Homes of Florida LLC as purchaser ("**Landsea Homes Florida**") and Landsea Homes, which are non wholly-owned subsidiaries of the Company, SAM Building Partners, LLC ("**SAM Building Partners**") and Edge Creek Ventures, LLC as sellers (the "**US Sellers**"), SWO Holdings Irrevocable Trust, AJO Holdings Irrevocable Trust and JMO Holdings Irrevocable Trust, the members of SAM Building Partners, and J. Matthew Orosz, Andrew Orosz, and Stephen Orosz, who are key management persons operating Hanover Family Builders, LLC, a limited liability company incorporated in the State of Florida of the United States (the "**Subject Company**"), entered into the membership interest purchase agreement, pursuant to which Landsea Homes Florida conditionally agreed to purchase, and the US Sellers conditionally agreed to sell, all the issued equity interests of the Subject Company (the "**Acquisition**").

The Acquisition constituted a major transaction of the Company under Rule 14.06 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and was completed on 19 January 2022, and the Subject Company becomes a wholly-owned subsidiary of the Group since then. For further information, please refer to the announcement of the Company dated 19 January 2022.

- (ii) On 12 May 2022 (United States Eastern Standard Time), Landsea Holdings Corporation (the “**LHC**”), an indirect wholly-owned subsidiary of the Company, and 1103849 B. C. LTD. (the “**Lender**”) entered into a credit agreement (the “**Credit Agreement**”), pursuant to which, subject to the terms and conditions of the Credit Agreement, the Lender conditionally agreed to provide the loan in a principal amount of US\$45,000,000 to the LHC (the “**Loan**”). Pursuant to the Credit Agreement, among others, if the first anniversary of the date of the Credit Agreement (“**Facility Termination Date**”) shall have been extended as requested by the LHC in the manner provided in the Credit Agreement, and the Lender shall have provided written notice to the LHC, not less than 90 days prior to such Facility Termination Date, of the Lender’s election to exercise the lender stock payment election right, i.e. the LHC shall repay the outstanding principal of the Loan with the common shares of Landsea Homes (“**LSEA Stock**”) in lieu of immediately available funds on the extended Facility Termination Date, together with accrued interest on such principal, which shall be paid in cash. The number of shares of LSEA Stock required to repay the outstanding principal of the Loan pursuant to the Credit Agreement shall be determined by dividing the outstanding principal of the Loan by US\$9.30, provided that transfer of such number of LSEA Stock would not cause the LHC’s beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock.

The entering into the Credit Agreement constituted a major transaction of the Company under the Listing Rules. For further information, please refer to the announcement of the Company dated 13 May 2022.

- (iii) On 17 May 2022, 南京朗銘地產集團有限公司 (Nanjing Langming Properties Group Limited*) (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, and 南京玖富星海置業有限公司 (Nanjing Jiufu Xinghai Real Estate Co., Ltd.*) (the “**Purchaser**”) entered into the equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in 南京鑫貝盛投資管理有限公司 (Nanjing Xinbeisheng Investment Management Limited*), for the consideration of RMB85,500,000. The Equity Transfer Agreement has not yet completed.

For further information, please refer to the announcement of the Company dated 17 May 2022.

- (iv) On 31 May 2022 (United States Eastern Daylight Time), LHC and Green Investment Alpha Limited (“**Green Investment Alpha**”) entered into a stock purchase agreement (the “**Stock Purchase Agreement**”), pursuant to which, subject to the terms and conditions of the Stock Purchase Agreement, LHC agreed to sell, and Green Investment Alpha agreed to purchase 4,838,710 shares of LSEA Stock (the “**Sale Shares**”), representing approximately 10.7% of the issued and outstanding shares of LSEA Stock, at a sale price of US\$9.30 per share of LSEA Stock for a total consideration of US\$45,000,000 (the “**Disposal**”). The Disposal was completed on 31 May 2022. Since the Disposal would not cause LHC’s beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock, Landsea Homes continues to be an indirect non wholly-owned subsidiary of the Company and its financial results continues to be consolidated into those of the Group upon completion of the Disposal.

In connection with the Stock Purchase Agreement, on 31 May 2022 (United States Eastern Daylight Time), Green Investment Alpha and LHC entered into a put option agreement, pursuant to which Green Investment Alpha shall, for each of the period commencing on 1 March 2023 and the thirty days thereafter and the period commencing on 1 March 2024 and the thirty days thereafter, have the right, but not the obligation, to cause LHC to purchase all or a portion of the Sale Shares (the “**Put Right**”).

Each of the Disposal and the Put Right constituted a major transaction of the Company under the Listing Rules. For further information, please refer to the announcement of the Company dated 31 May 2022.

- (v) On 31 May 2022, 上海朗毓商業管理有限公司 (Shanghai Langyu Commercial Management Limited*) (“**Shanghai Langyu**”), an indirect wholly-owned subsidiary of the Company, 江蘇國泰華鼎投資有限公司 (Jiangsu Guotai Huading Investment Company Limited*) (“**Jiangsu Huading**”) and 蘇州朗坤置業有限公司 (Suzhou Langkun Properties Company Limited*) (“**Suzhou Langkun**”) entered into an equity transfer agreement I (the “**Equity Transfer Agreement I**”), pursuant to which, Shanghai Langyu agreed to purchase, and Jiangsu Huading agreed to sell 22.5% equity interest of Suzhou Langkun (the “**Equity Interest I**”) for a consideration of RMB41,377,657.50.

Shanghai Langyu succeeded in the bidding for 22.5% equity interest in Suzhou Langkun through Shanghai United Assets and Equity Exchange. On 31 May 2022, Shanghai Langyu and 江蘇國泰紫金科技發展有限公司 (Jiangsu Guotai Zijin Technology Development Company Limited*) (“**Jiangsu Zijin**”) entered into an equity transfer agreement II (the “**Equity Transfer Agreement II**”), pursuant to which, Shanghai Langyu agreed to purchase, and Jiangsu Zijin agreed to sell 22.5% equity interest of Suzhou Langkun (the “**Equity Interest II**”) for a consideration of RMB41,377,657.50.

As at the date of the Equity Transfer Agreement I and the Equity Transfer Agreement II, Suzhou Langkun is an indirect non wholly-owned subsidiary of the Company and held as to 55% by Shanghai Langyu, 22.5% by Jiangsu Huading and 22.5% by Jiangsu Zijin. The acquisition of the Equity Interest I and the Equity Interest II by Shanghai Langyu was completed on 8 June 2022, upon completion of the acquisition of the Equity Interest I and the Equity Interest II by Shanghai Langyu, Suzhou Langkun becomes an indirect wholly-owned subsidiary of the Company. For further information, please refer to the announcement of the Company dated 31 May 2022.

- (vi) On 1 June 2022 (United States Eastern Daylight Time), LHC and Landsea Homes entered into a share repurchase agreement (the “**Share Repurchase Agreement**”), pursuant to which, subject to the terms and conditions of the Share Repurchase Agreement, LHC agreed to sell, and Landsea Homes agreed to repurchase 4,398,826 shares of LSEA Stock (the “**Repurchase Shares**”), representing approximately 9.7% of the issued and outstanding shares of LSEA Stock, at a repurchase price of US\$6.82 per share of LSEA Stock for a total consideration of approximately US\$30 million (the “**Share Repurchase**”). The shareholding of LHC in Landsea Homes decreased from approximately 61.9% to approximately 57.8% immediately after completion of the Share Repurchase and cancellation of the Repurchase Shares assuming that there is no other change in the number of shares of LSEA Stock held by LHC and the number of issued and outstanding shares of LSEA Stock.

The Share Repurchase was completed on 2 June 2022. Since the Share Repurchase would not cause LHC’s beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock, Landsea Homes continues to be an indirect non wholly-owned subsidiary of the Company and its financial results continues to be consolidated into those of the Group upon completion of the Share Repurchase. For further information, please refer to the announcement of the Company dated 2 June 2022.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 August 2022, 上海朗昆企業管理有限公司 (Shanghai Langkun Business Management Co., Ltd.*) (“**Shanghai Langkun**”), an indirect wholly-owned subsidiary of the Company, 北京融匯嘉智投資管理中心(有限合夥) (Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership)*) (“**Beijing Ronghui**”), 廈門嘉晟融懋管理諮詢有限公司 (Xiamen Jiasheng Rongmao Management Consulting Co. Ltd.*) (“**Xiamen Jiasheng Rongmao**”), 上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Co. Ltd.*) and 陽光融匯資本投資管理有限公司 (Sunshine Ronghui Capital Investment Management Co., Ltd.*) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which, Shanghai Langkun conditionally agreed to sell, and Beijing Ronghui and Xiamen Jiasheng Rongmao conditionally agreed to purchase 49.9% equity interest and 0.1% equity interest in 上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*) respectively, for a total consideration of RMB137,575,942.05. The Sale and Purchase Agreement has not yet completed.

For further information, please refer to the announcement of the Company dated 25 August 2022.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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 2022, other than those purchased by the trustee for the restricted share award scheme of the Company adopted on 2 July 2014.

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 2022.

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 2022.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

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 2022 has been reviewed by the Audit Committee.

By order of the Board
Landsea Green Management Limited
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 31 August 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, two non-executive Directors, namely Mr. Xu Liang and Mr. Liu Pengpeng and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*