朗诗绿色管理
LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED
朗詩綠色管理有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHT

- In the first half of 2023, the contracted sales of "Landsea Products" was approximately RMB11.16 billion with corresponding contracted GFA of approximately 563,000 sq.m.

- In the first half of 2023, new project management services contracts amounted to approximately RMB260 million.

- In the first half of 2023, the additional saleable value was approximately RMB24.59 billion. As of 30 June 2023, the remaining saleable value of "Landsea Products" was approximately RMB143.46 billion.

- As of 30 June 2023, the Group's proportion of short-term liabilities due within one year was approximately 13.8%.

The board (the "**Board**") of directors (the "**Directors**") of Landsea Green Management Limited (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 2023 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 2023

		For the six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
	Note	**(Unaudited)**	(Unaudited)
Revenue	*3, 4*	**3,963,755**	5,751,373
Cost of sales and services		**(3,235,806)**	(4,580,540)
Gross profit		**727,949**	1,170,833
Other income		**11,665**	10,406
Selling expenses		**(250,319)**	(311,391)
Administrative expenses		**(432,028)**	(464,317)
Net impairment gains/(losses) on financial and contract assets		**35,832**	(175,285)
Fair value losses		**(16,046)**	(43,199)
Other gains/(losses) — net		**10,889**	(41,222)
Operating profit		**87,942**	145,825
Finance income	*5*	**6,089**	2,313
Finance costs	*5*	**(99,863)**	(133,474)
Finance costs — net	*5*	**(93,774)**	(131,161)
Share of net (loss)/profit of associates		**(890)**	1,578
Share of net profit/(loss) of joint ventures		**49,963**	(301,043)
Profit/(loss) before income tax		**43,241**	(284,801)
Income tax expenses	*6*	**(46,896)**	(105,522)
Loss for the period		**(3,655)**	(390,323)

	Note	For the six months ended 30 June **2023** ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Exchange differences on translation of foreign operations		**(25,169)**	30,471
Items that will not be reclassified to profit or loss:			
— Exchange difference on translation of foreign operations attributable to the Company		**(35,344)**	(47,081)
— Exchange difference on translation of foreign operations attributable to non-controlling interests		**73,368**	57,595
Other comprehensive income for the period, net of tax		**12,855**	40,985
Total comprehensive profit/(loss) for the period		**9,200**	(349,338)
Loss for the period attributable to:			
— The shareholders of the Company		**(35,367)**	(507,316)
— Non-controlling interests		**31,712**	116,993
		(3,655)	(390,323)
Total comprehensive income/(loss) for the period attributable to:			
— The shareholders of the Company		**(95,880)**	(523,926)
— Non-controlling interests		**105,080**	174,588
		9,200	(349,338)
Loss per share for loss attributable to the shareholders of the Company for the period (expressed in RMB per share)			
Basic loss per share	*8*	**RMB(0.008)**	RMB(0.112)
Diluted loss per share	*8*	**RMB(0.008)**	RMB(0.112)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Note	**As at 30 June 2023** *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Investment properties	*9(b)*	**332,500**	332,500
Property, plant and equipment	*9(a)*	**264,434**	186,319
Right-of-use assets		**107,345**	113,414
Interests in associates		**1,161,577**	1,186,685
Interests in joint ventures		**2,215,364**	2,194,260
Trade and other receivables, prepayments and deposits	*11*	**34,464**	34,164
Deferred income tax assets		**298,270**	283,051
Goodwill		**495,970**	478,041
		4,909,924	4,808,434
Current assets			
Properties held for sale		**703,792**	699,332
Properties under development	*10*	**9,629,007**	8,959,234
Inventories		**30,202**	30,059
Contract assets	*3*	**271,446**	278,697
Trade and other receivables, prepayments and deposits	*11*	**3,790,622**	3,891,475
Restricted cash	*12*	**5,788**	67,505
Cash and cash equivalents	*12*	**873,598**	1,252,056
		15,304,455	15,178,358
Total assets		**20,214,379**	19,986,792

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Trade and other payables	*13*	**339,093**	338,389
Financial liabilities at fair value through profit or loss		**27,294**	10,272
Lease liabilities		**86,195**	84,112
Borrowings	*14*	**6,173,899**	5,836,754
Deferred income tax liabilities		**202,111**	191,015
		6,828,592	6,460,542
Current liabilities			
Trade and other payables	*13*	**8,270,302**	8,231,904
Financial liabilities at fair value through profit or loss		**327,779**	315,931
Contract liabilities	*3*	**240,462**	201,268
Lease liabilities		**31,435**	36,659
Borrowings	*14*	**991,109**	1,494,321
Current income tax liabilities		**695,889**	552,809
		10,556,976	10,832,892
Total liabilities		**17,385,568**	17,293,434
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**38,702**	38,702
Reserves		**378,769**	678,158
		417,471	716,860
Non-controlling interests		**2,411,340**	1,976,498
Total equity		**2,828,811**	2,693,358
Total liabilities and equity		**20,214,379**	19,986,792

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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 Room 406, 8 Queen's Road East, Wan Chai, 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**"), was listed on Nasdaq on 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. ("**Landsea Group**")), a company established in the People's Republic of China, respectively. The ultimate controlling shareholder of the Company is Mr. Tian Ming, 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 25 August 2023.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2023 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 2022 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 Going concern basis

As at 30 June 2023, excluding those balances of Landsea Homes, the Company's listed subsidiary, which was managed separately for liquidity management purpose, the Group's current liabilities exceeded its current assets by RMB3,112.05 million and the Group's current borrowings amounted to RMB984.46 million while its cash and cash equivalents was RMB337.64 million only. On the same date and up to the date of approval of the condensed consolidated financial statements, the Group was in default of a senior note with principal amount of US$36.27 million (equivalent to RMB262.10 million) because of non-payment at its due date.

Due to the slowing down of Mainland China property market since second half of 2021, the Group's China operations had experienced a decline in the business of property development and the related pre-sales volume and collection of pre-sale proceeds reduced significantly in 2022 and in the first half of 2023. For the six months ended 30 June 2023, the Group incurred a net loss of RMB3.66 million reported a net operating cash outflow of RMB98.58 million.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measure have been formulated to mitigate the liquidity pressure and to improve its cash flows which include, but not limited to, the following:

(i) The Group will continue to actively adjust sales and pre-sale activities to better respond to market needs, make efforts to achieve the latest budgeted sales and pre-sales volumes and amounts, and enhance collection;

(ii) The Group will maintain continuous communication with the major constructors and suppliers to arrange payments to these vendors and meet all of the necessary conditions to launch the pre-sale and to complete the development of properties on schedule;

(iii) The Group is actively negotiating to reaching agreements with the holders of the Defaulted Senior Note. At the same time, the Group will closely monitor and ensure compliance with financial covenants and other terms and conditions of the other borrowings, including timely repayment of principal and interests of the borrowings. In addition, the Group has been actively negotiating with certain financial institutions so that the Group can timely secure project development loans for qualified project development and secure or extend other borrowings through pledge of equity interests in certain subsidiaries;

(iv) The Group has obtained a borrowing facility of RMB750 million from its ultimate controlling company, Landsea Group in March 2023, which have a term of 24 months from the date of first drawn down;

(v) The Group has been in contact with potential buyers to dispose of certain investment properties held by the Group's subsidiaries, and equity interests in certain joint ventures and associates which hold investment properties. In addition, the Group will continuously seek dividends and advances from certain joint ventures and associates according to those projects' pre-sale and cashflow conditions; and

(vi) The Group will also continue to speed up the collection of its trade and other receivables and will also continue to take active measures to control administrative costs.

The Directors have reviewed the Group's cash flow projections for a period of 12 months from 30 June 2023 and are of the opinion that, taking into account the above-mentioned plans and measures, the Group will be able to generate sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measure as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successfully adjust sales and pre-sales activities to achieve budgeted sales and pre-sales volumes and timely collection of sales proceeds;

(ii) successfully arrange payments to constructors and suppliers on schedule and meet all of the necessary conditions to launch the pre-sale and complete the development of the properties on schedule;

(iii) successfully reach agreements with the holders of the Defaulted Senior Note and comply with financial covenants and other terms and conditions of the other borrowings, successfully and timely secure or extend the loans from financial institutions when necessary;

(iv) successfully draw down necessary funding from the borrowing facility granted by the ultimate controlling company;

(v) successfully dispose of certain investment properties held by the Group's subsidiaries, and equity interests in certain joint ventures and associates which hold investment properties, and timely receive the proceeds; as well as successfully receive dividends and advances from certain joint ventures and associates; and

(vi) successfully generate operating cash flows through speeding up the collection of trade and other receivables and controlling administrative costs.

Should the Group fail to achieve a combination of the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2.2 New and amended standards adopted by the Group

A number of new standards and amendments to existing standards are mandatory for the financial year beginning on 1 January 2023:

- HKFRS 17 Insurance Contracts
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to HKAS 12
- International Tax Reform — Pillar Two Model Rules — Amendments to HKAS 12

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

2.3 Amended standards and interpretations not yet adopted by the Group

Certain amended standards and interpretations have been published that are not mandatory for the financial year beginning 1 January 2023 and have not been early adopted by the Group.

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	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 Group has already commenced an assessment of the impact of these interpretation and amendments, certain of which are relevant to the Group's operations.

3. REVENUE

Revenue recognised during the period is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognised at a point in time		
Property development and sales		
— Mainland China	**15,085**	1,013,784
— US	**3,714,087**	4,453,215
Management services		
— Mainland China	**51,089**	65,908
— US	**1,528**	1,245
	3,781,789	5,534,152
Revenue recognised over period		
Property development and sales		
— US	**19,372**	–
Management services		
— Mainland China	**160,544**	215,404
	179,916	215,404
Rental income		
— Office property investment	**2,050**	1,817
	3,963,755	5,751,373

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

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Contract assets related to		
— Property development and sales	**34,939**	50,005
— Management services	**270,288**	265,726
Less: provision for bad debt	**(33,781)**	(37,034)
	271,446	278,697
Contract liabilities related to		
— Property development and sales	**188,322**	144,663
— Management services	**52,140**	56,605
	240,462	201,268

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

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

Segment profit represents the profit earned by each segment without allocation of net finance costs and corporate expenses charged in the 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 2023 is as follows:

	For the six months ended 30 June 2023				
	Property development and sales				
	US	Mainland China	Management services	Office property investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue (from external customers) *(note 3)*					
— Revenue recognised at a point in time under HKFRS 15	**3,714,087**	**15,085**	**52,617**	**–**	**3,781,789**
— Revenue recognised over period under HKFRS 15	**19,372**	**–**	**160,544**	**–**	**179,916**
— Rental income	**–**	**–**	**–**	**2,050**	**2,050**
	3,733,459	**15,085**	**213,161**	**2,050**	**3,963,755**
Depreciation of property, plant and Equipment *(note 9(a))*	**(6,231)**	**(4,415)**	**(2,650)**	**–**	**(13,296)**
Depreciation of right-of-use assets	**(16,624)**	**(319)**	**(2,342)**	**–**	**(19,285)**
Fair value loss on financial liabilities at fair value through profit or loss	**(16,046)**	**–**	**–**	**–**	**(16,046)**
Share of net loss of associates	**–**	**(890)**	**–**	**–**	**(890)**
Share of net profit of joint ventures	**–**	**49,963**	**–**	**–**	**49,963**
Segment profit	**19,672**	**138,470**	**11,822**	**1,694**	**171,658**
At 30 June 2023					
Segment assets	**11,318,020**	**7,754,008**	**806,895**	**335,456**	**20,214,379**
Interests in associates	**–**	**1,161,577**	**–**	**–**	**1,161,577**
Interests in joint ventures	**293**	**2,215,071**	**–**	**–**	**2,215,364**
Additions/(deductions) to non-current assets (excluding financial assets)	**15,169**	**80,131**	**(5,325)**	**–**	**89,975**
Segment liabilities	**7,523,554**	**9,386,592**	**464,430**	**10,992**	**17,385,568**

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				
	US *RMB'000*	Mainland China *RMB'000*	Management services *RMB'000*	Office property investment *RMB'000*	Total *RMB'000*
Segment revenue (from external customers) *(note 3)*					
— Revenue recognised at a point in time under HKFRS 15	4,453,215	1,013,784	67,153	–	5,534,152
— Revenue recognised over period under HKFRS 15	–	–	215,404	–	215,404
— Rental income	–	–	–	1,817	1,817
	4,453,215	1,013,784	282,557	1,817	5,751,373
Depreciation of property, plant and Equipment *(note 9(a))*	(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 9(b))*	–	–	–	(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)	304,919	(431,500)	30,297	(11,887)	(108,171)
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	7,217,654	13,729,800	520,443	16,853	21,484,750

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
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**228,768**	1,296,913	**4,161,137**	4,100,638
US	**3,734,987**	4,454,460	**747,783**	706,504
Hong Kong (domicile)	**–**	–	**1,004**	1,292
	3,963,755	5,751,373	**4,909,924**	4,808,434

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 loss to loss before tax is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Segment profit/(loss)	**171,658**	(108,171)
Finance costs, net *(note 5)*	**(93,774)**	(131,161)
Unallocated corporate expenses	**(34,643)**	(45,469)
Profit/(loss) before income tax	**43,241**	(284,801)

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Segment assets	**20,214,379**	19,986,792
Unallocated assets	**–**	–
Total assets	**20,214,379**	19,986,792

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Segment liabilities	**17,385,568**	17,293,434
Unallocated liabilities	**–**	–
Total liabilities	**17,385,568**	17,293,434

5. FINANCE COSTS — NET

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Finance cost:		
— Bank borrowings	**213,661**	143,492
— Loan from other financial institutions	**45,044**	48,168
— Guaranteed senior private notes	**42,214**	118,118
— Loans from the ultimate controlling company	**12,080**	21,294
— Loans from other non-financial institutions	**5,317**	4,333
— Amounts due to related parties	**4,800**	7,888
— Lease liabilities	**3,331**	2,462
— EB-5 loans	**3,039**	2,685
— Other finance charges	**384**	421
	329,870	348,861
Less: interest capitalised	**(230,007)**	(215,387)
	99,863	133,474
Finance income		
— Bank interest income	**(6,089)**	(2,313)
	93,774	131,161

The average interest rate of borrowing costs capitalised for the six months ended 30 June 2023 was approximately 6.32% per annum (for the six months ended 30 June 2022: 6.42% per annum).

6. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**11,257**	103,838
Deferred income tax	**35,560**	(22,415)
Land appreciation tax	**79**	24,099
	46,896	105,522

Hong Kong profits tax at the rate of 16.5% (for the six months ended 30 June 2022: 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 2023.

The Group's subsidiaries in Mainland China are subject to enterprise income tax ("**EIT**") at the rate of 25% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 25%).

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

In accordance with US tax law, the statutory tax rate for federal and state tax purposes was 26.30% (for the six months ended 30 June 2022: 28.00%). This is then adjusted for items which are not assessable or deductible.

7. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2023. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2023.

8. 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 2023.

	For the six months ended 30 June	
	2023	2022
Loss attributable to the shareholders of the Company (RMB'000)	**(35,367)**	(507,316)
Weighted average number of ordinary shares in issue (in thousands)	**4,543,867**	4,547,712
Basic loss per share (expressed in RMB per share)	**(0.008)**	(0.112)

(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 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Property, plant and equipment

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
At 1 January	**186,319**	201,044
Acquisition of subsidiaries	**83,521**	10,153
Additions	**10,045**	13,025
Depreciation	**(13,296)**	(15,416)
Disposals	**(3,001)**	(7,353)
Exchange difference	**846**	(6,113)
At 30 June	**264,434**	195,340

Property, plant and equipment with carrying amount of RMB134,461,000 (31 December 2022: RMB137,544,000) was pledged as collateral for the Group's borrowings.

(b) Investment properties

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
At 1 January	**332,500**	687,500
Transfer to assets classified as held-for-sale	**–**	(85,492)
Fair value loss on revaluation	**–**	(8,508)
At 30 June	**332,500**	593,500

As at 30 June 2023, investment properties with carrying amount of RMB100,700,000 (31 December 2022: RMB100,700,000) was pledged as collateral for the Group's borrowings.

10. PROPERTIES UNDER DEVELOPMENT

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Properties under development located:		
— Mainland China	**2,065,716**	1,971,621
— US	**8,388,569**	7,765,426
	10,454,285	9,737,047
Less: provision for decline in the value of properties under development	**(825,278)**	(777,813)
	9,629,007	8,959,234
Amount comprises:		
— Land payments	**4,430,152**	3,935,610
Leasehold land, Mainland China	**1,003,181**	992,499
Freehold land, US	**3,426,971**	2,943,111
— Development expenditures and improvements	**4,453,651**	4,459,256
— Interest capitalised	**745,204**	564,368
	9,629,007	8,959,234

All of the properties under development are within normal operating cycle and hence included under current assets. The amount of properties under development expected to be completed after more than one year is RMB6,714,668,000 (31 December 2022: RMB6,670,451,000). The remaining balance is expected to be completed within one year.

As at 30 June 2023, properties under development with carrying amount of RMB1,486,954,000 (31 December 2022: RMB1,456,918,000) were mortgaged as collateral for the Group's borrowings.

As at 30 June 2023, properties under development with carrying amount of RMB1,089,975,000 (31 December 2022: RMB1,030,224,000) were mortgaged as collateral for the Group's loans from other financial institutions.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Included in non-current assets:		
Other receivables		
— Deposits for building construction	**30,000**	30,000
— Deposits for property maintenance	**5,580**	5,580
	35,580	35,580
Less: provision for bad debt	**(1,116)**	(1,416)
	34,464	34,164
	34,464	34,164
Included in current assets:		
Trade receivables (a)		
— Related parties	**182,383**	186,350
— Third parties	**482,434**	492,535
	664,817	678,885
Less: provision for bad debt		
— Related parties	**(36,704)**	(35,612)
— Third parties	**(281,530)**	(275,999)
	(318,234)	(311,611)
	346,583	367,274
Prepayments		
— Prepayments for purchase of land	**442,513**	442,513
— Prepaid value added tax ("**VAT**") and other surcharges (b)	**92,280**	69,503
— Prepaid taxes (b)	**29,944**	29,709
— Other prepayments	**232,346**	200,090
	797,083	741,815

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Amounts due from related parties	**1,606,202**	1,646,813
Less: provision for bad debt	**(725,629)**	(756,673)
	880,573	890,140
Amounts due from non-controlling interests	**79,368**	169,012
Less: provision for bad debt	**(5,556)**	(11,831)
	73,812	157,181
Deposits for purchase of land (c)	**736,589**	697,074
Less: provision for bad debt	**(22,098)**	(20,912)
	714,491	676,162
Other receivables		
— Escrow receivable	**335,862**	426,649
— Lending to third parties	**316,922**	366,462
— Warranty and general liability insurance receivables	**195,885**	188,804
— Deposits for land bidding	**42,000**	42,000
— Deposits for building construction	**19,525**	17,381
— Consideration receivables (d)	**16,045**	25,249
— Deposits in housing fund	**5,038**	5,930
— Deposits for apartments rental	**2,171**	2,942
— Others	**167,359**	107,340
	1,100,807	1,182,757
Less: provision for bad debt	**(122,727)**	(123,854)
	978,080	1,058,903
	3,790,622	3,891,475

(a) As at 30 June 2023 and 31 December 2022, the ageing analysis of the current trade receivables based on invoice date is as follows:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Related parties		
— Less than one year	**18,950**	48,652
— One to two years	**44,082**	42,856
— Two to three years	**29,655**	24,803
— Three to four years	**21,206**	22,321
— Four to five years	**22,194**	39,824
— Over five years	**46,296**	7,894
	182,383	186,350
Third parties		
— Less than one year	**16,611**	40,892
— One to two years	**36,730**	45,513
— Two to three years	**37,761**	35,894
— Three to four years	**30,650**	310,954
— Four to five years	**303,447**	23,087
— Over five years	**57,235**	36,195
	482,434	492,535
	664,817	678,885

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

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

(a) As at 30 June 2023, deposits for purchase of land mainly related to acquisition of land use right in US.

(b) As of 30 June 2023, consideration receivables consisted of receivables from disposal of a subsidiary at the amount of RMB1,045,000 and disposal of a join venture at the amount of RMB15,000,000.

12. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Restricted cash		
— Restricted for project developments	–	3,827
— Pledged for discounted bank accepted notes	–	500
— Pledged for the Group's bank borrowings *(note 14)*	–	55,417
— Others	**5,788**	7,761
	5,788	67,505
Cash on hand and cash at banks	**873,598**	1,252,056

The carrying amounts of restricted cash and cash and cash equivalents were denominated in below currencies:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
RMB	**256,277**	313,516
US$	**621,504**	1,001,884
HK$	**1,605**	4,161
	879,386	1,319,561

13. TRADE AND OTHER PAYABLES

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Included in non-current liabilities:		
— Warranty accrual	**334,093**	324,946
— Other payables	**5,000**	5,000
— Amounts due to related parties	**–**	8,443
	339,093	338,389
Included in current liabilities:		
— Amounts due to related parties	**3,172,411**	3,206,819
— Payables for construction materials and services	**1,910,777**	1,806,464
— Lending from third parties (b)	**911,873**	872,116
— Deposits received	**749,717**	720,146
— Interest payable	**417,267**	431,185
— Amounts due to non-controlling interests (a)	**278,560**	278,560
— Value added tax and other tax payables	**129,212**	163,829
— Accruals for staff costs	**127,851**	162,668
— Dividend payable	**13,384**	12,967
— Notes payables	**9,372**	39,560
— Consideration payables (c)	**4,626**	4,626
— Other payables	**545,252**	532,964
	8,270,302	8,231,904

As at 30 June 2023 and 31 December 2022, the aging analysis of the payables for construction materials and services based on invoice date is as follows:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Less than one year	**862,793**	849,874
One to two years	**431,122**	480,191
Two to three years	**333,481**	295,154
Over three years	**283,381**	181,245
	1,910,777	1,806,464

(a) As of 30 June 2023, all amounts due to non-controlling interests were interest-free and unsecured.

(b) As of 30 June 2023, all lending from third parties were interest-free and unsecured.

(c) As of 30 June 2023, consideration payables were related to payables for acquisition of investments, of which RMB4,626,000 was due to the former shareholder of Wuhan Langhong Real Estate Co., Ltd. (武漢朗泓置業有限公司).

14. BORROWINGS

	30 June 2023		31 December 2022	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
— Bank borrowings	**78,646**	**4,248,870**	523,650	3,984,465
— Loan from other financial institutions	**442,988**	**114,815**	623,700	–
Total secured borrowings	**521,634**	**4,363,685**	1,147,350	3,984,465
Unsecured				
— Guaranteed senior notes 2020	**262,103**	**–**	257,481	–
— Guaranteed senior notes 2022	**207,372**	**601,854**	89,490	704,436
— Loans from the ultimate controlling company	**–**	**387,112**	–	356,220
— EB-5 loans and contributions from EB-5 investors	**–**	**821,248**	–	791,633
Total unsecured borrowings	**469,475**	**1,810,214**	346,971	1,852,289
Total borrowings	**991,109**	**6,173,899**	1,494,321	5,836,754

Borrowings carry interest ranging from 0.10% to 12.30% (31 December 2022: 0.10% to 10.75%) per annum.

CHAIRMAN'S STATEMENT

Market Overview

In the first half of 2023, Gross Domestic Product ("**GDP**") was better than that of the first quarter, but the internal and external insufficient demand has yet to be resolved. In the first seven months of 2023, the sales of top 100 real estate enterprises of People's Republic of China ("**China**" or the "**PRC**") continued to decline on the basis of a low base in 2022. In July 2023, the year-on-year decline was even as high as 34.1%, and the market adjustment far exceeded industry expectation. The decrease in operating cash flow caused by the sluggish sales and the continuous restriction on the financing side have posed great challenges to the entire real estate industry in the PRC. The meeting of the Political Bureau of the Central Committee of the Communist Party of China held on 24 July 2023 pointed out that, in order to adapt to the new situation of significant changes in the supply and demand of the real estate market in the PRC, the real estate policy will be adjusted and optimized in a timely manner. However, the current internal and external market environment is still severe.

Operation Performance

In the first half of 2023, the contracted sales of "Landsea Products" amounted to approximately RMB11.16 billion with contracted GFA of approximately 563,000 sq.m.. Profit before tax was approximately RMB43 million.

Real Estate Business in the PRC

Since the beginning of 2023, the in-depth adjustment of the PRC's real estate industry has continued. Since 2020 and up to the end of June 2023, the number of default real estate enterprises has exceeded 65. The delisting trend of listed real estate enterprises during the year is inevitable. In 2022, the Company has made provisions for impairment losses for most heavy-asset projects. Although contracted sales in the first half of 2023 were still under pressure, the overall business of the Company was under normal operation. The gross profit margin and operating profit margin remained stable, and the net profit basically returned to positive. With the continuous deepening of deleveraging, the overall size of liabilities further decreased by 2.3% as compared with the end of last year, of which the short-term debt ratio significantly decreased to 13.8%, representing a decrease of 6.6 percentage points as compared with the end of 2022.

As of the end of June 2023, we have built more than 150 green residential projects in 36 cities across the country, with a green residential development area of more than 25 million sq.m. At present, the Company has obtained a total of 102 green building certifications in the PRC, of which more than 53 are three-star green building certifications. The first three-star green building project certification in 9 cities, including Shanghai, Nanjing, Hangzhou and Suzhou, was obtained by Landsea. In addition, we have also obtained 21 international green building certifications, including BREEAM and LEED.

In the first half of 2023, Landsea secured 9 projects in Suzhou, Foshan, Chongqing, Wuxi and Taizhou, with an additional saleable value of RMB24.59 billion, representing a year-on-year increase of 216%. and an additional saleable area of 1.122 million sq.m.. As of 30 June 2023, the accumulated saleable value in the PRC was RMB115.61 billion, approximately 55% of which was from first-tier and new first-tier cities and nearly 80% of which was from Yangtze River Delta and Greater Bay Area.

Over the years, Landsea has been exploring the transformation path from a traditional asset-heavy housing model to an asset-light model. We hope that we not only become a brand service provider with asset-light operation capability, but also to be equipped with investment capability to a certain extent, so as to implement the strategic positioning of "real estate investment bank + green developer". Our ability has been well tested in the current market environment. In the first half of 2023, a total of 15 asset-light projects (including locked-in projects) were obtained in China, including project management service projects, technology output, consulting services and marketing agency services, etc., bringing a total contracted value of nearly RMB400 million, of which 9 projects have been implemented. As of 30 June 2023, we provided a total of 99 projects with project management services and with minority interests, while the total saleable area was 5.479 million sq.m. and the estimated saleable value was RMB108.77 billion, representing 94% of the total accumulated saleable value in the PRC.

Real Estate Business in the United States

After the financial crisis in 2008, the real estate industry in the United States entered into a period of continuous deleveraging with insufficient supply. The sharp rise in housing loan interest rates since 2022 has reduced the willingness to sale for current homeowners and further reduced the supply of second-hand housing. On the demand side, the millennial population of the United States entered the real estate market in large numbers, and the number of new households continued to rise. The highlighted conflict between supply and demand has enabled the rebound of the real estate market in the United States to continue in the short term.

In the first half of 2023, Landsea Homes continued to focus on the existing "Smiling Curve" regional market and seek merger and acquisition opportunities in other high-growth markets. At the same time, the Company accelerated the launch of new projects to capture the growth opportunities brought by the strong demand from home buyers. As of 30 June 2023, the accumulated saleable value in the United States was RMB27.85 billion, of which 16% was from California, 31% from Arizona and 49% from Florida and Texas together.

Outlook

In the future, the real estate development business will mainly focus on first-tier cities and strong second-tier cities with good economic fundamentals, strong industrial foundation and continuous population inflow. High-quality and improved products will become the mainstream products in such markets. At the beginning of this round of real estate policy adjustment and control, we emphasised that we should win the defence battle of cash flow, give up our fantasies, have the bottom-line thinking, with the goal of “survival”, which has not changed so far. On the other hand, the industry has been cleared for more than two years. Many real estate enterprises are or will be exiting the market in this round of adjustment, and the industry concentration is expected to accelerate. Since July 2023, the central and local governments have been intensively voicing out, aiming to promote the adjustment and optimisation of real estate policies and the healthy and stable development of the industry. The remaining real estate enterprises are expected to obtain more resources in financing, projects and customers in the future.

Entering 2023, the Company’s asset-light upgrade and transformation has entered a new stage. The market situation and business transformation also put forward higher requirements for the Company’s abilities for expansion, operation and risk control. In the period of in-depth adjustment in the industry, we should not be swayed by impatience and worries on gains and loss, and should take a down-to-earth approach in creating innovative products, exploring and implementing new business models in difficult times. We should also establish an organisational and human resources system suitable for the current strategic model. In the future, the only way we could get through the cycle is to continue to maintain our strategic strength, hard work and long-term commitment.

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 2023, the contracted sales of "Landsea Products" amounted to approximately RMB11.16 billion (first half of 2022: approximately RMB11.70 billion), contracted GFA was 562,850 sq.m. (first half of 2022: 640,173 sq.m.).

In the first half of 2023, the Group acquired a total of 9 projects, all of which were from the PRC. All of the projects acquired were under development for sale and project management services projects.

In the first half of 2023, the Group recorded an increase in the new project saleable area of 1,121,631 sq.m., which were properties under development for sale (all of which were project management services projects) with expected saleable value of approximately RMB24.59 billion. By adhering to a 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 2023, the Group had reserve projects with an aggregate saleable area of 7,440,504 sq.m. and expected saleable value of approximately RMB143.46 billion, in which saleable area of 2,219,004 sq.m. and expected saleable value of approximately RMB43.61 billion secured for equity projects, with saleable area of 1,975,745 sq.m. and expected saleable value of approximately RMB35.87 billion attributable to the Group. The Group had also acquired a total of 73 project management services projects, with saleable area of 5,221,500 sq.m. and expected saleable value of approximately RMB99.85 billion. The Group held properties-for-rent with total GFA of 80,536 sq.m. and the equity-held projects with GFA of 46,752 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. For the six months ended 30 June 2023, the Group secured a total of 9 projects in Suzhou, Wuxi, Chongqing, Foshan, Taizhou and other cities, all of which were project management service projects, with an additional saleable area of approximately 1.12 million sq.m. and saleable value of approximately RMB24.59 billion. Meanwhile, the new project management service contract value amounted to approximately RMB258 million (first half of 2022: approximately RMB247 million), representing an increase of approximately 4.4% as compared to the first half of 2022.

Business development in the United States

The Group's real estate development business covers both China and the United States. Landsea Homes has successively entered the Greater New York region, California, Arizona, Texas and Florida.

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

In the first half of 2023, the total contracted sales of the property projects in which the Group held equity interests amounted to approximately RMB5.62 billion with contracted sales area of 280,955 sq.m., i.e. an average selling price of approximately RMB19,993 per sq.m.. The contracted sales were mainly derived from the on-sale projects in cities such as Hangzhou, Wuhan, Wuxi, Jiaxing, Chengdu, Chongqing and Hefei in the PRC and first-and second-tier gateway cities in the United States. As at 30 June 2023, the Group's accumulated area of properties sold but not recognised was 1,366,857 sq.m. (30 June 2022: 2,303,378 sq.m.), amounting to approximately RMB21.45 billion (30 June 2022: approximately RMB37.89 billion), of which areas of properties sold but not recognised attributable to the Group were 638,735 sq.m. (30 June 2022: 1,110,920 sq.m.), amounting to approximately RMB10.08 billion (30 June 2022: approximately RMB19.25 billion).

External contracts in the first half of 2023

Number	Project	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
1	Hefei Landsea's Hi-tech Court	49%	9,872	443	22,268
2	Yixin Xindu Mansion	26%	524	–	–
3	Hangzhou Linglongyue	30%	262,493	13,892	18,896
4	Haining Oasis Jing Yuan	20%	480,730	31,744	15,144
5	Wuhan Xihua Mansion	30%	255,187	13,157	19,396
6	Chengdu Xihua Mansion	33%	1,320	–	
7	Chengdu Landsea Cuiyue	100%	9,741	529	18,428
8	Chengdu Le Mansion	76%	1,367	–	–
9	Tianjin Cuiweilan Pavilion(B)	100%	2,929	–	–
10	Tianjin Cuiweilan Pavilion(CD)	35%	43	–	–
11	Zhongshan Landsea Dezhou Shangjun	43%	100	–	–
12	Changshu Shangjing Mingzhu	51%	608	–	–
13	Wuxi Xiyunli	10%	181,413	6,190	29,308
14	Chongqin Xiyue Mansion	100%	83,505	5,134	16,264
15	Tianjin Emerald Lan Wan	75%	1,014	–	–
16	Shijiazhuang Future Block	26%	1,780	–	–
17	Ardmore	100%	42,593	2,932	14,527
18	Bargrove	100%	83,664	6,255	13,376
19	Belle Oaks	100%	5,749	293	19,621
20	Celery Oaks	100%	25,319	1,713	14,781
21	Centerra	100%	60,224	3,782	15,924
22	Courtyards at Waterstone	100%	42,483	3,045	13,952
23	Cypress Hammock	100%	111,687	7,530	14,832
24	Davenport Estates	100%	4,853	365	13,296
25	Eastmark	100%	205,657	10,545	19,503
26	Ellis Town Country	100%	492,244	18,737	26,271
27	Estrella	100%	61,303	3,722	16,470
28	Greenfield	100%	39,482	3,326	11,871
29	Halifax Plantation-Bulow	100%	35,575	2,043	17,413
30	Hammock Reserve	100%	59,809	4,878	12,261
31	Hanover Lakes	100%	45,624	3,395	13,439
32	Heathrow Country Estate Homes	100%	4,355	233	18,691
33	Horse Creek	100%	36,265	2,885	12,570
34	Lake Lincoln	100%	42,429	3,107	13,656
35	Lavender	100%	245,241	3,251	75,436

Number	Project	Equity Holding	Contracted Sales Amounts *(RMB'000)*	Contracted Sales GFA *(sq.m.)*	Average Contracted Sales Selling Price *(RMB)*
36	Legacy Landings	100%	51,448	3,697	13,916
37	Lincoln 65 — Nolin	100%	119,313	3,244	36,780
38	North Central Phoenix (Madison Town & Country)	100%	22,021	609	36,159
39	North Copper Canyon	100%	126,758	8,966	14,138
40	Northern Farms	100%	109,832	7,014	15,659
41	Novato	100%	76,028	2,115	35,947
42	Ontario Vander Eyk	100%	242,716	8,469	28,659
43	Palm Bay	100%	3,066	248	12,363
44	Palm Coast	100%	17,278	1,249	13,833
45	Placentia Heights	100%	207,212	5,228	39,635
46	Preservation Pointe	100%	38,465	3,070	12,529
47	Preserve at Sunrise	100%	47,791	3,752	12,737
48	Ridgeview	100%	79,618	5,466	14,566
49	Saratoga Hills (Key Ranch)	100%	8,564	309	27,715
50	St. Johns Preserve	100%	85,687	5,916	14,484
51	Sunrise Ranch	100%	197,848	13,113	15,088
52	Sunset Farms	100%	110,888	7,490	14,805
53	Synagogue	100%	–21,498	–142	151,394
54	Tirado	100%	483,757	11,960	40,448
55	Trinity Lakes	100%	56,430	4,502	12,534
56	Verrado	100%	96,598	4,676	20,658
57	Vintage Oaks	100%	14,982	770	19,457
58	Wiregrass	100%	–7,041	–493	14,282
59	Bentridge	100%	47,420	3,208	14,782
60	Gardens Waterstone	100%	4,913	326	15,071
61	Parkview at the Hills	100%	66,760	4,959	13,462
62	The Junction	100%	8,306	696	11,934
63	Alameda Marina	100%	40,248	905	44,473
64	Monarch Hills	100%	340,350	16,271	20,918
65	Sarival Farm	100%	4,155	236	17,606
	Total		5,617,095	280,955	

Project reserves

As at 30 June 2023, the Group had project reserves with total saleable area of 7,440,504 sq.m. and expected saleable value of approximately RMB143.46 billion. In terms of equity holding, the saleable area attributable to the Group was 1,975,745 sq.m. and expected saleable value was approximately RMB35.87 billion. The Group had also acquired a total of 73 project management services projects, with saleable area of 5,221,500 sq.m. and expected saleable value of approximately RMB99.85 billion.

Accumulated land reserve at the end of June 2023

Number	City	Total GFA	Developed GFA	Developing GFA	GFA for future development	Value Sold	GFA Sold	Saleable Value	Saleable GFA
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(sq.m.)*	*(RMB'000)*	*(sq.m.)*
1	Shanghai	252,666	252,666	–	–	3,811,250	167,993	89,542	–
2	Nanjing	2,329,477	1,917,592	411,885	–	38,675,761	1,402,489	9,490,086	225,155
3	Hangzhou	381,194	219,754	161,440	–	8,103,324	195,146	1,182,803	40,550
4	Chengdu	3,577,078	2,775,444	522,183	279,451	26,474,721	1,782,015	7,110,738	690,378
5	Tianjin	495,926	299,184	178,809	17,933	3,180,392	220,528	2,878,493	136,859
6	Xi'an	100,614	–	100,614	–	780,051	43,681	780,649	22,145
7	Chongqing	940,251	355,299	253,089	331,863	5,238,675	398,101	3,625,024	256,979
8	Wuhan	220,143	–	220,143	–	2,568,491	116,963	1,162,729	37,077
9	Hefei	335,758	278,360	57,398	–	3,357,645	202,318	482,938	34,266
10	Changsha	266,216	80,301	112,098	73,817	1,035,522	162,644	3,480	–
11	Shijiazhuang	166,336	–	166,336	–	1,080,963	124,875	119,420	–
12	Suzhou	3,017,158	963,235	1,263,918	790,005	17,525,720	748,410	32,500,115	1,307,074
13	Wuxi	1,850,481	694,828	953,543	202,110	12,397,236	631,502	18,150,284	622,782
14	Changzhou	391,851	140,833	251,018	–	5,705,772	210,081	2,464,334	72,676
15	Nantong	1,056,254	191,245	143,169	721,840	4,122,503	302,968	7,522,530	494,757
16	Taizhou (泰州)	165,920	–	–	165,920	–	–	860,770	44,180
17	Jinhua	576,344	–	576,344	–	2,435,606	205,033	2,443,694	166,063
18	Ningbo	216,549	–	216,549	–	511,189	41,808	1,693,081	123,390
19	Jiaxing	314,288	191,213	123,075	–	2,668,310	192,360	858,936	32,261
20	Taizhou (台州)	–	–	–	–	–	–	–	–

Number	City	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.)*
21	Tai'an	203,757	–	148,152	55,605	–	–	2,519,310	109,805
22	Zhongshan	843,701	80,156	288,836	474,709	1,945,419	194,344	7,739,417	415,190
23	Huizhou	139,615	–	139,615	–	–	–	1,577,480	94,754
24	Foshan	114,514	–	114,514	–	–	–	1,142,620	79,299
25	Kaifeng	278,468	–	278,468	–	1,072,157	123,908	1,146,429	88,305
26	Huai'an	33,287	–	33,287	–	64,344	7,423	82,114	9,220
27	Xianyang	418,488	–	277,128	141,360	2,216,378	210,538	1,534,374	136,694
28	Zhangzhou	103,075	–	103,075	–	–	–	1,074,830	55,772
29	Yancheng	449,089	123,120	75,132	250,837	2,006,515	158,634	2,795,766	244,587
30	Chuzhou	157,138	–	105,138	52,000	229,673	40,325	502,007	64,059
31	Zhangjiakou	134,908	–	134,908	–	613,669	87,420	397,787	12,597
32	Mianyang	115,409	–	115,409	–	917,649	84,057	55,440	–
33	Yingtan	92,060	–	–	92,060	–	–	751,560	58,839
34	Suqian	425,143	201,389	223,754	–	3,071,742	299,590	90,968	–
35	Ganzi	113,640	–	–	113,640	–	–	781,816	85,427
36	the United States	2,868,363	1,013,758	350,563	1,504,042	17,079,057	1,188,999	27,850,793	1,679,364
	Total	23,145,159	9,778,377	8,099,590	5,267,192	168,889,734	9,544,153	143,462,357	7,440,504
	Of Which: Subtotal of Equity held Projects	9,691,714	5,734,446	2,291,634	1,665,634	88,511,802	5,497,008	43,610,496	2,219,004
	Subtotal of Project Management Services projects	13,453,445	4,043,931	5,807,956	3,601,558	80,377,932	4,047,145	99,851,861	5,221,500

FINANCIAL REVIEW

Revenue and gross profit

For the six months ended 30 June 2023, the Group's revenue was mainly derived from the project management services projects of approximately RMB213 million (first half of 2022: approximately RMB283 million), from sales of properties of approximately RMB3.75 billion (first half of 2022: approximately RMB5.47 billion) and rental income of approximately RMB2 million (first half of 2022: approximately RMB2 million), which in aggregate was approximately RMB3.96 billion (first half of 2022: approximately RMB5.75 billion). The gross profit of the Group was approximately RMB730 million (first half of 2022: approximately RMB1.17 billion) and the gross profit margin was approximately 18.4% (first half of 2022: approximately 20.4%).

Recognised sales of properties of subsidiaries

For the six months ended 30 June 2023, the Group recognised revenue of approximately RMB3.96 billion (first half of 2022: approximately RMB5.75 billion). In which, the consolidated subsidiaries of the Group recognised revenue from sales of properties and total sales area of approximately RMB3.75 billion (first half of 2022: approximately RMB5.47 billion) and 206,547 sq.m., respectively, mainly attributable to Chengdu Xihua Tianxi, Xi' an Future Block and Chengdu Future Home in the PRC, and Eastmark, Ellis Town Country, Lavender, Ontario Vander Eyk, Sunrise Ranch, Hanover Lakes and Cypress in the United States. The average selling price in the PRC was approximately RMB35,010 (first half of 2022: approximately RMB23,825) per sq.m., while the average selling price in the United States was approximately RMB18,000 (first half of 2022: approximately RMB17,922) per sq.m..

Income from project management services projects

For the six months ended 30 June 2023, the Group recorded project management services income of approximately RMB213 million (first half of 2022: approximately RMB283 million).

Income from rental and management fee

For the six months ended 30 June 2023, the Group recognised rental and management fee income of approximately RMB2 million (first half of 2022: approximately RMB2 million).

Selling expenses

For the six months ended 30 June 2023, the Group's selling expenses amounted to approximately RMB250 million (first half of 2022: approximately RMB311 million).

Administrative expenses

For the six months ended 30 June 2023, the Group's administrative expenses amounted to approximately RMB432 million (first half of 2022: approximately RMB464 million).

Net impairment losses on financial and contract assets

For the six months ended 30 June 2023, the Group's net reversal of impairment losses on financial assets was approximately RMB36 million (first half of 2022: provision of approximately RMB175 million). The Company's net provision for impairment losses on financial assets was provided using the expected credit loss rate for financial assets such as trade and other receivables in accordance with the requirements of HKFRS 9 Financial Instruments.

Fair value loss

For the six months ended 30 June 2023, the fair value losses of the Group amounted to approximately RMB16 million (first half of 2022: loss of approximately RMB43 million). The fair value loss was attributable to the changes in fair value of warrants brought by acquisition of special purpose acquisition company in the United States.

Finance cost

For the six months ended 30 June 2023, the Group recorded interest expenses (excluding finance costs recognised for advance receipts) of approximately RMB330 million (first half of 2022: approximately RMB349 million). The capitalisation rate of interest expenses was approximately 69.7% for the first half of 2023 (first half of 2022: approximately 61.7%). For the six months ended 30 June 2023, the expensed finance costs of the Group were approximately RMB100 million (first half of 2022: approximately RMB133 million). For the six months ended 30 June 2023, the Group's interest income was approximately RMB15 million (including interest income from amounts due from joint ventures and associates, non-controlling interests and loans to third parties), and the net finance cost was approximately RMB85 million (first half of 2022: approximately RMB124 million). For the six months ended 30 June 2023, the weighted average finance cost was approximately 5.8% (first half of 2022: approximately 6.3%).

Share of profits of joint ventures and associates

For the six months ended 30 June 2023, the Group's share of profits of joint ventures and associates amounted to approximately RMB49 million (first half of 2022: share of losses of joint ventures and associates of approximately RMB299 million).

Taxation

Income tax expenses include enterprise income tax and land appreciation tax. For the six months ended 30 June 2023, the Group's tax expense was approximately RMB47 million (first half of 2022: approximately RMB106 million).

Loss for the period

For the six months ended 30 June 2023, the Group incurred a net loss of approximately RMB4 million (first half of 2022: net loss of approximately RMB390 million).

LIQUIDITY AND FINANCIAL RESOURCES

Cash positions

As at 30 June 2023, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB880 million (as at 31 December 2022: approximately RMB1.32 billion). As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was approximately 1.4 times (as at 31 December 2022: approximately 1.4 times).

Indebtedness

As at 30 June 2023, the total indebtedness of the Group amounted to approximately RMB7.17 billion (as at 31 December 2022: approximately RMB7.33 billion). The Group's indebtedness primarily consists of shareholder loans, bank borrowings, senior notes and EB-5 financing. As at 30 June 2023, total net liabilities were approximately RMB6.29 billion (as at 31 December 2022: approximately RMB6.08 billion). As at 30 June 2023, the proportion of short-term debts was approximately 13.8% (as at 31 December 2022: approximately 20.4%) and long-term debts was approximately 86.2% (as at 31 December 2022: approximately 79.6%). The Company's long-term debt accounted for a greater proportion, maintaining reasonable structure of long-term and short-term debt.

Gearing ratio

The Group has been striving to optimise its capital and debt structure. The gearing ratio (total indebtedness divided by total assets) of the Group was approximately 35.4% as at 30 June 2023 (as at 31 December 2022: approximately 36.7%). In addition, the debt to assets ratio of the Group net of advance payment received as at 30 June 2023 was approximately 85.8% (as at 31 December 2022: approximately 86.4%). The management will monitor the capital and debt structure of the Group on a regular basis with aim of mitigating its exposure to the risk of gearing.

Pledge of assets of the Group

As at 30 June 2023, the Group's bank borrowings were secured by one or a combination of the following items: restricted cash, property, plant and equipment, properties under development, investment properties, properties held for sale, leasehold land for properties delivered, equity interests of certain subsidiaries of the Group and guarantees provided by the controlling shareholder of the Company. Senior notes were guaranteed by certain subsidiaries of the Company. EB-5 loans were guaranteed by a subsidiary.

Save as disclosed above, the Group had no pledge of assets.

Foreign exchange and foreign currency exposure

As at 30 June 2023, 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 Mainland China is Renminbi. As at 30 June 2023, the corresponding exchange rate changes in the internal funds transfer of the Group resulted in book exchange gains recorded by the Group of approximately RMB12 million (first half of 2022: exchange gains of approximately RMB57 million). As at 30 June 2023, the Group's assets denominated in United States dollar was approximately 1.6 times of the liabilities denominated in United States dollar (as at 31 December 2022: approximately 1.5 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 2023, the debts payable borne with fixed interest rate accounted for approximately 35.1% (as at 31 December 2022: approximately 35.9%) 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.

Guarantee

The Group cooperates with various financial institutions to arrange mortgage loan facilities for the purchasers of its properties and provides guarantees to secure such purchasers' obligations of repayment. As at 30 June 2023, the outstanding guarantees amounted to approximately RMB908 million (as at 31 December 2022: approximately RMB994 million). 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 2023 was approximately RMB85 million (as at 31 December 2022: approximately RMB102 million). As at 30 June 2023, 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 fulfil their obligations.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

On 12 June 2023 (New York time), Landsea Holdings Corporation ("**LHC**"), an indirect wholly-owned subsidiary of the Company, Landsea Homes Corporation ("**Landsea Homes**"), a non-wholly owned subsidiary of the Company, and B. Riley Securities, Inc. ("**B. Riley Securities**") (as representative of the underwriters) entered into an underwriting agreement (the "**Underwriting Agreement**"), pursuant to which, subject to the terms and conditions of the Underwriting Agreement, LHC agreed to sell, and B. Riley Securities and Wedbush Securities Inc. as the underwriters (the "**Underwriters**") agreed to purchase, an aggregate of 2,956,522 shares of the common shares of Landsea Homes (the "**LSEA Stock**"), at a public offering price of US$7.5 for an aggregate consideration of US$22,173,915. In addition, LHC agreed to sell additional 443,478 shares of LSEA Stock (the "**Option Shares**") to the Underwriters and the Underwriters, subject to the terms and conditions of the Underwriting Agreement, have the right to purchase all or a portion of the Option Shares, at the public offering price of US$7.5. The option may be exercised by the Underwriters any time and from time to time on or before the 30th day following the date of the Underwriting Agreement.

The disposal under the Underwriting Agreement constitutes a major transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For further information, please refer to the announcement of the Company dated 13 June 2023 and the circular of the Company dated 5 July 2023.

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 2023 (for the six months ended 30 June 2022: 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 2023, 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 2023.

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 2023.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Rui Meng (as chairman), Mr. Chen Tai-yuan and Mr. Xu Xiaonian. 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 2023 has been reviewed by the Audit Committee.

By order of the Board
Landsea Green Management Limited
Gao Yuan
Company Secretary

Hong Kong, 25 August 2023

As at the date of this announcement, the Board consists of two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, one non-executive Director, namely Ms. Gu Jing, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*