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Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS HIGHLIGHT

For the six months ended 30 June 2021, the Group's results were as follows:

1. The Group's revenue amounted to RMB323.10 million, representing an increase of approximately 27.1% as compared with approximately RMB254.21 million for the corresponding period in 2020.
2. The Group's revenue by business line was as follows:
 - (1) Revenue from property management services amounted to approximately RMB230.22 million, accounting for approximately 71.2% of the total revenue, representing an increase of approximately 21.2% as compared with approximately RMB189.96 million for the corresponding period in 2020;
 - (2) Revenue from value-added services to non-property owners amounted to approximately RMB70.71 million, accounting for approximately 21.9% of the total revenue, representing a substantial increase of approximately 51.4% as compared with approximately RMB46.69 million for the corresponding period in 2020; and
 - (3) Revenue from community value-added services amounted to approximately RMB22.17 million, accounting for approximately 6.9% of the total revenue, representing an increase of approximately 26.3% as compared with approximately RMB17.56 million for the corresponding period in 2020.
3. The gross profit amounted to approximately RMB76.43 million, representing an increase of approximately 14.7% as compared with approximately RMB66.66 million for the corresponding period in 2020. The gross profit margin was approximately 23.7%, representing a decrease of 2.5 percentage points as compared with approximately 26.2% for the corresponding period in 2020.
4. Profit for the period amounted to approximately RMB14.44 million, representing a decrease of approximately 1.4% as compared with approximately RMB14.65 million for the corresponding period in 2020. Excluding the impact of listing expenses, the adjusted profit for the reporting period amounted to approximately RMB27.27 million, representing an increase of approximately 39.8% as compared with RMB19.51 million for the corresponding period in 2020.
5. As at 30 June 2021, the Group's contracted gross floor area ("GFA") was approximately 24.90 million sq.m., of which GFA under management was approximately 17.80 million sq.m., representing an increase of approximately 7.0% as compared with GFA under management as at 30 June 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Landsea Green Life Service Company Limited (the “**Company**” or “**Landsea Green Life**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	5	323,100	254,206
Cost of sales and services		(246,668)	(187,551)
Gross profit		76,432	66,655
Other income		2,502	26,319
Selling expenses		(4,756)	(4,101)
Administrative expenses		(48,101)	(29,601)
Impairment losses under expected credit loss model		(4,227)	(10,373)
Other gains/(losses) — net	6	(171)	(122)
Operating profit		21,679	48,777
Finance income		165	51
Finance costs		(9)	(27,842)
Finance income/(costs) — net		156	(27,791)
Profit before income tax		21,835	20,986
Income tax expenses	7	(7,394)	(6,335)
Profit for the period		14,441	14,651
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		(324)	(6)
Total comprehensive income for the period		14,117	14,645

		For the six months ended	
		30 June	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
— Equity owners of the Company		14,441	14,651
— Non-controlling interests		<u>—</u>	<u>—</u>
		14,441	14,651
		<u>14,441</u>	<u>14,651</u>
Total comprehensive income for the period attributable to:			
— Equity owners of the Company		14,117	14,645
— Non-controlling interests		<u>—</u>	<u>—</u>
		14,117	14,645
		<u>14,117</u>	<u>14,645</u>
Earnings per share attributable to equity owners of the Company (expressed in RMB cents per share)			
Basic and diluted earnings per share	8	<u>0.05</u>	<u>0.05</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

		30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Investment properties		5,143	5,336
Property, plant and equipment		5,128	4,497
Right-of-use assets		1,138	1,588
Intangible assets		3,429	3,218
Interests in joint ventures		18	–
Deferred income tax assets		11,380	8,685
		<u>26,236</u>	<u>23,324</u>
Current assets			
Trade receivables	9	174,750	115,611
Inventories		1,103	1,839
Prepayments and other receivables		44,929	160,872
Cash and cash equivalents		179,883	314,265
		<u>400,665</u>	<u>592,587</u>
Total assets		<u>426,901</u>	<u>615,911</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>134</u>	<u>142</u>
Current liabilities			
Trade and other payables	10	224,457	310,816
Contract liabilities	5	137,911	146,663
Lease liabilities		465	949
Current income tax liabilities		10,098	28,958
		<u>372,931</u>	<u>487,386</u>
Total liabilities		<u>373,065</u>	<u>487,528</u>

		30 June 2021	31 December 2020
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
EQUITY			
Capital and reserves attributable to equity owners of the Company			
Share capital	<i>11</i>	–	–
Reserves		<u>49,586</u>	<u>128,383</u>
		<u>49,586</u>	<u>128,383</u>
Non-controlling interests		<u>4,250</u>	<u>–</u>
Total equity		<u>53,836</u>	<u>128,383</u>
Total liabilities and equity		<u><u>426,901</u></u>	<u><u>615,911</u></u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 1 December 2020 as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands.

The Company is an investment holding company. The Group are principally engaged in the provision of property management services, community value-added services and value added services to non-property owners (collectively referred to as the "**Listing Business**") in People's Republic of China (the "**PRC**").

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 8 July 2021 (the "**Listing**"). In the opinion of the directors of the Company, the ultimate holding company and ultimate controlling shareholder of the Company is Honor Limited ("**Honor**"), a company incorporated under the laws of British Virgin Islands, and Mr. Tian Ming.

The interim condensed consolidated balance sheet as of 30 June 2021, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "**Interim Financial Information**") of the Group have been approved for issue by the Board on 20 August 2021. The Interim Financial Information are presented in thousands of Renminbi ("**RMB**"), unless otherwise stated.

The Interim Financial Information have not been audited, but has been reviewed by the Company's audit committee.

2 BASIS OF PREPARATION

Prior to the incorporation of the Company, the Listing Business was mainly operated by Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司) ("**Landsea Property Management**") and its PRC subsidiaries. Landsea Property Management was also engaged in the system operation services, mainly providing professional operation and maintenance services for residential properties installed with the technological systems.

In preparing for the Listing, the companies now comprising the Group underwent a group reorganisation as described in the Accountant's Report (the "**Accountant's Report**") disclosed in Appendix 1 of the prospectus of the Company dated 25 June 2021 (the "**Reorganisation**"). For details of the Reorganisation, please refer note 1.2 of the Accountant's Report. The Reorganisation was completed in January 2021.

The interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2020 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the six months period ended 30 June 2020 or since their respective dates of incorporation/establishment/acquisition, where applicable.

The Interim Financial Information for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting". The Interim Financial Information do not include all of the information required for full set of financial statements and should be read in conjunction with the historical financial information of the Group for the year ended 31 December 2018, 2019 and 2020 (the "**Historical Financial Information**"), as included in the Accountant's Report, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the Historical Financial Information, except for the adoption of new and amended standards as set out below. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

3.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the reporting period commencing 1 January 2021. The adoption of these standards and amendments does not have significant impact to the Interim Financial Information of the Group.

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

3.2 New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group

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

The directors of the Company were of the view that the above new and revised standards and amendments and interpretations to existing standards that have been issued are not expected to have a significant impact on the Group's financial statements when they become effective.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of the Company.

For the six months ended 30 June 2021 and 30 June 2020, the Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group’s revenue were derived in the PRC during the six months ended 30 June 2021 and 30 June 2020.

As at 30 June 2021 and 31 December 2020, all of the non-current assets of the Group were located in the PRC.

5 REVENUE

Revenue comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group’s revenue for the six months ended 30 June 2021 and 2020 is as follows:

	For the six months ended	
	30 June	
	2021	2020
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from customers and recognised over time		
— Property management services	230,221	189,955
— Value-added services to non-property owners	53,380	33,764
— Community value-added services	3,725	8,193
	287,326	231,912
Revenue from customers and recognised at point in time		
— Value-added services to non-property owners	17,332	12,926
— Community value-added services	18,442	9,368
	35,774	22,294
	323,100	254,206

The Group has recognised the following revenue-related contract liabilities:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract liabilities related to		
— Property management services	135,137	142,453
— Community value-added services	278	314
— Value-added services to non-property owners	<u>2,496</u>	<u>3,896</u>
	<u>137,911</u>	<u>146,663</u>

6 OTHER GAINS/(LOSSES) — NET

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net loss on disposal of property, plant and equipment	(20)	(8)
Other	<u>(151)</u>	<u>(114)</u>
	<u>(171)</u>	<u>(122)</u>

7 INCOME TAX EXPENSES

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax (c)	9,042	11,132
Deferred income tax		
— PRC corporate income tax (c)	<u>(1,648)</u>	<u>(4,797)</u>
	<u>7,394</u>	<u>6,335</u>

- (a) The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.
- (b) Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2021. No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the six months ended 30 June 2021.
- (c) Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof.

8 EARNINGS PER SHARE

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the Reorganisation and the Capitalisation Issue (as defined and detailed in note 11) as if the Reorganisation and Capitalisation Issue had been completed on 1 January 2020 without taking into account of 23,998,345 shares issued to Green Sailing (PTC) Limited, representing 5.84% of the total shares of the Company after completion of the partial exercise of the over-allotment option, that have not yet been granted to employees.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the periods.

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to equity owners of the Company	14,441	14,651
Number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	276,002	276,002
Basic earnings per share (expressed in RMB cents per share)	0.05	0.05

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2021 and 2020 equals the basic earnings per share as there were no dilutive potential ordinary shares in existence during the periods.

9 TRADE RECEIVABLES

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables (a)		
— Related parties	73,566	51,842
— Third parties	116,445	73,675
	190,011	125,517
Less: provision for bad debt	(15,261)	(9,906)
	174,750	115,611

- (a) Trade receivables mainly arise from property management services income under lump sum basis and value-added services as provided to non-property owners.

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Related parties		
— Less than 1 year	70,914	47,580
— 1 to 2 years	692	2,862
— 2 to 3 years	1,960	1,400
	73,566	51,842
Third parties		
— Less than 1 year	85,779	57,007
— 1 to 2 years	20,899	12,062
— 2 to 3 years	5,689	2,289
— 3 to 4 years	1,794	711
— 4 to 5 years	820	438
— Over 5 years	1,464	1,168
	116,445	73,675
	190,011	125,517

As at 30 June 2021 and 31 December 2020, the fair values of trade receivables approximate their carrying amounts.

10 TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables	66,255	77,322
Other payables		
— Amounts due to related parties	6,515	30,899
— Amounts collected on behalf of property owners	64,381	59,540
— Deposits received	8,403	7,781
— Others	4,525	4,212
Accruals for staff costs	73,144	95,480
VAT and other tax payables	1,234	35,582
	224,457	310,816

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables approximate their fair values.

As at 30 June 2021 and 31 December 2020, amounts due to related parties were unsecured, interest-free and repayable on demand.

The ageing analysis of the trade payables based on goods and services received is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Less than 1 year	65,601	74,806
1 to 2 years	654	2,516
	66,255	77,322

11 SHARE CAPITAL

	Number of ordinary shares	Share capital of the Company HK\$	RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On the date of incorporation and 31 December 2020	38,000,000	380,000	—
Increase on 15 June 2021 (a)	1,962,000,000	19,620,000	—
At 30 June 2021	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>—</u>
Issued:			
As at 31 December 2020 (b)	100,000	—	—
Credited as fully paid in connection with the Reorganisation (c)	—	1,000	—*
Issue of shares held for share incentive scheme (d)	8,695	87	—*
As at 30 June 2021 (Unaudited)	<u>108,695</u>	<u>1,087</u>	<u>—*</u>

* The balance represents amount less than RMB1,000.

- (a) Pursuant to shareholders' written resolutions dated on 15 June 2021, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,962,000,000 shares.
- (b) As at 31 December 2020, all the shares issued by the Company was nil-paid.
- (c) On 6 January 2021, the Company entered into a share transfer agreement with Landsea Community Service Co., Ltd. ("**Landsea Community Service**"), pursuant to which Landsea Community Service transferred all the issued shares of Landsea Greenlive International Company Limited and Southern Land International Company Limited to the Company. As settlement, the Company credited the above nil-paid shares held by the then shareholders as fully paid shares.

- (d) On 18 January 2021, 8,695 shares were issued and allotted at par value to Green Sailing (PTC), representing approximately 8.0% of the enlarged issued share capital of the Company. Green Sailing (PTC) is a private trust company incorporated in the BVI and wholly owned by Honor as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme to be adopted at least six months after the Listing.
- (e) Pursuant to shareholders' written resolutions passed on 15 June 2021, and conditional on the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the proposed share offering described in the prospectus of the Company dated 25 June 2021, the directors are authorised to capitalise an amount of approximately RMB2,497,885 (equivalent to HK\$2,998,913.05), standing to the credit of the share premium account by applying such sum towards the paying up in full at par a total of 299,891,305 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company on the date of passing such resolutions in proportion to their then existing respective shareholding in the Company (the **"Capitalisation Issue"**). The Capitalisation Issue was completed on 8 July 2021 in connection with the Listing.

12 DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2021. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2021.

CHAIRMAN'S REPORT

First Half-Year Review

Since the beginning of 2021, Landsea Green Life has always been customer-oriented with service optimization and innovation initiated to address the needs and issues of our customers. With eyes on the long term, we have always been persisting with the right thing in face of difficulties. As always, we focus on sustainable operations in green, low-carbon and warm communities where we built, and gradually strengthen our differentiated capabilities together with distinctive brand image. We endeavor to strive and uphold the spirit of entrepreneurship for business innovation. Bearing our mission in mind and moving forward while confronting adversities, we have been creating diversified values for our customers, shareholders, employees, partners as well as other stakeholders. In the first half of the year, we achieved relatively high-quality development and sizable growth, which further facilitated the transformation of the Group from a traditional property management service company to a green life service provider.

Business Overview

During the period under review, the Group's revenue was approximately RMB323 million, an increase of 27.1% as compared with approximately RMB254 million for the corresponding period last year; gross profit for the period was approximately RMB76 million, an increase of 14.7% as compared with approximately RMB67 million for the corresponding period last year; excluding the effect of listing expenses, net profit for the period was approximately RMB27 million, an increase of 39.8% as compared with approximately RMB20 million for the corresponding period last year.

Business Update

In the First Half Year of 2021, while striving to provide high quality and featured property management services to all kind of customers, the Group developed various value-added services to fulfill the ever-changing needs of our customers and improve their quality of life. During the period under review, the revenue of the Group from value-added service to non-property owners was approximately RMB71 million, representing an increase of 51.4% from approximately RMB47 million in the corresponding period of last year; the revenue from community value-added services was approximately RMB22 million, representing an increase of 26.3% from approximately RMB18 million in the corresponding period of last year, of which the income from home-living services closely related to the life services of property owners increased by 44.7% from the corresponding period of last year whereas income from property agency services for second-hand properties increased by 103.7% from the corresponding period of last year, demonstrating a significant growth in the results performance.

Through our continuously profound efforts in the Yangtze River Delta, the Group continued to expedite the market-wide business development in the pursuit of quality, efficient and sizable growth. In the First Half Year of 2021, the Group entered into strategic cooperation with state-owned enterprises and regional property developers. Four cooperative companies were newly incorporated to handle the property management services arising from property

development projects delivered by and to be obtained by the companies. As of 30 June 2021, there were 2.04 million sq.m. under operation and management, representing an increase of 1,033.3% as compared to 30 June 2020. During the period under review, the contracted GFA of the Group from independent third parties increased by 1.39 million sq.m.. As of 30 June 2021, our property management services covered 23 cities with our total GFA under management amounting to 17.80 million sq.m. and our total contracted GFA amounting to 24.90 million sq.m., serving over 130,000 households.

The Group placed strong emphasis on the development of the corporate digitalization and continued to enhance our operations to be user-centric and data-driven. In the First Half Year of 2021, our informational contact for customers has become more complete after the establishment of an integrated contact providing an operation system with comprehensive customer services to be provided online through “Service Account” (服務號), “Mini Program” (小程序) and “Corporate WeChat” (企業微信). Also, the Group was committed to a higher degree of standardization of internal management tools, enhance of conventional property management systems and online service systems, introduction of smart platform management tools, facilities and equipments, development and upgrade of internal operating management systems with strengthened infrastructures of data security.

Prospect

Looking forward to the second half of 2021, the property management industry will still be in a fast-growing development cycle. There is ample room for development on a larger scale. The capital market and competition within the industry will remain heated and intense. The development model of property management service companies will be polarized. While some of them may still adopt the traditional model to expand their size by leveraging on capital; others may leverage on service innovation, optimization and differentiation to open up the market and thus achieve long-term and sustainable development.

Focusing on the unsatisfying needs and demands of our customers, together with discovering new customer value as our pre-requisite, the Group will persist in promoting high-quality sizable growth based on continuous innovations. We will always adhere to innovation which enriches service content, optimizes service quality, improves customer experience, drives business growth with differentiation, and continue to expand our services scope and business segments. The circular on Strengthening and Improving the Administration of Residential Property (《關於加強和改進住宅物業管理工作的通知》) clearly encourages capable property management service companies to expand business to areas such as elderly care, healthcare, housekeeping, and real estate agency. We will accelerate the setting of service layout in various scenarios of life including healthcare, housekeeping, asset management, green home improvement, community retail, neighborhood community and comprehensive urban services, such that the capability of the value-added service, results performance of the Group and property owner experience will be significantly improved rapidly. At the same time, through digitalization empowering business innovation, the Group further developed value-added service and product that satisfy our customer needs by various means such as resource integration, service innovation and service iteration, and in turn facilitated the Company to achieve the transformation and upgrade from a traditional property management service company to a life service platform.

On 8 July 2021, Landsea Green Life was successfully listed on the Main Board of the Stock Exchange. The sustained and stable development of the Group is dependent on the strong support of various sectors of society and the valuable contribution of all employees. On behalf of the Board, I would like to express my sincere gratitude to all our employees, stakeholders, customers and partners.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a growing property management service provider well-established in the Yangtze River Delta that provides diversified types of property management services and value-added services. According to China Index Academy (“CIA”), we ranked the 24th among the “2021 Top 100 Property Management Companies in the PRC (2021中國物業服務百強企業)” in terms of overall strength, considering factors including respective property management scale, operational performance, service quality and growth potential.

As of 30 June 2021, our property management services covered 23 cities, including 18 cities in the Yangtze River Delta and 5 other cities in the PRC. Our total GFA under management amounted to 17.80 million sq.m. with a total of 130 managed properties, including 109 residential properties and 21 non-residential properties, serving over 130,000 households as at 30 June 2021. Further, our total contracted GFA amounted to 24.90 million sq.m. as at 30 June 2021.

As a property service company that carries a “green” gene and has put profound efforts in the management of green buildings for 16 years, Landsea Green Life focuses on green development and continues to enhance the differentiated competitiveness of green operations in the community. Meanwhile, maintaining our focus on our customers, we make business innovation serving their needs, actively exploring a new business model of “Property Service + Life Service” and expanding our service scope in the pursuit of efficient and high-quality growth in scale, and hence gradually transforming from a traditional property service company into a green life service provider.

We strive to provide high quality and featured property management services and value-added services to various customers, strengthen market-oriented operations and enhance brand value, earning us numerous recognitions. For the six months ended 30 June 2021 (the “**Period**” or the “**First Half Year of 2021**”), we received the “China Leading Property Management Companies in terms of Service Quality” (中國物業服務百強服務質量領先企業) from CIA for four consecutive years, and have been bestowed honours of the “China Leading Property Management Companies in terms of Customer Satisfaction” (中國物業服務百強滿意度領先企業), the “China Leading Property Management Companies in terms of Marketisation of Business” (中國物業管理行業市場化運營領先企業) and the “China Leading Property Management Companies in terms of Social Responsibility” (中國物業服務年度社會責任感企業). We also received the “Featured Brand of China Property Management Service offering warm services” (中國物業服務品牌特色企業 — 有溫度的服務), the “Top 30 Branded

Property Management Companies in East China” (中國物業服務華東品牌企業30強) and Top 100 Most Valuable Brand of China Property Management Service (中國物業服務企業品牌價值100強) from E-house China R&D Institute (上海易居房地產研究院) and the “China’s Top 10 Property Service Companies Having Characteristics for Development” (中國物業服務企業最具發展特色十強) from EH Consulting (億翰智庫•嘉和家業).

Business segments

The Group provides diversified property management services to property owners and residents, mainly serving residential properties with an expanding portfolio of non-residential properties. We also offer value-added services to non-property owners, primarily property developers, to meet their various needs for property management. With an aim to provide quality property management services, we also offer a range of community value-added services to our property owners and residents of our managed residential properties. Our community value-added services complement our property management services and contribute to enhancing the satisfaction and loyalty of property owners and residents.

Property Management Services

The Group provides property developers, property owners and residents with a range of property management services, primarily including security, cleaning, gardening and landscaping, car parking management, and daily repair and maintenance services. Our project portfolio included residential and non-residential properties, the latter type including (i) office buildings, (ii) rental apartments, (iii) public facilities, (iv) industrial parks, (v) hospitals and (vi) branches of bank.

In addition, we specialize in providing property management services for green buildings. For the management of green buildings, we will undertake to learn extensively about the architectural characteristics and environmental protection features of green buildings, and then devise and implement property management measures and procedures that make good use of the characteristics and features of the green buildings to reduce the carbon emission in relation to maintaining and upkeeping the communal areas of such properties and to create a more eco-friendly, comfortable and sustainable living environment that fulfils the various certification requirements necessary for obtaining and maintaining the “Green Building Labels” or recognitions obtained from internationally recognised environmental and building sustainable certification evaluation systems. Based on the philosophy of green and sustainable development, the Group signed a strategic cooperation agreement with the Building Research Establishment (BRE). Both parties aim to jointly promote the implementation of the BREEAM In-Use green building operation and maintenance standard in the 100 projects served by the Group, jointly train green building certification and assessment talents as well as operation and maintenance and management talents and jointly promote green building operation and maintenance philosophy and standards. The Group also obtained the status of the exclusive certification and assessment institution for the BREEAM In-Use green building operation and maintenance standard (residence) in China.

The breakdown of our revenue from property management services by property types and GFA under management of the Group were as follows:

	First half of 2021			First half of 2020			Year-on-year growth rate of revenue
	GFA under management <i>Ten thousand sq.m</i>	Revenue <i>Ten thousand RMB</i>	% of revenue %	GFA under management <i>Ten thousand sq.m</i>	Revenue <i>Ten thousand RMB</i>	% of revenue %	%
Residential properties	1,708.2	20,214.2	87.8%	1,502.2	16,677.8	87.8%	21.2%
Non-residential properties	71.3	2,807.9	12.2%	161.8	2,317.7	12.2%	21.2%
Total	1,779.5	23,022.1	100.0%	1,664.0	18,995.5	100.0%	21.2%

The breakdown of our revenue from property management services by customer types and GFA under management of the Group were as follows:

	First half of 2021			First half of 2020			Year-on-year growth rate of revenue
	GFA under management <i>Ten thousand sq.m</i>	Revenue <i>Ten thousand RMB</i>	% of revenue %	GFA under management <i>Ten thousand sq.m</i>	Revenue <i>Ten thousand RMB</i>	% of revenue %	%
Properties developed by Landsea Green Properties Co., Ltd. (“Landsea Green Properties”)	788.9	10,662.6	46.3%	738.7	9,977.8	52.5%	6.9%
Properties developed by the Associate of Landsea Green Properties	245.6	3,373.5	14.7%	164.5	1,725.9	9.1%	95.5%
Properties receiving project management services from Landsea Green Properties	145.2	1,655.9	7.2%	97.3	1,398.2	7.4%	18.4%
Properties developed by independent third-party	599.8	7,330.1	31.8%	663.5	5,893.6	31.0%	24.4%
Total	1,779.5	23,022.1	100.0%	1,664.0	18,995.5	100.0%	21.2%

The Group continued to put our profound efforts in the Yangtze River Delta and actively promote market-oriented large-scale expansion. In the First Half Year of 2021, the Group’s contracted area from independent third parties increased by 1.39 million sq.m. and contracted revenue increased by RMB41.01 million. The contracted GFA of non-residential business increased by 270,000 sq.m., and the contracted revenue increased by RMB5.30 million.

Adhering to a flexible and open market-oriented cooperative attitude, the Group has reached strategic cooperation with state-owned government enterprises and regional property developers and established cooperative companies to handle the property management services arising from property development projects delivered by and to be obtained by the companies by leveraging mature service system and management standardization strength of Landsea Green Life. In the First Half Year of 2021, a total of four cooperative companies, namely (i) Anju Landsea Property Management Service (Yangzhou) Co., Ltd. (安居朗詩物業服務(揚州)有限公司); (ii) Jiangsu Haihu Property Management Co., Ltd. (江蘇海湖物業管理有限公司); (iii) Mianyang Langyue Property Management Co., Ltd. (綿陽朗悅物業管理有限公司); and (iv) Huizhou Landsea Dezhou Property Management Co., Ltd. (惠州朗詩德州物業管理有限公司), all of which are operated and managed by the Group, were established. As of 30 June 2021, there were 2.04 million sq.m. under operation and management.

For the First Half Year of 2021, there were 13 new projects under operation and management and 1.71 million sq.m. of new area under operation and management, compared to 1 new project under operation and management and 0.18 million sq.m. of new area under operation and management in the corresponding period of last year.

The growth of results performance of the Group was also benefitted from long-term stable development capabilities of Landsea Green Properties, leading to a continuous expansion for our property management services in terms of scale.

For the First Half Year of 2021, the overview of the Group's additional contracts signed and additional projects under management obtained from Landsea Green Properties (including properties receiving project management services from it) were as follows:

	Additional Contracts signed	Year-on-year growth (addition in First half of 2021 compared with that of First half of 2020)	Addition under management	Year-on-year growth (addition in First half of 2021 compared with that of First half of 2020)
Number of projects	4	Decreased by 1	8	Increased by 2
Area (in ten thousand sq.m.)	56	65%	51	34%
Number of households	3,714	114%	3,221	30%

The Group insisted on the standardization of service quality and enhancement of service diversification, and the average price of property management fees was steadily increased. The Group passed the ISO:50001 energy management system and ISO:27001 information security management system certifications in March and June 2021 successively, supporting the system for regulating energy management and information security management during the course of business operation of the Group. As at 30 June 2021, with the expansion of scale in property management, the improvement of branding impact and quality standardization, the average property management fee per sq.m. per month reached RMB2.06, representing an increase of 2.5% compared with that of 31 December 2020, among which, the average property management fee for non-residential properties increased by 55.3% from the end of last year to RMB4.38 while the average property management fee for residential properties increased by 1.0% to RMB1.95.

Value-Added Services to Non-Property Owners

The Group offers value-added services to non-property owners to address their various needs on property management, including (i) sales assistance services, which mainly include visitors reception, on-site cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage; (ii) property consultancy services, primarily including cleaning, inspection, repair and maintenance services at the pre-delivery stage, and to a lesser extent, repair and maintenances services after delivery where such services are required by property developers based on inspection of relevant properties, and property management consultancy services for green buildings; (iii) property agency services for sales and leases of properties owned by property developers.

The following table sets out a breakdown of the revenue of value-added services to non-property owners by type for the First Half Year of 2021:

	First half of 2021		First half of 2020		Year-on-Year
	Revenue	% of	Revenue	% of	growth rate of
	<i>Ten thousand</i>	revenue	<i>Ten thousand</i>	revenue	revenue
	<i>RMB</i>		<i>RMB</i>		%
Sales assistance services	2,973.8	42.1%	1,919.2	41.1%	54.9%
Property consultancy services	2,364.2	33.4%	1,457.2	31.2%	62.2%
Property agency services	1,733.2	24.5%	1,292.6	27.7%	34.1%
Total	7,071.2	100.0%	4,669.0	100.0%	51.4%

The growth in our value-added services to non-property owners was primarily attributable to the developer services offered to Landsea Green Properties, including sales assistance services, property consultancy services and property agency services.

As at 30 June 2021, the Group provided sales assistance services to 33 sales offices of Landsea Green Properties and its joint ventures and associates, which included 7 newly added sales offices during the period.

Leveraging on its experience in green buildings, Landsea Green Life managed to secure more property consultancy services projects. In May 2021, the Group officially issued its 2020 environmental, social and governance (ESG) report at the International Conference on Green Building and Building Energy Conservation cum New Technologies and Products Expo (綠色建築與建築節能大會暨新技術與產品博覽會). With reference to international standards such as Global Sustainable Development Goals, ISO37120 Sustainable Cities and Communities Standard, SUC Sustainable Cities and Communities Standard and ISC Sustainable Communities Standard, the Group has been committed to establish sustainable communities in terms of three aspects, namely inclusion, safety and health. Meanwhile, the Group has accelerated the promotion and planning of green building operation and management, continued to improve its professional operation and maintenance capabilities in terms of eight aspects such as disaster prevention and management, health and well-being and energy consumption management, assisted the communities to improve quality of life, reduce energy consumption and carbon emissions and provide residents with a greener and healthier community life, and promoted sustainable management for more green buildings. Thanks to the above competitive edges, we have provided property consultancy services for green buildings of Yixing Xindufu Project (宜興新都府項目), Chengdu Weilaizhu Project (成都未來著項目), Oasis Jingyuan Project (綠洲璟園項目) and Zhongshan Nanlang Project (中山南朗項目) during the period with a service area of 830,000 sq.m. and contracted amount of approximately RMB5.30 million.

We provided property agency services to developers and property owners to facilitate the sale of new or remaining properties and meet the home purchase and car parking space purchase demand of more property owners. In the First Half Year of 2021, we facilitated 21 residential properties transactions, 12 shop transactions, 907 car parking space transactions and 4 storeroom transactions. In addition to providing property agency services for sales of car parking spaces and shops owned by property developers, including Landsea, we sourced potential property buyers, assisted property developers in entering into property sale and purchase agreements with buyers and the sales of new properties, thereby expanding our property agency services. During the period, revenue from property agency services amounted to RMB17.33 million, representing an increase of 34% as compared with RMB12.93 million for the corresponding period in 2020, primarily due to the completion of 907 car parking space transactions, representing an increase of 54% as compared with 588 car parking space transactions for the corresponding period in 2020. As a result, we managed to meet the home purchase and car parking space purchase demand of more property owners. The increase was primarily attributable to the increase in the number of customers and their demand as a result of the increase in the number of property service projects.

Community Value-added Services

The Group offers a wide range of community value-added services in its residential properties under management to cater for the evolving needs of its customers and improve their quality of life. The services primarily consist of (i) home-living services such as house cleaning, home repair and maintenance services; (ii) public resource management services, which primarily include public spaces leasing and advertising activities; and (iii) property agency services for second-hand properties which relate to the sales and leases of second-hand properties and use rights of car parking spaces.

The following table sets out a breakdown of the revenue of community value-added services by type for the First Half Year of 2021:

	First half of 2021		First half of 2020		Year-on-Year
	Revenue	% of	Revenue	% of	growth rate of
	<i>Ten thousand</i>	revenue	<i>Ten thousand</i>	revenue	revenue
	<i>RMB</i>		<i>RMB</i>		%
Home-living services	980.1	44.2%	677.2	38.6%	44.7%
Public resource management services	707.7	31.9%	819.3	46.6%	-13.6%
Property agency services for second-hand properties	528.9	23.9%	259.6	14.8%	103.7%
Total	2,216.7	100.0%	1,756.1	100.0%	26.3%

The increase in revenue from community value-added services was primarily attributable to the increase in scale under our management, the increase in the number of users, the diversification of service portfolio and the successive launch of the lease business of second-hand properties during the reporting period. With an aim to enhance the level of convenience, satisfaction and loyalty of and provide convenient and comfortable living environment for residents at our managed communities, we provided community value-added services to residential residents to improve their living experience.

Stressing on customer value management for after-sales market, customer satisfaction and relationships with neighbours, the Group strived for creating a healthy atmosphere and creating value for its customers in the communities. Since the introduction of the brand of “The Landsea Friends (詩友公社)” in 2020, by organising and offering various themed activities and events such as parent-child activities, competitions, different interest groups and workshops for property owners and residents of all age groups, we aimed to connect the property owners and residents, recognise property owners and residents with special talents, establish community groups for those with common interests and encourage the initiation of community activities by the property owners and residents.

In the First Half Year of 2021, a total of 15 community groups under 5 different themes were organised by “The Landsea Friends (詩友公社)”, including Chicken-Chick Club (小雞吃米親子群), The Landsea Running Club (詩友樂跑團), Good Food Club (樂享美好食光), Art and Speech Club (漫讀朗誦藝術) and Reading Club (悅成長書香會). The Chicken-Chick Club (小雞吃米親子營) has held a series of events under Spring Garden Tour (春日游園會), The Landsea Market (詩友市集) and Community Adventurer (社區冒險家); the Young Generations’ Club (後浪Club) has held a series of events under Running in Spring (跑進春天) and The Landsea Dining Table (詩友雲餐桌); and the Kidult Club (老玩童俱樂部) has held a series of events under The Landsea Public Speaking Course (詩友朗誦課堂), and Fun Life Festival (造趣生活節) and Ice-cream Tour (奇趣冰淇淋環游記) for all age groups. During the period, we organised 161 community and social activities and online events, of which 21 events were initiated and organised by the property owners. In the First Half Year of 2021, the property owners and residents paid for a total of 7,646 community and social events.

Focusing on Enhancing System Standardisation and Informatisation

By establishing an online service system with “service accounts (服務號)”, “mini-programs (小程序)” and “corporate WeChat accounts (企業微信)”, the Group has optimized its customer service system. Our service accounts (服務號) basically covered all projects under management, certain mini-programs (小程序) have completed pilot run, and our corporate WeChat accounts (企業微信) covered over 70% of houses under management. In terms of service content, in addition to the existing basic services such as online payment, reporting and repair and announcements and notifications, new services such as rental and sales, elderly care and health consultation services have been added.

The Group was also committed to standardisation and upgrade of its internal management systems, including (i) optimisation and upgrade of its standard property management system and online service system by further optimisation of the functions of its standard property management platform, connecting and improving 400 customer service systems and management cockpits, and adding new functions such as housekeeper cyclical operations and multi-resource management. As for the online service system, in addition to the existing WeChat service accounts, The Landsea mini-programs (朗詩匯小程序) and corporate WeChat accounts (企業微信) were also launched in the First Half Year of 2021; (ii) introduction of smart platform management system and facilities for properties under management by the completion of basic construction of the Internet of Things platform, application of smart car parking management for over 10 projects, and the initiation of pilot projects for smart security and smart access control in the First Half Year of 2021; (iii) development and upgrade of our internal function management system by further enhancing our human resources sharing platform, adding electronic signature function and implementing online “employee deployment (入轉調離)” system. The second phase of our financial sharing platform construction has also been completed. In addition to financial sharing, all receivables and payables have been managed by such sharing platform; (iv) data security construction by upgrading active defense (anti-ransom, virus defense and web anti-tampering), security prevention (vulnerability repair, baseline inspections and situational awareness), threat detection (security alerts and attack analysis) and security operation and maintenance (fortress machine, cloud monitoring, snapshot and backup) functions in the First Half Year of 2021.

Social Responsibilities

The Group is committed to fight against the pandemic, protect the communities and assume our social responsibilities. In 2020, the society, economy and our daily lives were hit hard by the outbreak of COVID-19. By fulfilling our social responsibilities, adhering to our mission and fighting against the pandemic at the first line of defense, we are determined to make useful contributions to protect our property owners and achieve success in pandemic control, thereby gaining recognition from the society. In addition to the recognition of our property management teams and individuals by local governments in 2020, as at 30 June 2021, the management team of Nanjing Landsea International District (南京朗詩國際街區) was named as “2020 Leading Group in Prevention and Control of COVID-19 (2020年度新冠疫情防範先進集體)”, our team leader was named as “Leading Individual against the Pandemic (抗疫先進個人)”, and Nanjing Mangrove Garden (南京紅樹林花園) was named as “2020 Meritorious District against the Pandemic (2020年度防疫有功小區)”.

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Revenue

The Group's revenue increased by approximately 27.1% from approximately RMB254.21 million for the six months ended 30 June 2020 to approximately RMB323.10 million for the six months ended 30 June 2021, due to (i) the increase in number of projects and GFA under management of the Group, resulting in an increase in revenue from property management services; (ii) the expansion of community value-added service scope provided by the Group as a result of our continuous business development; and (iii) the expansion of value-added service scope to non-property owners.

The following table sets out a breakdown of the Group's revenue by business line for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	<i>Ten thousand</i>		<i>Ten thousand</i>	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
Property management services	23,022.1	71.2	18,995.5	74.7
Value-added services to non-property owners	7,071.2	21.9	4,669.0	18.4
Community value-added services	2,216.7	6.9	1,756.1	6.9
Total	32,310.0	100	25,420.6	100

Revenue from property management services increased by approximately 21.2% from approximately RMB189.96 million for the six months ended 30 June 2020 to approximately RMB230.22 million for the six months ended 30 June 2021. Such increase was primarily due to the increase in number of projects and GFA under management of the Group.

Revenue from value-added services to non-property owners increased by approximately 51.4% from approximately RMB46.69 million for the six months ended 30 June 2020 to approximately RMB70.71 million for the six months ended 30 June 2021. Such increase was primarily due to the increase in number of projects from Landsea Green Properties Co., Ltd., resulting in an increase in revenue from sales assistance services of the Group.

Revenue from community value-added services increased by approximately 26.3% from approximately RMB17.56 million for the six months ended 30 June 2020 to approximately RMB22.17 million for the six months ended 30 June 2021. Such increase was primarily due to (i) the commencement of lease and sale business in an orderly manner; and (ii) the increase in number of projects and GFA under management of the Group.

Cost of sales and services

The Group's cost of sales and services includes employee benefit expenses, cleaning costs, security costs, maintenance costs, utilities, greening and gardening costs, depreciation and others.

The Group's cost of sales and services increased by approximately 31.5% from approximately RMB187.55 million for the six months ended 30 June 2020 to approximately RMB246.67 million for the six months ended 30 June 2021. Such increase was primarily due to (i) the increase in staff headcount and subcontracting costs as a result of the expansion of the Group's business; (ii) the increase in cost of quality improvement for the Group's projects to enhance its brand image; and (iii) the reduction in or exemption of payment of social insurance contributions for the employees due to the pandemic last year, while there was no such preferential policy for the current year.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 14.7% from approximately RMB66.66 million for the six months ended 30 June 2020 to approximately RMB76.43 million for the six months ended 30 June 2021. The gross profit margin decreased from approximately 26.2% for the six months ended 30 June 2020 to approximately 23.7% for the six months ended 30 June 2021. Such decrease was primarily due to (i) the increase in cost of quality improvement for the Group's projects to enhance its brand image; and (ii) the reduction in or exemption of payment of social insurance contributions for the employees due to the pandemic last year, while there was no such preferential policy for the current year.

Other income

The Group's other income mainly represents interest income, government grants, VAT deductibles and others.

The Group's other income decreased by approximately 90.5% from approximately RMB26.32 million for the six months ended 30 June 2020 to approximately RMB2.50 million for the six months ended 30 June 2021, primarily due to the decrease in interest income as a result of the absence of borrowings to related parties for the current year.

Selling expenses

The Group's selling expenses mainly represent employee benefit expenses, business development expenses, travel expenses, office expenses and others.

The Group's selling expenses increased by approximately 16.1% from approximately RMB4.10 million for the six months ended 30 June 2020 to approximately RMB4.76 million for the six months ended 30 June 2021, primarily due to the continuous expansion of the Group's business.

Administrative expenses

The Group's administrative expenses mainly represent employee benefit expenses, professional fees, travel expenses, office expenses and others.

The Group's administrative expenses increased by approximately 62.5% from approximately RMB29.60 million for the six months ended 30 June 2020 to approximately RMB48.10 million for the six months ended 30 June 2021, primarily due to (i) the increase in listing expenses; and (ii) the continuous expansion of the Group's business.

Finance income/(costs) — net

The Group's net finance income/costs represent various interest expenses and interest income from bank deposits.

The Group's net finance costs decreased by approximately 100.6% from approximately RMB27.79 million for the six months ended 30 June 2020 to net finance income of approximately RMB0.16 million for the six months ended 30 June 2021, primarily due to the absence of external borrowings of the Group during the period.

Income tax expenses

The Group's income tax expenses refers to PRC enterprises income tax at a tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC. Some subsidiaries of the Group are qualified as small and micro businesses and enjoy preferential income tax rate of 10% for the six months ended 30 June 2021. Certain of our subsidiaries in the PRC engaged in encouraged industries are located in western areas of the PRC and are subject to a preferential tax rate of 15% in accordance with regulations.

The Group's income tax expenses increased by approximately 16.6% from approximately RMB6.34 million for the six months ended 30 June 2020 to approximately RMB7.39 million for the six months ended 30 June 2021, primarily due to the increase in profit before income tax for the period.

Profit for the period

As a result of the foregoing, the Group's profit decreased by approximately 1.4% from approximately RMB14.65 million for the six months ended 30 June 2020 to approximately RMB14.44 million for the six months ended 30 June 2021. For the six months ended 30 June 2021, the net profit margin was approximately 4.5%, representing a decrease of 1.3 percentage points as compared with approximately 5.8% for the corresponding period in 2020. The decrease in net profit margin was primarily due to the increase in listing expenses.

Excluding the impact of listing expenses, the net profit for the six months ended 30 June 2021 amounted to approximately RMB27.27 million, representing an increase of approximately 39.8% as compared with RMB19.51 million for the corresponding period in 2020. For the six months ended 30 June 2021, the net profit margin was approximately 8.4%, representing an increase of 0.7 percentage points as compared with approximately 7.7% for the corresponding period in 2020.

Trade receivables

The Group's trade receivables primarily consist of receivables for our property management services and community value-added services from our customers.

As at 30 June 2021, the Group's trade receivables amounted to approximately RMB174.75 million, representing an increase of approximately 51.2% as compared with approximately RMB115.61 million as at 31 December 2020. Such increase was primarily due to (i) the increase in the Group's revenue for the period; and (ii) the seasonal fluctuation of receivables as our customers may develop tendency to settle the balances toward the year-end instead of middle of the year out of payment preference.

Prepayments and other receivables

As at 30 June 2021, the Group's prepayments, deposits and other receivables amounted to approximately RMB44.93 million, representing a decrease of approximately 72.1% as compared with approximately RMB160.87 million as at 31 December 2020. Such decrease was primarily due to the completion of transfer of technological systems business in January 2021.

Trade and other payables

As at 30 June 2021, the Group's trade and other payables amounted to approximately RMB224.46 million, representing a decrease of approximately 27.8% as compared with approximately RMB310.82 million as at 31 December 2020. Such decrease was primarily due to the repayment of amount due to third parties.

Contract liabilities

Our Group receives payments from customers based on billing schedules as established in the property management agreements. Certain payments are usually received in advance of the performance under the contracts which are mainly from property management services.

As at 30 June 2021, the Group's contract liabilities amounted to RMB137.91 million, representing a decrease of approximately 6.0% as compared with approximately RMB146.66 million as at 31 December 2020. Such decrease was primarily due to revenue arising from contract liabilities normally carried forward during project execution.

Liquidity, reserves and capital structure

As at 30 June 2021, the Group's current assets amounted to approximately RMB400.67 million, representing a decrease of approximately 32.4% as compared with approximately RMB592.59 million as at 31 December 2020.

As at 30 June 2021, the Group's cash and cash equivalents denominated in Renminbi and Hong Kong dollar amounted to approximately RMB179.88 million, representing a decrease of approximately 42.8% as compared with approximately RMB314.27 million as at 31 December 2020. Such decrease was primarily due to the net cash outflow used in operating activities of approximately RMB91.86 million, representing an increase of approximately 59.2% as compared with net cash outflow of approximately RMB57.70 million for the corresponding period in 2020, and net cash outflow used in financing activities of approximately RMB41.48 million. As at 30 June 2021, the Group's total equity amounted to approximately RMB53.84 million, representing a decrease of approximately 58.1% as compared with approximately RMB128.38 million as at 31 December 2020. Such decrease was primarily due to the completion of transfer of technological systems business in January 2021.

Borrowings

As at 30 June 2021, the Group had no bank borrowings.

Significant investments held

Save as disclosed in this announcement, the Group did not hold any significant investment during the six months ended 30 June 2021.

Material acquisitions and disposals

During the current period, the Company did not conduct any major acquisitions or sales of assets, subsidiaries and affiliated companies.

Employees and remuneration policies

As at 30 June 2021, the Group had a total of 3,097 employees. The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution and social welfare. The Group contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Pledge of assets

As at 30 June 2021, the Group had no pledge of assets.

Future plans for material investments and capital assets

The Group will continue to focus on its existing property management services and community value-added services. Save as disclosed in the prospectus of the Company dated 25 June 2021, no concrete plan for future investment is in place as at the date of this announcement.

Financial risks

The Group is exposed to risks arising from its financial instruments such as interest rate risk, credit risk and liquidity risk.

Interest rate risk

The Group has not used any financial derivatives to hedge its interest rate risk. All bank interests were received at fixed rates.

Credit risk

The Group's financial instruments have been grouped based on shared credit risk characteristics such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and impairment measurement.

As at 30 June 2021, the carrying amounts of cash and cash equivalents, trade receivables, amounts due from related parties and other receivables included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 30 June 2021, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

Foreign exchange risk

As all of the Group's businesses were conducted in the PRC, the revenue and profit for the six months ended 30 June 2021 were denominated in Renminbi. The major foreign currency source for the Group was the fundraising following the successful listing on The Stock Exchange of Hong Kong Limited during the period, all of which were in Hong Kong dollars. As at 30 June 2021, the Group did not have significant foreign currency exposure from its operations. The Group has not used any financial derivatives to hedge its foreign exchange risk. The Group will closely monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As at 30 June 2021, the Group did not have any outstanding guarantees or other material contingent liabilities.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Since the listing of the shares of the Company (the “**Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 8 July 2021 (the “**Listing Date**”), the Company has adopted and applied the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code since the Listing Date and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Shares are not listed on the Stock Exchange on 30 June 2021, the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules is not applicable to the Company for the six months ended 30 June 2021.

Since the Listing Date, the Company has adopted the Model Code as its code of conduct and rules governing dealings by all the Directors in the securities of the Company. Having made specific enquiry of all the Directors, they have confirmed that they have complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE COMPANY

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Directors have confirmed that the Company has maintained the prescribed minimum public float under the Listing Rules since the Listing Date and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

On the Listing Date, the Company issued 100,000,000 Shares at HK\$3.18 per Share to be listed on the Main Board of the Stock Exchange by way of Global Offering.

On 30 July 2021, the over-allotment option described in the prospectus was partially exercised by the sole global coordinator (for itself and on behalf of the international underwriters) in respect of an aggregate of 10,765,000 shares (the “**Over-allotment Shares**”), representing approximately 10.77% of the total number of the offer shares initially available under the global offering before any exercise of the over-allotment option. Listing of and dealings in the Over-allotment Shares commenced on the Main Board of the Stock Exchange at 9:00 a.m. on 4 August 2021.

Nanjing Landsea Property Management Co., Ltd. (“**Nanjing Landsea Property**”), an indirect wholly-owned subsidiary of the Company, entered into an investment cooperation agreement with General Elevator Co., Ltd. (“**General Elevator**”), an independent third party, pursuant to which a joint venture owned as to 20% by Nanjing Landsea Property and 80% by General Elevator was established. For further details, please refer to the announcement of the Company dated 16 August 2021.

Save as disclosed above, there are no significant events since the end of the reporting period and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code on 15 June 2021. The primary duties of the Audit Committee include providing an independent view of the effectiveness of the financial reporting, risk management and internal control system, overseeing the audit process, developing and reviewing its policies, and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three members, namely Dr. Chen Kevin Chien-wen, Dr. Wong Chi Wing and Ms. Lu Mei, all being independent non-executive Directors. Dr. Chen Kevin Chien-wen is the chairman of the Audit Committee who possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of the results complied with the applicable accounting standards and requirements as well as the Listing Rules, and adequate disclosures have been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

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

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.landseawy.com). The Company’s interim report for the six months ended 30 June 2021 containing all appropriate information required by the Listing Rules will be dispatched to the shareholders and will be published on the respective websites of the Company and the Stock Exchange in due course.

APPRECIATION

The Group would like to express our wholehearted appreciation to the management team and our staff for their diligence, dedication, loyalty and integrity. The Group would also like to take this opportunity to thank all our shareholders, customers, bankers and other business partners for their trust and support.

By order of the Board
Landsea Green Life Service Company Limited
Tian Ming
Non-executive Director and Chairman of the Board

Hong Kong, 20 August 2021

As at the date of this announcement, the Board comprises Ms. Zhou Qin, Mr. Wu Xu and Mr. Liu Chao as executive Directors, Mr. Tian Ming as non-executive Director, and Dr. Wong Chi Wing, Ms. Lu Mei and Dr. Chen Kevin Chien-wen as independent non-executive Directors.