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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 2024**

#### **RESULTS HIGHLIGHT**

The results of the Group for the six months ended 30 June 2024 (the “**Period**”) are as follows:

1. The Group’s revenue reached approximately RMB392 million, representing a decrease of approximately 18.8% as compared with approximately RMB483 million for the corresponding period in 2023.
2. The following sets out the Group’s revenue by business line:
  - (1) Revenue from property management services was approximately RMB323 million, accounting for approximately 82.4% of the total revenue and representing a decrease of approximately 10.3% as compared with approximately RMB360 million for the corresponding period in 2023;
  - (2) Revenue from value-added services to non-property owners was approximately RMB16 million, accounting for approximately 4.1% of the total revenue and representing a decrease of approximately 77.1% as compared with approximately RMB70 million for the corresponding period in 2023;
  - (3) Revenue from community value-added services was approximately RMB34 million, accounting for approximately 8.7% of the total revenue and representing a decrease of approximately 15.0% as compared with approximately RMB40 million for the corresponding period in 2023; and
  - (4) Revenue from apartment operation and management services was approximately RMB19 million, accounting for approximately 4.8% of the total revenue and representing an increase of approximately 46.2% as compared with approximately RMB13 million for the corresponding period in 2023.

3. Gross profit was approximately RMB68 million, representing a decrease of approximately 21.8% as compared with approximately RMB87 million for the corresponding period in 2023. Gross profit margin was approximately 17.3%, representing a decrease of 0.7 percentage points as compared with approximately 18.0% for the corresponding period in 2023.
4. Profit for the period was approximately RMB9 million, representing a decrease of approximately 35.7% as compared with approximately RMB14 million for the corresponding period in 2023.
5. As at 30 June 2024, the Group's contracted GFA was approximately 35.84 million sq.m., of which approximately 29.90 million sq.m. were under management, representing a decrease of approximately 0.5% as compared with that as at 31 December 2023.

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**”, “**we**”, “**us**” or “**our**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023. The unaudited condensed consolidated interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

		<b>For the six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB’000</b>	<b>RMB’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>391,512</b>	483,438
Cost of sales and services		<b>(323,981)</b>	(396,699)
<b>Gross profit</b>		<b>67,531</b>	86,739
Other income	6	<b>1,866</b>	3,299
Selling expenses		<b>(11,938)</b>	(9,618)
Administrative expenses		<b>(44,483)</b>	(57,732)
Impairment losses under expected credit loss model		<b>(3,246)</b>	(5,089)
Other gains/(losses) — net		<b>112</b>	(2,400)
<b>Operating profit</b>		<b>9,842</b>	15,199
Finance income		<b>789</b>	893
Finance costs		<b>(30)</b>	(61)
Finance income — net		<b>759</b>	832
Share of net profits of associates		<b>1,890</b>	1,865
Share of net profits of joint ventures		<b>720</b>	516
<b>Profit before income tax</b>		<b>13,211</b>	18,412
Income tax expenses	7	<b>(3,807)</b>	(4,508)
<b>Profit for the period</b>		<b>9,404</b>	13,904

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Note	(Unaudited)	(Unaudited)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		<u>(4,167)</u>	<u>(6,413)</u>
<i>Items that will not be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		4,098	6,232
<b>Other comprehensive loss for the period, net of tax</b>		<u>(69)</u>	<u>(181)</u>
<b>Total comprehensive income for the period</b>		<u><u>9,335</u></u>	<u><u>13,723</u></u>
<b>Profit for the period attributable to:</b>			
— Equity owners of the Company		11,146	13,458
— Non-controlling interests		<u>(1,742)</u>	<u>446</u>
		<u><u>9,404</u></u>	<u><u>13,904</u></u>
<b>Total comprehensive income for the period attributable to:</b>			
— Equity owners of the Company		11,077	13,277
— Non-controlling interests		<u>(1,742)</u>	<u>446</u>
		<u><u>9,335</u></u>	<u><u>13,723</u></u>
<b>Earnings per share attributable to equity owners of the Company (expressed in RMB per share)</b>			
Basic earnings per share	8	<u><u>0.03</u></u>	<u><u>0.03</u></u>
Diluted earnings per share	8	<u><u>0.03</u></u>	<u><u>0.03</u></u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2024**

		<b>30 June 2024 (Unaudited) RMB'000</b>	<b>31 December 2023 (Audited) RMB'000</b>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		<b>2,871</b>	365
Property, plant and equipment		<b>13,084</b>	14,856
Right-of-use assets		<b>1,895</b>	1,415
Intangible assets	9	<b>122,500</b>	127,919
Goodwill	10	<b>181,041</b>	181,041
Interests in associates	11	<b>4,758</b>	1,398
Interests in joint ventures		<b>2,187</b>	1,467
Deferred income tax assets		<b>68,670</b>	68,099
		<b>397,006</b>	396,560
<b>Current assets</b>			
Trade receivables	12	<b>287,154</b>	215,188
Inventories		<b>948</b>	1,091
Prepayments and other receivables		<b>162,868</b>	137,562
Restricted cash		<b>10,130</b>	4,643
Cash and cash equivalents		<b>186,600</b>	332,783
		<b>647,700</b>	691,267
<b>Total assets</b>		<b>1,044,706</b>	1,087,827
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>550</b>	751
Deferred income tax liabilities		<b>19,030</b>	20,543
		<b>19,580</b>	21,294

		<b>30 June 2024 (Unaudited) RMB'000</b>	<b>31 December 2023 (Audited) RMB'000</b>
	<i>Note</i>		
<b>Current liabilities</b>			
Trade and other payables	13	<b>485,065</b>	564,046
Contract liabilities		<b>246,088</b>	210,873
Lease liabilities		<b>568</b>	608
Current income tax liabilities		<b>17,919</b>	25,906
		<b>749,640</b>	801,433
<b>Total liabilities</b>		<b>769,220</b>	822,727
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity owners of the Company</b>			
Share capital	14	<b>3,421</b>	3,421
Reserves		<b>267,583</b>	255,455
		<b>271,004</b>	258,876
<b>Non-controlling interests</b>		<b>4,482</b>	6,224
<b>Total equity</b>		<b>275,486</b>	265,100
<b>Total liabilities and equity</b>		<b>1,044,706</b>	1,087,827

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 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 is principally engaged in the provision of property management services, community value-added services, value added services to non-property owners and apartment operation and management services in the People's Republic of China (the "PRC").

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

The interim condensed consolidated balance sheet as of 30 June 2024, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months 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 30 August 2024. The Interim Financial Information is presented in thousands of Renminbi ("RMB"), unless otherwise stated.

The Interim Financial Information has been reviewed by the Audit Committee.

### 2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2024 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 2023 and any public announcements made by the Company during the interim reporting period.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as described 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 2024. The adoption of these standards and amendments does not have significant impact to the Interim Financial Information of the Group.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenant — Amendments to HKAS 1
- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (Revised)
- Lease Liability in Sale and Leaseback — Amendments to HKFRS 16
- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7

#### 3.2 Amended standard and interpretation has been issued but are not effective for the financial year beginning on 1 January 2025 and has not been early adopted by the Group

Standard, amendments and interpretation		Effective for annual period beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

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.



## 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 2024 and 30 June 2023, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and apartment operation and management 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 2024 and 30 June 2023.

As at 30 June 2024 and 31 December 2023, 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, community value-added services and apartment operation and management services. An analysis of the Group’s revenue for the six months ended 30 June 2024 and 2023 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from customers and recognised over time		
— Property management services	<b>322,712</b>	359,861
— Value-added services to non-property owners	<b>14,824</b>	32,247
— Community value-added services	<b>8,639</b>	10,923
— Apartment operation and management services	<b>18,745</b>	12,843
	<b>364,920</b>	415,874
Revenue from customers and recognised at point in time		
— Value-added services to non-property owners	<b>1,106</b>	38,152
— Community value-added services	<b>25,486</b>	29,412
	<b>26,592</b>	67,564
	<b>391,512</b>	483,438

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Contract liabilities related to		
— Property management services	239,249	199,331
— Value-added services to non-property owners	1,103	1,255
— Community value-added services	5,736	10,287
	<u>246,088</u>	<u>210,873</u>

## 6 OTHER INCOME

	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>
Value-added tax (“VAT”) deductibles (a)	580	1,613
Government grants (b)	1,217	1,460
Others	69	226
	<u>1,866</u>	<u>3,299</u>

- (a) VAT deductibles mainly included additional deduction of input value-added tax applicable to the Company’s certain subsidiaries.
- (b) Government grants mainly represented financial subsidies granted by local government and tax refund. There are no unfulfilled conditions or other contingencies attached to these grants.

## 7 INCOME TAX EXPENSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax (c)	4,291	10,523
— Land appreciation tax (c)	1,600	687
Deferred income tax		
— PRC corporate income tax (c)	(2,084)	(6,702)
	<u>3,807</u>	<u>4,508</u>

- (a) The Company was 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 interim periods. 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 interim periods.
- (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 six months ended 30 June 2024, based on the existing legislation, interpretations and practices in respect thereof.

The provision for land appreciation tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land appreciation tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

## 8 EARNINGS PER SHARE

### (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.

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to equity owners of the Company	<b>11,146</b>	13,458
Number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<b>383,141</b>	385,489
Basic earnings per share (expressed in RMB per share)	<b>0.03</b>	0.03

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share-based payment is of dilutive potential.

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to owners of the Company used in the diluted earnings per share calculation	<b>11,146</b>	13,458
Number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<b>383,141</b>	385,489
Adjustment for:		
— Assumed distribution of shares under share award scheme (thousands)	<b>—</b>	226
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>383,141</b>	385,715
Diluted earnings per share (expressed in RMB per share)	<b>0.03</b>	0.03

## 9 INTANGIBLE ASSETS

	<b>Computer software RMB'000</b>	<b>Customer Relationship RMB'000</b>	<b>Total RMB'000</b>
<b>At 1 January 2023 (Audited)</b>			
Cost	10,117	43,445	53,562
Accumulated amortisation	(2,310)	(2,534)	(4,844)
Net carrying amount	<u>7,807</u>	<u>40,911</u>	<u>48,718</u>
<b>Six months ended 30 June 2023 (Unaudited)</b>			
Opening net carrying amount	7,807	40,911	48,718
Additions	1,280	–	1,280
Acquisition of subsidiaries (a)	2,128	86,379	88,507
Amortisation charge	(637)	(4,112)	(4,749)
Closing net carrying amount	<u>10,578</u>	<u>123,178</u>	<u>133,756</u>
<b>At 30 June 2023 (Unaudited)</b>			
Cost	13,525	129,824	143,349
Accumulated amortisation	(2,947)	(6,646)	(9,593)
Net carrying amount	<u>10,578</u>	<u>123,178</u>	<u>133,756</u>
<b>At 1 January 2024 (Audited)</b>			
Cost	14,161	129,824	143,985
Accumulated amortisation	(3,367)	(12,699)	(16,066)
Net carrying amount	<u>10,794</u>	<u>117,125</u>	<u>127,919</u>
<b>Six months ended 30 June 2024 (Unaudited)</b>			
Opening net carrying amount	10,794	117,125	127,919
Additions	2,523	–	2,523
Amortisation charge	(1,890)	(6,025)	(7,942)
Closing net carrying amount	<u>11,427</u>	<u>111,073</u>	<u>122,500</u>
<b>At 30 June 2024 (Unaudited)</b>			
Cost	16,684	129,824	146,508
Accumulated amortisation	(5,257)	(18,751)	(24,008)
Net carrying amount	<u>11,427</u>	<u>111,073</u>	<u>122,500</u>

Amortisation expenses were charged to the following categories in the interim condensed consolidated statements of comprehensive income during the periods:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of sales	–	20
Administrative expenses	1,890	617
Selling expenses	6,052	4,112
	<u>7,942</u>	<u>4,749</u>

- (a) A valuation was performed by an independent valuer to determine the fair value of the customer relationships when the Group acquired Beihai Langrun Commercial Management Limited\* (北海朗潤商業管理有限公司), (“**Beihai Langrun**”) in March 2023. The valuation method used is income approach.

## 10 GOODWILL

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost at 1 January, net of accumulated impairment (Audited)	<u>181,041</u>	<u>60,750</u>
Acquisition of subsidiaries	<u>–</u>	<u>120,291</u>
Net carrying amount at 30 June	<u>181,041</u>	<u>181,041</u>
<b>At 30 June (Unaudited)</b>		
Cost	181,041	181,041
Accumulated impairment	<u>–</u>	<u>–</u>
Net carrying amount	<u>181,041</u>	<u>181,041</u>

Based on management’s assessment on the recoverable amounts of the subsidiaries acquired, no impairment provision was considered necessary as at 30 June 2024.

## 11 INTERESTS IN ASSOCIATES

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
At 1 January (Audited)	<u>1,398</u>	<u>2,377</u>
Additions:		
— Additional investments in associates	1,470	200
Share of net profits of associates	<u>1,890</u>	<u>1,865</u>
At 30 June (Unaudited)	<u><u>4,758</u></u>	<u><u>4,442</u></u>

## 12 TRADE RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables (a)		
— Related parties	194,785	198,202
— Third parties	<u>290,119</u>	<u>212,867</u>
	<u>484,904</u>	<u>411,069</u>
Less: provision for impairment	<u>(197,750)</u>	<u>(195,881)</u>
	<u><u>287,154</u></u>	<u><u>215,188</u></u>

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

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Related parties		
— Less than 1 year	<b>66,888</b>	80,235
— 1 to 2 years	<b>71,172</b>	57,013
— 2 to 3 years	<b>31,450</b>	59,701
— 3 to 4 years	<b>24,030</b>	1,027
— 4 to 5 years	<b>1,027</b>	226
— Over 5 years	<b>218</b>	—
	<b>194,785</b>	198,202
Third parties		
— Less than 1 year	<b>136,434</b>	101,148
— 1 to 2 years	<b>84,790</b>	64,958
— 2 to 3 years	<b>42,527</b>	27,812
— 3 to 4 years	<b>18,322</b>	12,138
— 4 to 5 years	<b>5,913</b>	4,837
— Over 5 years	<b>2,133</b>	1,974
	<b>290,119</b>	212,867
	<b>484,904</b>	411,069

As at 30 June 2024 and 31 December 2023, the fair values of trade receivables approximate their carrying amounts.



### 13 TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	236,678	265,418
Other payables		
— Amounts due to related parties	2,271	1,278
— Amounts collected on behalf of property owners	119,553	131,785
— Deposits received	16,702	19,283
— Consideration payables	2,017	4,700
— Others	2,078	11,080
Accruals for staff costs	88,877	109,622
VAT and other tax payables	16,889	20,880
	<u>485,065</u>	<u>564,046</u>

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and other payables approximate their fair values.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Less than 1 year	111,314	242,602
1 to 2 years	114,579	20,782
2 to 3 years	10,098	2,034
3 to 4 years	687	—
	<u>236,678</u>	<u>265,418</u>

## 14 SHARE CAPITAL

	Number of ordinary shares	Share capital of the Company	
		HK\$	RMB'000
Ordinary shares of HK\$0.01 each			
<b>Authorised:</b>			
As at 1 January 2024 and 30 June 2024	2,000,000,000	20,000,000	–
<b>Issued:</b>			
As at 1 January 2024 and 30 June 2024	410,765,000	4,107,650	3,421

## 15 DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2024. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2024.

## CHAIRMAN’S REPORT

Dear Shareholders:

Halfway through 2024, the property service industry has been navigating a new phase characterized by a shift from growth-driven to quality-driven approaches and a value proposition turning into focus on quality of services and the calve behind. Landsea Green Life has consistently adhered to the business philosophy of “people-oriented” and the service concept of “customer-centric,” cautiously exploring and forging ahead. I hereby present to all shareholders of the Company the unaudited consolidated interim results of the Group for the half-year ended 30 June 2024, and share our insights and thoughts on the future of the industry.

### **Refined operation and sustainable development**

People are the core and driving force of standardization construction and refined operations. We continuously discover, summarize, and refine standardized operating procedures, and develop service training courses to specifically enhance the professionalism and standardization of property managers, ensuring swift and widespread implementation of top-tier services across all our projects. From the beginning of January to the end of April this year, the Group launched the 2024 National Quality Promotion Conference. Spanning three months and eight cities including Nanjing, Wuhan, Suzhou, Wuxi, Hangzhou, Shanghai, Chengdu, and Shenzhen, it targeted key roles in project operation with requirement on passing strict examinations, and, as a result, enhanced the team’s overall capability. In the future, the Group will also focus on themes such as refined service quality control and green low-carbon community services to enrich our training offerings with high-quality content.

In addition, the Group further enhances business-financing integration, connects underlying data, and optimizes data management to improve the overall operational level of “Headquarters-City-District”. This year, we re-certified our quality, environment, and occupational health systems, and made more detailed amendments to important regimes during evaluation and inspection to promote service standardization. We also manage project energy consumption effectively through the online energy information system, achieving energy conservation and emission reduction with the project as the smallest unit.

During the Period, the Group published the 2023 Landsea Green Life ESG Report, which is the third report since the Listing, detailing the Company's efforts to achieve sustainable development, establish a comprehensive governance structure, actively leverage its resource endowment, and carry out energy-saving renovations in a scientific and efficient manner. Together with the Institute of Ecology and Environment of Nanjing University (Lishui), they continue to explore the “Landsea Low-carbon Community Model”, committed to creating a more environmentally friendly, safer, and healthier living experience through sustainable community governance.

## **Prudently explore pruning-style growth**

Business expansion is akin to a tree growing up; timely pruning is essential for it to bear rich fruits. This ensures that the main resources are allocated to critical battlegrounds to maximize impact, preventing us from putting the cart before the horse. In residential business operations, the Group places great emphasis on scale growth, with even greater focus on the quality of scale growth. During the Period, the number of projects under management increased by 7, with a management scale reaching 1.32 million sq.m., while proactively exiting 14 projects due to unsatisfactory operational efficiency. In the expansion of diversified business types, we actively adapt to national policies by continuously focusing on long-term rental apartments. We develop future business opportunities with the EPC+O light asset business model to revitalize existing assets. Leveraging our high-quality services, we further expand into non-residential sectors. During the Period, we successfully won bids for property management projects of benchmark banks and a digital economy industrial park.

In terms of community value-added services for property owners, the Group's revenue from community value-added services was approximately RMB34 million, among which the income from home-living services was approximately RMB22 million, maintaining a continuous growth.

## **Warm service, quality life**

Looking back at the industry's development in recent years, after the waves have washed away the sand and the glitz has faded, enterprise management has returned to the essence of service. During the Period, the Group continued to strive to meet the community customers' expectations for a better life and serve the community more effectively. We start from the details, standardize plant maintenance and increase planting in environmental greening, enrich the types of vegetation and ecological environment in the community, and continuously improve the green coverage rate. In terms of safety assurance, the property team never relaxes in the regular inspection and meticulous repairment of public facilities. Every detail embodies the commitment to quality.

A community is not just a collection of buildings; it can also be a harbor of emotions. During the Period, the Group continued to invest resources and continuously build the "Landsea Friends" customer community brand. Since the establishment of the brand, we have gathered and operated 220 customer-themed groups nationwide, stimulating community vitality in multiple dimensions. A total of 486 activities have been launched, of which 162 were independently planned and organized by residents. Since the end of last year, the online "Landsea Friends" mini-programme has been officially running, attracting 32,000 registered users and accumulating over 411,000 visits. Through focusing on interests and using activities as the medium, the Group aims to build a "warm community" and maintain harmonious and friendly neighborhood relationships. This is also a concrete manifestation of Landsea's differentiated services.

## **People-oriented, refining details**

The Group promotes a “people-oriented” corporate culture, respects employees' career development, and inspires work potential. We optimize personnel placement through precise training and rigorous assessment. At the same time, in terms of incentives, the Group also pays more attention to the recognition of outstanding employees than before. By setting benchmarks, employees are encouraged to optimize service quality and improve customer satisfaction through meticulous service details, attentive listening, and timely response and problem-solving. In terms of the reserve echelon construction, we have also established a scientific and rigorous talent echelon selection mechanism, set clear recruitment and employment standards, established comprehensive rank evaluation and internal competition mechanisms, and opened up employee promotion paths.

Property management firms bridge the gap between community residents, external clients, government entities, and service providers. Navigating the complex web of external interactions — where people, issues, and objects intersect and diversify — can be daunting, and it’s challenging to enforce uniform standards and regulations upon them. The solution lies in how we deal with details and every smallest task, being meticulous and passionate. With that, it allows us to deliver standardized and procedure-based services horizontally among all projects under management, and vertically, to achieve systematic and refined operations while providing the foundation to nourish and arm the front-line. Efforts on those two directions are complementary but also independent.

In the course of our journey, the dedication of each team member and the support from all of our shareholders have been instrumental. We, hereby, sincerely extend the gratitude to everyone of them for their contributions. Landsea Green Life will carry on with everyone’s expectation and build a ‘warm community’ with determinations, by adhering to the corporate spirit of being ‘down-to-earth with long-term ambitions’ and getting closer to customers as their trustworthy partners of living.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a growing life 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 22rd among the “2024 Top 100 Property Management Companies in the PRC” (2024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 2024, our property management services covered 37 cities, including 24 cities in the Yangtze River Delta and 13 other cities in the People's Republic of China (the “PRC”). As at 31 December 2023, our total gross floor area (“GFA”) under management amounted to approximately 31.98 million sq.m., of which, consolidated GFA under management amounted to approximately 29.90 million sq.m., with a total of 196 managed properties, including 169 residential properties, 20 commercial and office buildings and involving 7 urban services, serving over 240,000 households.

### BUSINESS SEGMENTS

The Group provides diversified property management services to property owners and residents, primarily serving residential properties with an expanding portfolio of nonresidential 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 residential properties under our management. Our community value-added services complement our property management services and contribute to enhancing the satisfaction and loyalty of property owners and residents. We also provide apartment operation and management services to meet the needs of customers in the full cycle of leasing life and derivative scenarios, which mainly include white-collar apartments, youth apartments, light luxury serviced apartments, staff accommodation, ancillary commercial, and other products and services, with an aim to enrich the Company’s diversified income and help to enhance brand value and customer satisfaction.

## 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 includes residential properties, commercial and office buildings as well as urban service projects, among which, the commercial and office building projects covered office buildings and rental apartments, and the urban service projects covered urban civil services and the services of public facilities, industrial parks and branches of bank.

The Group continued to put profound efforts in the Yangtze River Delta by adhering to multi-channel expansion for sustainable scale growth. The Group will increase our types of project management business, actively entering the undeveloped regional markets. As of 30 June 2024, the total contracted GFA of the Group was 39.41 million sq.m., of which consolidated contracted GFA amounted to approximately 35.84 million sq.m.. The new consolidated contracted GFA for the Period amounted to approximately 310,000 sq.m., of which, in terms of customer type, the new contracted GFA from independent third parties accounting for approximately 100% of the total new contracted GFA for the Period. In terms of property type, the new contracted GFA from our commercial and office buildings projects were approximately 160,000 sq.m., accounting for approximately 50.8% of the total new contracted GFA for the year.

The Group highly focus on the growth of the business scale, and even more on the quality of the growth of the business scale. During the Period, we exited 14 projects that did not meet the expected operational efficiency, with an exit management scale of approximately 1.48 million sq.m..

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

	For the six months ended 30 June 2024			For the six months ended 30 June 2023			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	2,845.3	28,971.9	89.8%	2,924.6	31,142.3	86.5%	-7.0%
Commercial and office buildings	145.0	2,688.9	8.3%	138.9	3,817.4	10.6%	-29.6%
Urban services	N/A	610.4	1.9%	N/A	1,026.4	2.9%	-40.5%
Total	<u>2,990.3</u>	<u>32,271.2</u>	<u>100.0%</u>	<u>3,063.5</u>	<u>35,986.1</u>	<u>100.0%</u>	-10.3%

During the Period, the Group actively and strategically developed the non-residential market, and focused on projects such as public buildings, industrial parks and commercial buildings. As of 30 June 2024, the GFA under management of our commercial and office buildings was approximately 1.45 million sq.m.. We provide first-class property management services to high-quality customers such as government agencies, financial institutions, medical institutions, and internet retail giants.

Urban services represent a new breakthrough in the property industry. During the Period, revenue from our total urban service project under management was approximately RMB6.1 million, covering business areas such as municipal facility cleaning and maintenance, and property management services for green energy industry parks. This will contribute to the construction of urban life service concept of the Group and to the further enrichment of our business portfolio.

The breakdown of the Group's revenue from property management services by customer type and GFA under management were as follows:

	For the six months ended 30 June 2024			For the six months ended 30 June 2023			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 Management Limited ("Landsea Green Management")	810.2	10,426.5	32.3%	834.0	11,414.1	31.7%	-8.7%
Properties developed by joint ventures and associates of Landsea Green Management	437.1	4,631.5	14.4%	454.5	5,790.3	16.1%	-20.0%
Properties receiving project management services from Landsea Green Management	208.5	2,456.4	7.6%	192.2	2,260.5	6.3%	8.7%
Properties developed by independent third-party	<u>1,534.5</u>	<u>14,756.8</u>	<u>45.7%</u>	<u>1,582.8</u>	<u>16,521.2</u>	<u>45.9%</u>	-10.7%
	<u><u>2,990.3</u></u>	<u><u>32,271.2</u></u>	<u><u>100.0%</u></u>	<u><u>3,063.5</u></u>	<u><u>35,986.1</u></u>	<u><u>100.0%</u></u>	-10.3%

During the Period, the Group continued to adhere to quality external expansion. Among them, there were 3 new projects through market bidding, with a new consolidated contracted GFA of approximately 310,000 sq.m. and a new consolidated GFA under management of approximately 310,000 sq.m.. Under the prudent expansion strategy, the Group has achieved more stable market-oriented development, with a consolidated GFA under management obtained through independent third parties of approximately 17.43 million sq.m., accounting for approximately 58.3% of the consolidated GFA under management.



	Year-on-year growth (addition in the first half of 2024 as compared to that of the first half of 2023)		Year-on-year growth (addition in the first half of 2024 as compared to that of the first half of 2023)	
New contracts			Addition under management	
<b>Residential properties</b>				
Number of projects	2	Decreased by 7	6	Decreased by 4
GFA (in ten thousand sq.m.)	15	-92.6%	116	-33.7%
Number of households	742	-94.2%	2,451	-84.9%
<b>Commercial and office buildings</b>				
Number of projects	1	Decreased by 6	1	Decreased by 5
GFA (in ten thousand sq.m.)	16	-36.0%	16	-11.1%
<b>Urban services</b>				
Number of projects	–	–	–	–

Adhering to a flexible and open market-oriented cooperation approach, the Group has reached strategic cooperation with state-owned enterprises, regional property developers and established partner companies to handle the property services arising from projects developed and delivered by and from the projects to be developed by the companies by leveraging mature service system and management standardization strength of Landsea Green Life. As of 30 June 2024, a total of 16 partner companies have been established, among which 7 were consolidated into the Group, namely (1) Anju Landsea Property Management Service (Yangzhou) Co., Ltd. \* (安居朗詩物業服務(揚州)有限公司); (2) Jiangsu Landsea Sea Lake Property Management Co., Ltd. \* (江蘇朗詩海湖物業有限公司); (3) Sichuan Langshang Property Management Co., Ltd. \* (四川朗商物業管理有限公司); (4) Xi'an Langze Property Management Co., Ltd. \* (西安朗澤物業管理有限公司); (5) Anhui Xindi Zhihui City Technology Service Co., Ltd. \* (安徽新地智慧城市科技服務有限公司); (6) Suzhou Langyiju Commercial Management Service Co., Ltd.\* (蘇州朗頤居商業管理服務有限公司); and (7) Landsea Property Management (Xuzhou) Co., Ltd.\* (朗詩寶物業管理(徐州)有限公司), while the accounts of 9 partner companies were not consolidated into that of the Group where investment gains would be shared, namely (1) Chengdu Fulang Property Service Co., Ltd.\* (成都福朗物業服務有限公司); (2) Huizhou Landsea Dezhou Property Management Co., Ltd.\* (惠州朗詩德州物業管理

有限公司); (3) Zhejiang Langheng Property Management Co., Ltd.\* (浙江朗恒物業管理有限公司); (4) Shanghai Landsea Savills Property Management Co., Ltd.\* (上海朗詩第一太平大衛斯物業管理有限公司); (5) Dongyang City Investment Landsea Property Services Co., Ltd.\* (東陽市城投朗詩物業服務有限公司); (6) Suzhou Langtong Green Elevator Services Co., Ltd.\* (蘇州朗通綠色電梯服務有限公司); (7) Suzhou Gaolang Green Life Service Co., Ltd.\* (蘇州高朗綠色生活服務有限公司); (8) Nanjing Langyue Property Management Co., Ltd.\* (南京朗越物業管理有限公司); and (9) Suzhou Wanling Commercial Asset Management Co., Ltd.\* (蘇州灣翎商業資產管理有限公司). As of 30 June 2024, the total number of off-balance-sheet management projects was 21 with off-balance-sheet contracted GFA amounting to approximately 3.57 million sq.m..

The Group adheres to the standardization of service quality while enhancing the diversification of services, resulting in a steady increase in average property management fee. In February 2023, the Group passed the second supervision audits of the ISO50001 Energy Management System and ISO27001 Information Security Management System successively, ensuring the stable and orderly operation of the Company's energy management and information security management. In May 2023, the Company passed the second supervision audits for the re-certification of ISO90001 Quality Management System, ISO14001 Environmental Management System and ISO45001 Occupational Health and Safety Management System, which ensure the orderly operation of the Company in the fields of quality, environmental and occupational health and safety management. In January and May 2022, the Company passed the certification of GB/T31950 Corporate Integrity Management System and SA8000 Corporate Social Responsibility Management System, respectively, and completed the annual supervisory audit in May and July 2024, which provided systematic support for standardization of corporate integrity management and fulfillment of social responsibilities. With the expansion of scale of property management and the enhancement of brand effect and quality standardisation, the average property management fee per sq.m. per month as of 30 June 2024 reached approximately RMB2.06. In particular, the overall average property management fee per sq.m. per month for residential properties was approximately RMB1.88, while the overall property management fee per sq.m. per month for commercial and office buildings was approximately RMB6.05.

## **VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS**

The Group offers value-added services to non-property owners for property developers to address their various needs on property management, including (i) sales assistance services, which primarily include visitors reception, onsite cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage; (ii) consultancy services and other pre-delivery services such as cleaning, inspection, repair and maintenance services at the pre-delivery stage and a little of repair and maintenance services after delivery; and (iii) property agency services provided for sales and leases of properties to property developers.

The following table sets out a breakdown of revenue from value-added services to non-property owners by service type for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		Year- on-year growth rate of revenue
	Revenue <i>Ten thousand RMB</i>	% of revenue	Revenue <i>Ten thousand RMB</i>	% of revenue	
Sales assistance services	720.0	45.2%	2,430.8	34.5%	–70.4%
Property consultancy services	762.4	47.9%	793.9	11.3%	–4.0%
Property agency services	110.6	6.9%	3,815.2	54.2%	–97.1%
Total	<u>1,593.0</u>	<u>100.0%</u>	<u>7,039.9</u>	<u>100.0%</u>	–77.1%

The Group is engaged in providing perfect “first impression” to customers by building professional sales assistance services teams. As of 30 June 2024, the Group provided sales assistance services to 20 sales offices of Landsea Green Management and its partners and property companies which were independent third parties, representing a decrease in income from sales assistance services of approximately 70.4% as compared to the corresponding period in 2023. The proportion of the Group’s revenue from value-added services to non-property owners has been reduced from approximately 14.5% in the six months ended 30 June 2023 to approximately 4.1% during the Period, thereby enhancing the marketization our property operations and reducing our reliance on the real estate business.

## COMMUNITY VALUE-ADDED SERVICES

The Group offers a wide range of community value-added services in its residential properties under management to meet the changing needs of its customers and improve their quality of life. Such services primarily include (i) home-living services, such as house renovation, housekeeping and cleaning, and commodity retail , etc.; (ii) public resources management services, which primarily include the leasing of advertising spots and community space; and (iii) asset management services in relation to the leasing and sale of properties, sale of car parking spaces and transfer of use rights of car parking spaces.

The following table sets out a breakdown of revenue from community value-added services by service type for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		Year- on-year growth rate of revenue
	Revenue <i>Ten thousand RMB</i>	% of revenue	Revenue <i>Ten thousand RMB</i>	% of revenue	
Home-living services	2,166.9	63.5%	2,079.3	51.5%	4.2%
Public resource management services	863.9	25.3%	1,092.3	27.1%	–20.9%
Asset management services	381.7	11.2%	861.9	21.4%	–55.7%
	<u>3,412.5</u>	<u>100.0%</u>	<u>4,033.5</u>	<u>100.0%</u>	–15.0%

Home-living services are provided in terms of house renovation, housekeeping and cleaning, online platform commodity retail, etc.

As time goes by, the renovation and facilities of the property may become outdated, affecting the comfort and aesthetics of living. Home renovation services aim to address this issue by updating renovations and facilities, bringing new vitality to the house. Property owners communicate renovation needs to their property management service providers. In cooperation with professional decoration companies, we provide property owners with free on-site room measurement, design and quotation services, so that property owners can save time, effort and money. As of 30 June 2024, the total number of housing renovation requests was 1,845, and the total number of completed housing renovation transactions was 532. Meanwhile, we also provide housekeeping and cleaning services to property owners, including indoor cleaning, external wall cleaning, carpet cleaning and disinfection and hourly home services. In 2024, we have introduced a service-first, pay-later model, gaining the trust and satisfaction of our customers and effectively enhancing the reputation among property owners.

With the development of internet technology, online shopping has become increasingly popular. Home-living services provide commodity retail through online platforms, meeting the needs for people to purchase daily necessities without leaving their homes. We integrate high-quality supplier resources to provide property owners with superior quality, cost-effective and diverse products with guaranteed after-sales service. Such service enhances our interaction with property owners. By collecting user shopping data, it demonstrates that the property company better understands the needs and consumption habits of property owners, providing a basis for service improvement and product recommendations. As of 30 June 2024, the cumulative number of commodity retail sales orders reached 35,000.

Our public resources management services primarily focus on leasing of both advertising spots and community space. We lease certain public areas to third parties on behalf of property owners for advertising and other uses, such as advertising spaces inside and outside elevators and in public spaces in the community. We determine the lease price with the lessee, generally taking into account the advertising theme, target location and lease term and other factors. Revenue generated from leasing of public areas will be mainly used to fund public repairs and maintenance, and could be used to pay for smart community upgrade. We collect rent on behalf of the property owners and recognize it as income based on a defined percentage of the rent.

Regarding our asset management business, we established a professional sales team to carry out rental and sales business, capable of handling the promotion, negotiation, and transaction processes of properties for property owners. Secondly, our sales team has an in-depth understanding of the local real estate market and can provide property owners with accurate market analysis and pricing suggestions, helping property owners achieve the maximum value of their properties. In addition, the property can also provide legal consultation and contract management services to ensure the legality and security of transactions. For owners of rental properties, we can also be responsible for tenant screening and management, reducing the operational burden on property owners. In 2024 as of now, we carried out 111 transactions for our trading business and 456 transactions of our leasing business with transaction amount of approximately RMB250 million. We continued to focus on customers' needs so as to be closer to the lives of property owners. Through long-term and high-quality services, we will continue to develop the inventory market, broaden the boundaries of life services, and strive to bring more beautiful life experience to property owners' families.

The Landsea Friends (詩友公社) customer community brand serves as the carrier for the Group's service concept of "creating a warm community", adhering to diverse interactions, engaging with residents and establishing connexions. As of 30 June 2024, a total of 486 events were held, attracting approximately 25,300 households to participate. Effectively stimulating customer creativity, 162 activities were independently planned and carried out by residents, and 220 resident groups are active in the community in various forms. As the mini-programme of the "Landsea Friends" platform, which carries the co-creation of a beautiful community for customers, it has attracted approximately 32,300 registered users within one year of its launch, with a cumulative visit count reaching 410,000 times. The Group attaches importance to the significance of frontline staff as practitioners of community culture. Through 7 sessions of internal training involving 2,496 participants, it ensures that in the process of implementing community culture, there are people to rely on, rules to follow, and content to enrich, creating an efficient 3-in-1 model of "headquarters guidance — property management services providers execution — resident participation" to build a beautiful life in the community.

## **APARTMENT OPERATION AND MANAGEMENT SERVICES**

At the end of 2022, Langhong (Nanjing) Enterprise Management Co., Ltd.\* (朗鴻(南 京) 企業管理有限公司), a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Nanjing Langjun Commercial Management Limited\* (南京朗郡 商業管理有限公司), Huge Wealth Group Limited and Beihai Langrun to acquire the entire equity interest in Beihai Langrun. Beihai Langrun and members of its subsidiaries provide apartment operation and management services, currently covering 13 first-and second-tier cities. The transaction was completed on 31 March 2023, and the Group realised revenue of approximately RMB18.75 million from apartment operation and management services. Apartment operation and management services have provided substantial new customer resources for the property management services of the Group as well as business opportunities for the community value-added services. The market penetration rate of the Group has increased due to geographical overlap, laying the foundation for enriching our operations in the market.

## **INFORMATION TECHNOLOGY ESTABLISHMENT**

The Group is committed to promoting the digital establishment of project services and internal operation and management, aiming to comprehensively optimise customer service experience and significantly improve corporate operational efficiency. On the project service aspect, Landsea Green Life's WeChat mini-programme has been successfully put into operation, effectively bringing it closer to customers and ensuring that messages are delivered more timely and accurately. The one-stop services it includes, such as property payment, problem reporting, the Landsea Friends, and Landsea Preferred (朗詩優選), greatly enhance convenience. On the internal operation management aspect, a series of projects such as income integration, expenditure refinement, and smart parking lot upgrades have been implemented one after another, strongly enhancing the Group's systematic capabilities and providing solid support for the digital transformation of business segments.

Looking forward, the Group will continue to deepen the digitalization construction process with determination. On the project service aspect, we will continuously enrich and expand the service scope and functions of Landsea Green Life's WeChat mini-programme, actively introduce cutting-edge innovative elements, and strive to create a more outstanding and high-quality service experience for customers. On the internal operation and management aspect, we will accelerate the deep integration of digitalization and business using technological innovation as a strong driving force, leading the Group to embark on a new journey of high-quality development.



## SOCIAL RESPONSIBILITY

The Group actively promoted environmental, social and governance work and published the 2023 Environmental, Social and Governance (ESG) Report during the Period. As a fast-growing green life-cycle service provider, we always focus on “sustainable cities and communities” as an important global sustainable development goal. In an effort to achieve the United Nations Sustainable Development Goals (SDGs) and with reference to the BREEAM In-Use of the Building Research Establishment (BRE), we have formulated a leading and scientific ESG development strategy for 2025, focusing on three major areas, namely “warm and inclusive”, “safe and healthy” and “green and low-carbon”. The Company continuously improves its ESG performance every year and contributes to the achievement of global sustainable development goals.

During the Period, we continued to conduct in-depth research on the construction of green and low-carbon communities. We cooperated with the Institute of Ecology and Environment of Nanjing University (Lishui), with Nanjing Landsea Zhongshan Green County project (南京朗詩鐘山綠郡項目) as pilot project, to carry out research on the topic of “carbon reduction and green operation and maintenance in communities”, and built a new system for carbon reduction and green operation and maintenance in communities from various aspects including carbon emission management, energy management, water resource management and waste management. In the same period, the cooperative research project focused on the construction of low-carbon community management platform and the pilot community composting projects. In 2024, community composting will move from Landsea Green Life Nanjing District to other Landsea Green Life district companies. For carbon emission management work, we align with the Company's strategic development, obtain data in an area-based approach, form an intra-company district carbon emission ranking, and promote the reduction of carbon emission data to achieve the goal of carbon neutrality. For communities, we have always adhered to the mission of “leading life services and creating a better future”, and will continue to explore ways of carbon neutrality for sustainable communities and contribute to the “30•60” goal of carbon peaking and carbon neutrality. We have successfully declared five invention patents, i.e. “A Waste-Free Community Garbage Management System and Management Method” (一種無廢社區垃圾管理系統及管理方法), “A Waste-Free Community Organic Garbage Comprehensive Treatment station and its Usage Method” (一種無廢社區有機垃圾綜合處理站及其使用方法), “A type of Eco-friendly Degraded Greenland Soil Conditioner and its Usage Method” (一種環保型退化綠地土壤改良劑及使用方法), “A Comprehensive Management and Evaluation Method for Residential Community Water Resources based on Internet of Things Technology” (一種基於物聯網技術的居民社區水資源綜合管理與評估方法) and “A Carbon Emission Early Warning Management Method for Electricity Usage in Smart Community Public Areas” (一種智慧社區公區用電碳排放預警管理方法), and Landsea Green Life will also continue to innovate and lead the green development.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 18.8% from approximately RMB483 million for the six months ended 30 June 2023 to approximately RMB392 million for the six months ended 30 June 2024, for the following reasons: (i) the Group decisively retreated from projects that had suffered losses for a long period of time and were not commensurate with the quality of the Group's services, and the decrease in GFA under management of the projects resulted in a decrease in the revenue generated from property management services; (ii) with the exit of the projects, the revenue from community value-added services decreased accordingly during the Period; and (iii) the Group further enhanced the marketization of its property operation and reduced its reliance on real estate business, and the revenue from value-added services for non-property owners decreased.

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			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>322,712</b>	<b>82.4</b>	359,861	74.5
Value-added services to non-property owners	<b>15,930</b>	<b>4.1</b>	70,399	14.5
Community value-added services	<b>34,125</b>	<b>8.7</b>	40,335	8.3
Apartment operation and management services	<b>18,745</b>	<b>4.8</b>	12,843	2.7
Total	<b><u>391,512</u></b>	<b><u>100.0</u></b>	<u>483,438</u>	<u>100.0</u>

Revenue from the provision of property management services decreased by approximately 10.3% from approximately RMB360 million for the six months ended 30 June 2023 to approximately RMB323 million for the six months ended 30 June 2024. Such decrease was primarily due to the Group's decisive retreat from projects that had suffered losses for a long period of time and were not commensurate with the quality of the Group's services, and the decrease in GFA under management of the projects.



Revenue from the provision of value-added services to non-property owners decreased by approximately 77.1% from approximately RMB70 million for the six months ended 30 June 2023 to approximately RMB16 million for the six months ended 30 June 2024. The decrease was due to the Group's further enhancement of the marketization of its property operation and reduction of its reliance on real estate business, and the decrease in revenue from sales assistance services, property consulting services and property agency services.

Revenue from the provision of community value-added services decreased by approximately 15.0% from approximately RMB40 million for the six months ended 30 June 2023 to approximately RMB34 million for the six months ended 30 June 2024. Such decrease was mainly due to the Group's decisive retreat from projects that had suffered losses for a long period of time and were not commensurate with the quality of the Group's services, the decrease in GFA under management of the projects, and the decrease in revenue from public resources management services and asset management services.

For the six months ended 30 June 2024, the revenue from the provision of apartment operation and management services was approximately RMB19 million, which was derived from the provision of early consultation services, renovation project management services, daily operation and management services, marketing, planning and promotion services, commercial business promotion services, special consultation services and other services to long-term apartment leasing projects.

### **Cost of Sales and Services**

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

The Group's cost of sales decreased by approximately 18.4% from approximately RMB397 million for the six months ended 30 June 2023 to approximately RMB324 million for the six months ended 30 June 2024. The decrease was mainly due to the Group's decisive retreat from projects that had been loss-making for a long period of time and were not commensurate with the quality of the Group's services, and the decrease in labour costs and other operating costs.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Group's gross profit decreased by approximately 21.8% from approximately RMB87 million for the six months ended 30 June 2023 to approximately RMB68 million for the six months ended 30 June 2024. The gross profit margin decreased from approximately 18.0% for the six months ended 30 June 2023 to approximately 17.3% for the six months ended 30 June 2024. The decrease in gross profit margin was due to the decrease in gross profit margin of sales assistance services, property agency services and property consulting services as a result of the cyclical impact of the property industry.

## **Other Income**

The Group's other income mainly represents government grants, additional value-added tax deductibles and others.

The Group's other income decreased from approximately RMB3 million for the six months ended 30 June 2023 to approximately RMB2 million for the six months ended 30 June 2024, which was mainly due to the expiry of the additional VAT deductibles preferential policy on 31 December 2023 and the decrease in government subsidies.

## **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 20.0% from approximately RMB10 million for the six months ended 30 June 2023 to approximately RMB12 million for the six months ended 30 June 2024, primarily due to the increase in amortization of intangible assets arising from acquisitions. The acquisition of Beihai Langrun was completed at the end of March 2023. The intangible assets arising on acquisition are amortised over January to June 2024 and for the six months ended 30 June 2023, they are amortised from April to June only.

## **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 decreased by approximately 24.1% from approximately RMB58 million for the six months ended 30 June 2023 to approximately RMB44 million for the six months ended 30 June 2024, primarily due to the savings in staff cost.

## **Finance Income — Net**

The Group's net finance income represents various interest expenses and interest income from bank deposits.

The Group's net finance income decreased from a net income of approximately RMB830,000 for the six months ended 30 June 2023 to a net income of approximately RMB760,000 for the six months ended 30 June 2024, primarily due to the decrease in interest income.

## **Share of Net Profits of Associates**

The Group's share of net profits of associates increased from approximately RMB1.87 million for the six months ended 30 June 2023 to approximately RMB1.89 million for the six months ended 30 June 2024.

## **Income Tax Expenses**

The Group's income tax represents PRC corporate income tax at a rate of 25% on the assessable profits of subsidiaries incorporated in the PRC and land appreciation tax as stipulated in the relevant tax laws and regulations in the PRC. Certain subsidiaries of the Group are qualified as small and micro businesses and therefore enjoyed a preferential tax rate of 10% during the Period.

The Group's income tax expense decreased by approximately 20.0% from approximately RMB5 million for the six months ended 30 June 2023 to approximately RMB4 million for the six months ended 30 June 2024, primarily due to the decrease in profit before income tax for the Period.

## **Profit for the Period**

As a result of the foregoing, the Group's profit for the Period decreased by approximately 35.7% from approximately RMB14 million for the six months ended 30 June 2023 to approximately RMB9 million for the six months ended 30 June 2024.

## **Liquidity, Reserves and Capital Structure**

As at 30 June 2024, the Group's current assets amounted to approximately RMB648 million, representing a decrease of approximately 6.2% from approximately RMB691 million as at 31 December 2023.

As at 30 June 2024, the Group's cash and cash equivalents (denominated in Renminbi, Hong Kong dollar ("HK\$") and United States dollar) amounted to approximately RMB187 million, representing a decrease of approximately 43.8% as compared to approximately RMB333 million as at 31 December 2023, which was mainly due to the net cash outflow from operating activities of approximately RMB145 million, representing an increase of approximately 504.2% as compared to the net cash outflow of approximately RMB24 million for the corresponding period in 2023; the net cash outflow from financing activities of approximately RMB0.82 million, representing a decrease of approximately 56.4% as compared to the net cash outflow of approximately RMB1.88 million for the corresponding period in 2023; the net cash outflow from investing activities of approximately RMB0.05 million, representing a decrease of approximately 100.0% as compared to the net cash outflow of approximately RMB170 million for the corresponding period in 2023. As at 30 June 2024, the Group's total equity amounted to approximately RMB275 million, representing an increase of approximately 3.8% from approximately RMB265 million as at 31 December 2023. The increase was mainly due to the profit for the Period.

## **Trade Receivables**

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

The Group's trade receivables amounted to approximately RMB287 million as at 30 June 2024, representing an increase of approximately 33.5% from approximately RMB215 million as at 31 December 2023. The increase in trade receivables was due to the receivables subject to seasonal fluctuations as customers tend to settle their balances at the end of the year instead of during the year due to their payment preference.

## **Prepayments and Other Receivables**

The Group's prepayments, deposits and other receivables as at 30 June 2024 amounted to approximately RMB163 million, representing an increase of approximately 18.1% from approximately RMB138 million as at 31 December 2023. It was primarily due to an increase in prepayments to suppliers for the Period.

## **Trade and Other Payables**

The Group's trade and other payables as at 30 June 2024 amounted to approximately RMB485 million, representing a decrease of approximately 14.0% from approximately RMB564 million as at 31 December 2023. This was mainly due to the repayment of amount due to third parties.

## **Contract Liabilities**

Our Group receives payments from customers based on billing schedules as stipulated 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.

The Group's contract liabilities as at 30 June 2024 amounted to approximately RMB246 million, representing an increase of approximately 16.6% as compared to approximately RMB211 million as at 31 December 2023. This was primarily due to the increase in advance from property owners.

## **Borrowings**

As at 30 June 2024, the Group had no bank borrowings.

## **Significant Investments Held**

The Group did not hold any significant investment during the six months ended 30 June 2024.

## **Employees and Remuneration Policy**

As at 30 June 2024, the Group had a total of 3,013 employees (as at 31 December 2023: 3,346). The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contributions and social welfare. The Group also contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

## **Pledge on Assets**

As at 30 June 2024, 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 (the “**Prospectus**”), no concrete plan for future investment is in place as at the date of this announcement.

## **Gearing Ratio**

Gearing ratio, as defined as bank and other borrowings, lease liabilities and amounts due to related parties divided by total equity and multiplied by 100%, was approximately 1.2% as at 30 June 2024.

## **Use of Proceeds from the Listing**

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 July 2021 (the “**Listing Date**”) by way of global offering (the “**Listing**”), in which 100,000,000 shares were issued upon the Listing, and a total of 110,765,000 shares were issued after also taking into account the partial exercise of the over-allotment options, raising the total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HK\$288.9 million.

The analysis of the utilisation of the net proceeds from the Listing Date to 30 June 2024 is as follows:

Use	Percentage of the net proceeds as stated in the Prospectus and allocation of the net proceeds after taking into account the partial exercise of the over-allotment option on 30 July 2021		Actual use of net proceeds as at 30 June 2024 <i>HK\$ million</i>	Utilization from 1 January 2024 to 30 June 2024 <i>HK\$ million</i>	Unutilised net proceeds as at 30 June 2024 <i>HK\$ million</i>	Expected timetable
	<i>% of total amount</i>	<i>HK\$ million</i>				
Expanding our business through various channels	56.8%	164.1	164.1	–	–	Completed
Continuing to enhance our operating capability guided by users and driven by data	15.3%	44.2	17.6	4.0	26.6	2024/12/31
Continuing to enrich value-added services	10.2%	29.5	21.9	2.9	7.6	2024/12/31
Continuing to incentivise, retain and recruit talents in order to enhance our human resources management	7.7%	22.2	22.2	–	–	Completed
Working capital	10.0%	28.9	2.7	–	26.2	2024/12/31

## 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 2024, 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 2024, 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, profit and loss for the six months ended 30 June 2024 were denominated in Renminbi. The major foreign currency source for the Group was the fundraising following the successful listing on the Stock Exchange during the Period, all of which were denominated in Hong Kong dollars. As at 30 June 2024, the Group did not have significant foreign currency exposure from its operations. The Group has not used 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 2024, the Group did not have any outstanding guarantees or other material contingent liabilities.

### **Liabilities to Assets Ratio**

Liabilities to assets ratio is calculated based on our total liabilities as at the end of the relevant period divided by our total assets as at the end of such period. As at 30 June 2024, our liabilities to assets ratio was approximately 73.6% (31 December 2023: approximately 75.6%).

## **OTHER INFORMATION**

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODES**

The Company has adopted and applied the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own corporate governance code. The Directors consider that the Company has complied with all applicable code provisions under the CG Code for the six months ended 30 June 2024.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as the code of conduct and rules for securities transactions by directors. After specific enquiries with all the Directors, it is confirmed that all the Directors have complied with the requirements as set out in the Model Code for the six months ended 30 June 2024.

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

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of its listed securities (including sale of treasury shares), except for the listed securities of the Company purchased by the trustee in connection with the share incentive scheme adopted on 8 June 2022. As at 30 June 2024, the Company did not hold any treasury shares.

### **COMPETING INTERESTS**

The Directors have confirmed that neither the Directors nor the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) are interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules for the six months ended 30 June 2024.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company maintained the minimum public float required by the Listing Rules during the six months ended 30 June 2024 and up to the date of this announcement.



## INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## MATERIAL ACQUISITION AND DISPOSAL

On 8 March 2024, Nanjing Landsea Property Management Co., Ltd.\* (南京朗詩物業管理有限公司) (“**Nanjing Landsea Property**”) and Wuxi Huilin Yiju Real Estate Brokerage Co., Ltd.\* (無錫匯鄰驛居房地產經紀有限公司) (“**Wuxi Huilin Yiju**”), both indirect wholly-owned subsidiaries of the Company, entered into the property transfer agreement (the “**Property Transfer Agreement**”) with (i) Shanghai Langxin Property Development Limited\* (上海朗信房地產開發有限公司); (ii) Suzhou branch of Shanghai Landsea Investment Management Limited\* (上海朗詩投資管理有限公司蘇州分公司); (iii) Shanghai Langming Property Development Limited\* (上海朗銘房地產開發有限公司); (iv) Shanghai Langxu Enterprise Management Co., Ltd\* (上海朗敘企業管理有限公司); and (v) Shanghai Kunhong Co., Ltd\* (上海昆宏實業有限公司) (“**Shanghai Kunhong**”), collectively (the “**Members of Landsea Green Management Group**”), pursuant to which Shanghai Kunhong agreed to transfer the target property to Nanjing Landsea Property to settle the corresponding outstanding amounts owed by Members of Landsea Green Management Group to Nanjing Landsea Property and Wuxi Huilin Yiju at a consideration of RMB9,071,671 (the “**Acquisition**”). Members of Landsea Green Management Group are indirect wholly-owned subsidiaries of Landsea Green Management. Landsea Green Management was directly and indirectly held as to 58.52% by Mr. Tian at the time of the Acquisition. As Landsea Green Management was an associate of Mr. Tian, it was a connected person of the Company. The Property Transfer Agreement and the transactions contemplated thereunder constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition was completed on 24 July 2024. For further information, please refer to the announcement of the Company dated 8 March 2024.

Save as disclosed above and in this announcement, the Group had no significant investments, acquisitions and disposals during the six months ended 30 June 2024.

## EVENTS AFTER THE REPORTING PERIOD

The terms of office of PricewaterhouseCoopers (“**PwC**”) as the auditors of the Company for the year ended 31 December 2023 expired at the conclusion of the annual general meeting of the Company for the year ended 31 December 2023 held on 14 June 2024 and PwC was not reappointed as the auditors of the Company. On 24 July 2024, the Company appointed Baker Tilly Hong Kong Limited as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company. For further information, please refer to the announcements of the Company dated 24 May 2024, 4 July 2024 and 24 July 2024 and the circular of the Company dated 8 July 2024.

Save as disclosed above and in this announcement, there have been no significant events occurring after the end of the Period and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the CG Code as at 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 Mr. Alfred Shu Shum Lai, Ms. Katherine Rong Xin and Ms. Lu Mei, all being independent non-executive Directors. Mr. Alfred Shu Shum Lai 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 PERFORMANCE**

The unaudited interim condensed consolidated financial performance of the Group for the six months ended 30 June 2024 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.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.landseawy.com](http://www.landseawy.com)). The Company's interim report for the six months ended 30 June 2024 containing all appropriate information required by the Listing Rules will be made available 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**  
*Executive Director and Chairman of the Board*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises Mr. Tian Ming, Mr. Wu Xu and Ms. Xue Yuan as executive Directors, Mr. Liu Yong and Ms. Liu Yan as non-executive Directors, and Ms. Lu Mei, Mr. Alfred Shu Shum Lai and Ms. Katherine Rong Xin as independent non-executive Directors.*

\* *For identification purposes only*