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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

PERFORMANCE SUMMARY

The results of the Group for the year ended 31 December 2023 are as follows:

1. The Group's revenue reached approximately RMB931 million, representing an increase of approximately 4.7% as compared with approximately RMB889 million for the corresponding period in 2022.
2. The following sets out the Group's revenue by business line:
 - (1) Revenue from property management services was approximately RMB703 million, accounting for approximately 75.5% of the total revenue and representing an increase of approximately 13.0% as compared with approximately RMB622 million for the corresponding period in 2022;
 - (2) Revenue from value-added services to non-property owners was approximately RMB106 million, accounting for approximately 11.4% of the total revenue and representing a decrease of approximately 43.3% as compared with approximately RMB187 million for the corresponding period in 2022; and
 - (3) Revenue from community value-added services was approximately RMB86 million, accounting for approximately 9.2% of the total revenue and representing an increase of approximately 7.5% as compared with approximately RMB80 million for the corresponding period in 2022.
 - (4) Revenue from apartment operation and management services was approximately RMB36 million, accounting for approximately 3.9% of total revenue.

3. Gross profit was approximately RMB145 million, representing a decrease of approximately 26.8% as compared with RMB198 million for the corresponding period in 2022. Gross profit margin was approximately 15.6%, representing a decrease of approximately 6.7 percentage points as compared with approximately 22.3% for the corresponding period in 2022.
4. Loss for the year was approximately RMB135 million, representing a decrease of approximately 565.5% as compared with profit of approximately RMB29 million for the corresponding period in 2022.
5. As at 31 December 2023, the Group's contracted GFA was approximately 37.46 million sq.m., of which the GFA under management was approximately 30.06 million sq.m., representing an increase of approximately 3.0% as compared with the GFA under management of as at 31 December 2022.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Landsea Green Life Service Company Limited (the “**Company**” or “**Landsea Green Life**”) would like to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (“**Year of 2023**” or “**Period**”) together with the comparative figures for the year ended 31 December 2022 (“**Year of 2022**” or the “**corresponding period**”). The consolidated results have been reviewed by the Company's audit committee (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		For the year ended	
	<i>Note</i>	31 December 2023 RMB'000	31 December 2022 RMB'000
Revenue	5	931,275	889,454
Cost of sales and services		<u>(785,898)</u>	<u>(691,246)</u>
Gross profit		145,377	198,208
Other income		5,393	11,398
Selling expenses		(23,768)	(21,388)
Administrative expenses		(113,097)	(102,192)
Impairment losses under expected credit loss model		(181,021)	(45,914)
Other losses — net	6	<u>(2,428)</u>	<u>(1,880)</u>
Operating (loss)/profit		(169,544)	38,232
Finance income		1,488	2,213
Finance costs		<u>(117)</u>	<u>(76)</u>
Finance income — net		1,371	2,137
Share of net profit of associates		291	766
Share of net profit of joint ventures		<u>616</u>	<u>51</u>
(Loss)/profit before income tax		(167,266)	41,186
Income tax credit/(expense)	7	<u>32,004</u>	<u>(11,900)</u>
(Loss)/profit for the year		<u><u>(135,262)</u></u>	<u><u>29,286</u></u>

		For the year ended	
		31 December	31 December
	<i>Note</i>	2023	2022
		RMB'000	RMB'000
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		<u>(4,246)</u>	<u>(19,932)</u>
<i>Items that will not be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		<u>4,155</u>	<u>23,443</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(91)</u>	<u>3,511</u>
Total comprehensive (loss)/income for the year		<u>(135,353)</u>	<u>32,797</u>
(Loss)/profit for the year attributable to:			
— Equity owners of the Company		<u>(134,233)</u>	28,420
— Non-controlling interests		<u>(1,029)</u>	866
		<u>(135,262)</u>	<u>29,286</u>
Total comprehensive (loss)/income for the year attributable to:			
— Equity owners of the Company		<u>(134,324)</u>	31,931
— Non-controlling interests		<u>(1,029)</u>	866
		<u>(135,353)</u>	<u>32,797</u>
(Loss)/earnings per share attributable to equity owners of the Company			
Basic (loss)/earnings per share	8	<u>(0.349)</u>	<u>0.074</u>
Diluted (loss)/earnings per share	8	<u>(0.349)</u>	<u>0.074</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022
	<i>Note</i>	RMB'000	<i>RMB'000</i>
ASSETS			
Non-current assets			
Investment properties		365	750
Property, plant and equipment		14,856	16,931
Right-of-use assets		1,415	1,291
Intangible assets	<i>9</i>	127,919	48,718
Interests in associates	<i>11</i>	1,398	2,377
Interests in joint ventures		1,467	851
Deferred income tax assets		68,099	32,102
Goodwill	<i>10</i>	181,041	60,750
		396,560	163,770
Current assets			
Trade receivables	<i>12</i>	215,188	309,095
Inventories		1,091	1,049
Prepayments and other receivables		137,562	228,117
Restricted cash		4,643	780
Cash and cash equivalents		332,783	358,166
		691,267	897,207
Total assets		1,087,827	1,060,977
LIABILITIES			
Non-current liabilities			
Lease liabilities		751	502
Deferred income tax liabilities		20,543	10,228
		21,294	10,730

		31 December 2023	31 December 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	<i>13</i>	564,046	411,824
Contract liabilities		210,873	207,293
Lease liabilities		608	570
Current income tax liabilities		25,906	31,532
		<u>801,433</u>	<u>651,219</u>
Total liabilities		<u>822,727</u>	<u>661,949</u>
EQUITY			
Capital and reserves attributable to equity owners of the Company			
Share capital	<i>14</i>	3,421	3,421
Reserves		255,455	388,344
		<u>258,876</u>	<u>391,765</u>
Non-controlling interests		<u>6,224</u>	<u>7,263</u>
Total equity		<u>265,100</u>	<u>399,028</u>
Total liabilities and equity		<u>1,087,827</u>	<u>1,060,977</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Company and its subsidiaries (collectively, the "**Group**") are 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 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 ("**Mr. Tian**"), the non-executive director of the Group.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**") unless otherwise stated.

The financial statements have been approved for issue by the Board on 28 March 2024.

2 BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("**HKCO**")

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and requirements of HKCO.

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS.

(c) 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 2023. The adoption of these standards and amendments does not have significant impact on the Group's financial performance and position.

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates — Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to HKAS 12
- Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies
- International Tax Reform — Pillar Two Model Rules — Amendments to HKAS 12
- Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (2020)

- (d) **New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group**

Standards, amendments and interpretations		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

These new and amendments to existing standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of receivables

The Group makes expected credit loss provision on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of customers and debtors, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and loss provision in the periods in which such estimate has been changed.

(b) Impairment of Goodwill

For the purposes of goodwill impairment assessment, management considered that each of the acquired groups is a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired groups. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on the higher of value-in-use calculation and fair value less cost of disposals. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate valuation method and the use of key assumptions in the valuation, which primarily include annual revenue growth rate, gross profit margin, long-term growth rate and discount rate.

(c) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Fair value assessment of the customer relationships and the recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of the identified customer relationships and the recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly annual revenue growth rate, discount rate and expected useful lives of customer relationships).

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.

During the year ended 31 December 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 year ended 31 December 2023.

As at 31 December 2023 and 2022, 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 years ended 31 December 2023 and 2022 is as follows:

	For the year ended	
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Revenue from customers and recognised over time		
— Property management services	703,152	621,786
— Value-added services to non-property owners	60,191	101,769
— Community value-added services	24,158	19,998
— Apartment lease operation and management services	35,626	—
	<u>823,127</u>	<u>743,553</u>
Revenue from customers and recognised at point in time		
— Value-added services to non-property owners	45,991	85,691
— Community value-added services	62,157	60,210
	<u>108,148</u>	<u>145,901</u>
	<u>931,275</u>	<u>889,454</u>

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

	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Contract liabilities related to		
— Property management services	199,331	201,469
— Community value-added services	10,287	5,411
— Value-added services to non-property owners	1,255	413
	<u>210,873</u>	<u>207,293</u>

6 OTHER LOSSES — NET

	For the year ended	
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Net exchange gain/(loss)	48	(3,989)
Net loss on disposal of property, plant and equipment	(22)	(35)
(Loss)/gain on termination of leases	(65)	29
Net gain on disposal of investment properties	61	1,607
Others	(2,450)	508
	<u>(2,428)</u>	<u>(1,880)</u>

7 INCOME TAX CREDIT/(EXPENSE)

	For the year ended	
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax (c)	(5,323)	(24,310)
— PRC land appreciation tax (c)	(92)	(2,698)
Deferred income tax	<u>37,419</u>	<u>15,108</u>
	<u>32,004</u>	<u>(11,900)</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 year. 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 years ended 31 December 2023 and 2022.
- (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.

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.

- (d) Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to withholding tax of 10% and a lower 5% withholding tax rate may be applied when the immediate holding companies of the subsidiaries in the PRC are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding tax for these undistributed earnings of its subsidiaries in the PRC as the Group does not have a plan to distribute these earnings from its subsidiaries in the PRC.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding excluding the shares held by Green Sailing (PTC) Limited and shares bought back, if any, during the years ended 31 December 2023 and 2022.

	For the year ended	
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
(Loss)/profit attributable to equity owners of the Company	(134,233)	28,420
Number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (thousands)	384,827	386,467
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.349)</u>	<u>0.074</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share-based payment is not of dilutive potential for the year ended 31 December 2023.

	For the year ended	
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
(Loss)/profit attributable to owners of the Company used in the diluted (loss)/earnings per share calculation	(134,233)	28,420
Number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (thousands)	384,827	386,467
Adjustment for:		
— Assumed distribution of shares under share award scheme (thousands)	<u>—</u>	<u>36</u>
Adjusted weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	<u>384,827</u>	<u>386,503</u>
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.349)</u>	<u>0.074</u>

9 INTANGIBLE ASSETS

	Computer software <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022			
Cost	6,041	–	6,041
Accumulated amortisation	(1,362)	–	(1,362)
Net carrying amount	<u>4,679</u>	<u>–</u>	<u>4,679</u>
Year ended 31 December 2022			
Opening net carrying amount	4,679	–	4,679
Additions	3,974	–	3,974
Acquisition of subsidiaries	102	43,445	43,547
Amortisation charge	(948)	(2,534)	(3,482)
Closing net carrying amount	<u>7,807</u>	<u>40,911</u>	<u>48,718</u>
At 31 December 2022			
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>
At 1 January 2023			
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>
Year ended 31 December 2023			
Opening net carrying amount	7,807	40,911	48,718
Additions	1,916	–	1,916
Acquisition of subsidiaries	2,128	86,379	88,507
Amortisation charge	(1,057)	(10,165)	(11,222)
Closing net carrying amount	<u>10,794</u>	<u>117,125</u>	<u>127,919</u>
At 31 December 2023			
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>

Amortisation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	31 December 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Selling expenses	10,165	2,550
Administrative expenses	1,057	902
Cost of sales	<u>–</u>	<u>30</u>
	<u>11,222</u>	<u>3,482</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 for customer relationships is the discounted cash flow method.

10 GOODWILL

	31 December 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cost at 1 January	60,750	–
Acquisition of subsidiaries (<i>note 16</i>)	<u>120,291</u>	<u>60,750</u>
Net carrying amount at 31 December	<u>181,041</u>	<u>60,750</u>
At 31 December		
Cost	181,041	60,750
Accumulated impairment	<u>–</u>	<u>–</u>
Net carrying amount	<u>181,041</u>	<u>60,750</u>

11 INTERESTS IN ASSOCIATES

	For the year ended	
	31 December 2023 RMB'000	31 December 2022 RMB'000
At 1 January	<u>2,377</u>	<u>1,611</u>
Additions:		
— Investments in an associate	200	—
Share of net profit of associates	291	766
Dividends received from an associate	<u>(1,470)</u>	<u>—</u>
At 31 December	<u><u>1,398</u></u>	<u><u>2,377</u></u>

12 TRADE RECEIVABLES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade receivables (a)		
— Related parties	198,202	181,811
— Third parties	<u>212,867</u>	<u>175,671</u>
	<u>411,069</u>	<u>357,482</u>
Less: provision for impairment	<u>(195,881)</u>	<u>(48,387)</u>
	<u><u>215,188</u></u>	<u><u>309,095</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:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Related parties		
— Less than 1 year	80,235	107,896
— 1 to 2 years	57,013	72,061
— 2 to 3 years	59,701	1,027
— 3 to 4 years	1,027	827
— 4 to 5 years	226	—
	198,202	181,811
Third parties		
— Less than 1 year	101,148	122,441
— 1 to 2 years	64,958	30,143
— 2 to 3 years	27,812	13,723
— 3 to 4 years	12,138	5,795
— 4 to 5 years	4,837	1,357
— Over 5 years	1,974	2,212
	212,867	175,671
	411,069	357,482

As at 31 December 2023 and 2022, the fair values of trade receivables approximate their carrying amounts.

13 TRADE AND OTHER PAYABLES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade payables	265,418	148,201
Other payables		
— Amounts due to related parties	1,278	1,201
— Amounts collected on behalf of property owners	131,785	110,837
— Deposits received	19,283	12,662
— Consideration payables (note 16)	4,700	—
— Others	11,080	4,323
Accruals for staff costs	109,622	103,050
VAT and other tax payables	20,880	31,550
	564,046	411,824

As at 31 December 2023 and 2022, the carrying amounts of trade and other payables approximate their fair values.

As at 31 December 2023 and 2022, amounts due to related parties were unsecured, interest-free and repayable on demand.

As at 31 December 2023 and 2022, the ageing analysis of the trade payables based on goods and services received is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Less than 1 year	242,602	144,857
1 to 2 years	20,782	3,344
2 to 3 years	2,034	–
	<u>265,418</u>	<u>148,201</u>

14 SHARE CAPITAL

	Number of ordinary shares	Share capital of the Company	
		<i>HK\$</i>	<i>RMB'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 January 2023 and 31 December 2023	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>–</u>
Issued:			
As at 1 January 2022 and 31 December 2022	<u>410,765,000</u>	<u>4,107,650</u>	<u>3,421</u>
As at 1 January 2023 and 31 December 2023	<u>410,765,000</u>	<u>4,107,650</u>	<u>3,421</u>

15 DIVIDEND

No dividends were paid, declared or proposed during the year ended 31 December 2023. The directors of the Company have determined that no dividend will be paid in respect of the year ended 31 December 2023.

16 ACQUISITION OF SUBSIDIARIES

Business combination

In March 2023, the Group acquired 100% equity interest of Beihai Langrun at a total consideration of RMB201,700,000. After the acquisition, Beihai Langrun became a wholly-owned subsidiary of the Company.

Purchase consideration	Beihai Langrun RMB'000
— Cash consideration	201,700
Total consideration	<u>201,700</u>

The assets and liabilities recognized as a result of the acquisition are as follows:

	Beihai Langrun RMB'000
Intangible assets	88,507
Deferred income tax assets	506
Trade receivables	16,333
Prepayments and other receivables	846
Cash and cash equivalents	84
Deferred tax liabilities	(12,243)
Trade and other payables	(11,345)
Contract liabilities	(320)
Current income tax liabilities	(969)
Total net identifiable assets acquired at fair value	81,399
Less: non-controlling interests	10
Add: goodwill (<i>note 10</i>)	120,291
Total acquired net assets at fair value	<u>201,700</u>
Cash outflow on acquisition:	
Total consideration settled by cash	201,700
Consideration payables (<i>note 13</i>)	(4,700)
Cash in the subsidiary acquired	(84)
	<u>196,916</u>

The goodwill is attributable to Beihai Langrun's profitability in apartment lease operation and management service and synergies expected to arise after the Company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes. See note 10 above for the changes in goodwill as a result of the acquisition.

CHAIRMAN’S REPORT

Dear Shareholders,

Year 2023 is an extraordinary year, with the end of three years of anti-epidemic work and the return of operations to the pre-epidemic track. Meanwhile, the real estate industry experienced a turning point after more than ten years of growth, and the market sentiment became gloomy. The Group adheres to the corporate motto of “down-to-earth and long-term ambition “, never stops moving forward and makes every step count.

Upholding customer satisfaction with strong determination

Customer satisfaction is the foundation of corporate development. Enhancing service quality and customer satisfaction is our top priority. In 2023, Landsea Green Life adheres to its original aspiration, attaches great importance to service quality and continues to be customer-oriented. We ranked the 18th among the “EH Consulting•EH Property Research 2023 Super Service Power of Property Management Companies in the PRC” (億瀚智庫•億翰物研2023中國物企超級服務力) and ranked the 23rd among the “2023 Top 100 Property Management Companies in the PRC”(2023年中國物業服務百強企業) . During the Period, two times of 36.5° star-rating assessment to community housekeepers have been completed. Accordingly, more housekeepers can provide more sophisticated services to our customers in a more professional manner. The star-rating certification system has been more mature so as to inspire front-line staffs to offer more proactive services and consider themselves as a companion and friend of the residents. The Company will continue to enhance organizational and structural construction in the future to provide high-quality services in a more stable and compassionate manner.

As a responsible corporation, not only do we take good care of our customers, but we also take good care of and give back to our community. Year of 2023 is the second full year since the listing of Landsea Green Life, and is the 18th anniversary of the Company. The Company expresses its heartfelt gratitude to its community and its customers. We set up 188 community care centres in 34 cities, 156 communities and 32 sales sites across the country which provide 13 service items including drinking water, medical kit and basic first-aid for 24 hours a day, 365 days a year to bring our kindness and sincerity to the community and our customers.

Laying the foundation of diversified services with courage

In 2023, the Company emphasized satisfying the needs of the customers for diversified life services products. Our community resources business as a whole developed steadily. Our commodity retail and house renovation business segments achieved a breakthrough in terms of the number of completed transactions and revenue as compared with the prior year. Our customer assets services achieved a turnaround from loss to profit and were developing in a more stable manner. Among which, we completed more than 75,000 commodity retail transactions with the target achievement rate being 110%. Services and products of Landsea Green Life are not limited to commercial life services. Cultivation and promotion of community cultural products is of equal importance to us. As a community cultural brand, Landsea Friends (詩友公社) adheres to the core concept of “creating a warm community” and facilitates friendly interaction between residents by innovative measures to build up a community of friends with warmth and kindness. During the Year of 2023, we completed 25 internal training sessions for more than 2,600 participants for deepening the understanding on “warm community” among our staff and to make it the service motto of our staff. 848 activities were held successfully, of which 168 were organized by residents on their own. The online APP was launched with 30,400 registered users to create and enjoy harmonious community life together.

Meanwhile, the Company has proactively enhanced the diversity of its business operations and acquired the light-asset business of Landsea Apartment in March 2023 to enlarge its young customer base as well as its leasing business. In the long term, the future will be promising.

Navigating the path to sustainability with adherence to the bottom line

Since 2019, the Company has undergone rapid expansion in terms of the scale of marketization. As of 2023, after going through the process of trial and error in the market for five years, we developed a market development theory that is applicable to Landsea Green Life amid fierce competition. Meanwhile, we raised the standard for ourselves, being “quality development”. We watch closely to management scale and more importantly, the bottom line for our operations. Accordingly, in 2023, Landsea Green Life follows the path of quality development and actively expands the non-residential business. Furthermore, we insist on the protection of the rights of our customers and shareholders by orderly settlement and withdrawal from a number of long-term loss-making projects to uphold customer service quality. In addition, value-added services to non-property owners accounted for a smaller percentage of around 11% of our total revenue in 2023, so that the impact of the real estate industry on the Company can be substantially and swiftly reduced and we can navigate the path to sustainability.

Enhancing cost reduction and operating efficiency with well-formulated plans

In 2023, the Company adopted various measures to enhance operational efficiency. In terms of team building, we emphasized being result-oriented, valued operational profit and reformulated incentives. We enhanced our overall project development and raised our standard of talent acquisition to improve the quality of our staff. In terms of financial management, we adopted a more strict method of financial measurement which emphasized analysis and management of real-time collection rate and cash flow. We only spent what we earned and ensured stable and healthy business operations. We can succeed only if we make every step count. With the implementation of various measures, there was a significant decrease in the human resources costs and sales costs substantially incurred (excluding merger and acquisition costs) during the Year of 2023.

Looking back, the light boat slipped past ranges and ranges of mountains. Moving forward, Landsea Green Life will embrace unpretentiousness, stay steadfast, and achieve long-lasting success. We firmly believe that extraordinary results always come from and consist of ordinary work.

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 23rd among the “2023 Top 100 Property Management Companies in the PRC” (2023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 31 December 2023, our property management services covered 37 cities, including 24 cities in the Yangtze River Delta and 13 other cities in the PRC. As of 31 December 2023, our gross floor area (“GFA”) under management amounted to approximately 30.06 million sq.m. with a total of 203 managed properties, including 171 residential properties, 24 commercial and office buildings and involving 8 urban services, serving over 250,000 households.

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 providing 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. 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, co-working space, ancillary commercial, hotels and bed and breakfasts, 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 included residential properties, commercial and office buildings and urban service projects, among which, the projects of commercial and office buildings cover office buildings and rental apartments, whereas urban service projects cover 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 31 December 2023, the contracted GFA of the Group was approximately 37.46 million sq.m. For the Year of 2023, the new contracted GFA was approximately 3.03 million sq.m., of which, in terms of customer type, the new contracted GFA from independent third parties was approximately 2.84 million sq.m., accounting for approximately 93.7% of the total new contracted areas for 2023. In terms of property type, the new contracted GFA from our projects of commercial and office buildings was approximately 330,000 sq.m., accounting for approximately 10.9% of the total new contracted areas for the year. The Group is determined to safeguard the interest of its customers and shareholders as well as maintaining customer service quality. As an operation arrangement, we have decisively retreated from long-term loss making projects which are incoherent with the service quality of the Group to maintain our quality of development.

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

	2023			2022			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	2,859.8	61,410.2	87.3%	2,768.9	53,660.7	86.3%	14.4%
Commercial and office buildings	146.2	6,959.2	9.9%	149.1	6,695.5	10.8%	3.9%
Urban services	N/A	1,945.8	2.8%	N/A	1,822.4	2.9%	6.8%
Total	3,006.0	70,315.2	100.0%	2,918.0	62,178.6	100.0%	13.0%

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 31 December 2023, the GFA under management of commercial and office buildings was approximately 1.46 million sq.m.. The revenue of commercial and office buildings increased by approximately 3.9% as compared to the corresponding period in 2022.

Urban services represent a new breakthrough in the property industry. In 2023, the Company successfully won the bid for the Siwei Energy Industrial Park Project* (四維能源產業園項目), Guoyang Yangguang Power Industrial Park Project* (渦陽陽光電源產業園項目) and Hefei Special Police Detachment Project* (合肥特警支隊項目), representing a key breakthrough for the Group in the field of urban services, which may contribute to the construction of urban life service concept of the Group and to the further enrichment of our business portfolio. Total revenue from urban service projects under management reached approximately RMB19.46 million in 2023, representing an increase of approximately 6.8% as compared with the corresponding period in 2022.

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

	2023			2022			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”)	832.1	21,702.3	30.8%	826.3	22,385.5	36.0%	-3.1%
Properties developed by joint ventures and associates of Landsea Green Management	461.3	9,964.6	14.2%	422.4	9,330.3	15.0%	6.8%
Properties receiving project management services from Landsea Green Management	198.2	3,929.3	5.6%	189.3	3,898.9	6.3%	0.8%
Properties developed by independent third-party	<u>1,514.4</u>	<u>34,719.0</u>	<u>49.4%</u>	<u>1,480.0</u>	<u>26,563.9</u>	<u>42.7%</u>	30.7%
Total	<u><u>3,006.0</u></u>	<u><u>70,315.2</u></u>	<u><u>100.0%</u></u>	<u><u>2,918.0</u></u>	<u><u>62,178.6</u></u>	<u><u>100.0%</u></u>	13.0%

The growth of results performance of the Group for 2023 was also benefitted from expansion and acquisition by fairly balancing both quality and scale. The Group has 21 new projects through bidding in the market with a new contracted GFA of approximately 3.03 million sq.m. and a new GFA under management of approximately 3.30 million sq.m. during the year:

		Year-on-year growth (addition in 2023 compared with that of 2022)		Year-on-year growth (Addition in 2023 compared with that of 2022)
	Additional contracts signed		Addition under management	
Residential properties				
Number of projects	10	Decreased by 31	20	Decreased by 25
GFA (in ten thousand sq.m.)	270	-74.1%	297	-71.6%
Number of households	15,889	-80.2%	16,595	-78.2%
Commercial and office buildings				
Number of projects	8	Increased by 1	8	Decreased by 1
GFA (in ten thousand sq.m.)	33	-25.0%	33	-54.8%
Urban services				
Number of projects	<u>3</u>	<u>Decreased by 9</u>	<u>3</u>	<u>Decreased by 9</u>

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 partner companies to handle the property management 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 2023, a total of 16 partner companies have been established, among which seven were consolidated into the Group, namely (1) Landsea Property Management (Xuzhou) Co., Ltd.* (朗詩寶物業管理(徐州)有限公司); (2) Anju Landsea Property Management Service (Yangzhou) Co., Ltd.* (安居朗詩物業服務(揚州)有限公司); (3) Jiangsu Landsea Sea Lake Property Management Co., Ltd.* (江蘇朗詩海湖物業有限公司); (4) Sichuan Langshang Property Management Co., Ltd.* (四川朗商物業管理有限公司), (5) Xi'an Langze Property Management Co., Ltd.* (西安朗澤物業管理有限公司); (6) Anhui Xindi Zhihui City Technology Services Co., Ltd.* ; and (7) Suzhou Langyiju Commercial Management Service Co., Ltd.* (蘇州朗頤居商業管理服務有限公司) while the accounts of the remaining nine were not consolidated into that of the Group where only investment gains would be shared, namely (1) Chengdu Fulang Property Services 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.* (浙江朗恆物業管理有限公司); (4) Shanghai Landsea Savills Property Management Co., Ltd.* (上海朗詩第一太平戴維斯物業管理有限公司); (5) Dongyang City Investment Landsea Property Service Co., Ltd.* (東陽市城投朗詩物業服務有限公司); (6) Suzhou Langtong Green Elevator Service Co., Ltd.* (蘇州朗通綠色電梯服務有限公司); (7) Suzhou Gaolang Green Life Services Co., Ltd.* (蘇州高朗綠色生活服務有限公司); (8) Nanjing Lang Yue 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). The total number of off-balance-sheet management projects was 27 with off-balance-sheet GFA under management amounting to approximately 3.19 million sq.m. by the end of 2023.

The Group insisted on the standardization of service quality during enhancement of service diversification. The Group passed the second supervision audits on ISO50001 energy management system and ISO27001 information security management system certifications in February 2023 successively, ensuring the stable and orderly operation of the Company's energy management and information security management. In June 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 Group passed the certification of GB/T31950 Corporate Integrity Management System and SA8000 Corporate Social Responsibility Management System respectively, which provided systematic support for the standardisation of corporate integrity management and fulfilment of social responsibility. 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 for 2023 reached approximately RMB2.06, among which, the overall average property management fee per sq.m. per month for residential properties amounted to approximately RMB1.86 while the overall average property management fee per sq.m. per month for commercial and office buildings as a whole was approximately RMB6.38.

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 and other pre-delivery services such as cleaning, inspection, repair and maintenance services at the pre-delivery stage and to a lesser extent, repair and maintenances 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 the revenue of value-added services to non-property owners by types for Year of 2023:

	2023	% of	2022	% of	Year-on-Year growth rate of revenue
	Revenue <i>Ten thousand RMB</i>	revenue	Revenue <i>Ten thousand RMB</i>	revenue	
Sales assistance services	4,463.3	42.0%	5,765.9	30.8%	-22.6%
Property consultancy services	1,555.8	14.7%	4,917.7	26.2%	-68.4%
Property agency services	4,599.1	43.3%	8,062.4	43.0%	-43.0%
Total	<u>10,618.2</u>	<u>100.0%</u>	<u>18,746.0</u>	<u>100.0%</u>	-43.3%

The Group is engaged in providing perfect “first impression” to customers by building professional sales assistance services teams. As of 31 December 2023, the Group provided sales assistance services to 28 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 22.6% as compared to the corresponding period. The proportion of the Group’s revenue from value-added services to non-property owners has been reduced from approximately 21.0% in Year of 2022 to approximately 11.4% in Year of 2023, thereby enhancing the marketization our property operations and reducing our reliance on the real estate business.

The Group provided property agency services to developers to facilitate the sale of new or remaining properties of developers and meet the home purchase and car parking space purchase demand of more property owners. The Group has established a professional sales team for property agency services assisting community management service providers in enhancing service quality based on analysis on customers' needs. As to remaining properties, we have facilitated 18 residential property transactions, 57 industrial factory transactions, and 193 car parking space transactions, respectively. During the Year of 2023, the Group's revenue from property agency services amounted to approximately RMB46 million. During the Period, the Group continued to improve its profitability in the car parking space marketing business segment by adjusting its operation structure and building up the capability of its sales team, and carrying out online and offline marketing. The Group also strived to lay out a broader deployment on urban areas and provide professional car parking space sales services to more 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 household maintenance, house renovation, housekeeping and cleaning, and new retail, etc.; (ii) public resource management services, which primarily include the leasing of advertising spots and community space; and (iii) asset management services for properties which relate to the sales and leases of properties, car parking spaces and use rights of the car parking spaces.

The following table sets out a breakdown of the revenue of community value-added services by types for the Year of 2023:

	2023	% of	2022	% of	Year-on-Year
	Revenue	revenue	Revenue	revenue	growth rate
	<i>Ten thousand</i>		<i>Ten thousand</i>		of revenue
	RMB		RMB		
Home-living services	4,789.2	55.5%	3,918.3	48.9%	22.2%
Public resource management services	2,415.8	28.0%	1,999.8	24.9%	20.8%
Asset management services	1,426.5	16.5%	2,102.7	26.2%	-32.2%
Total	<u>8,631.5</u>	<u>100.0%</u>	<u>8,020.8</u>	<u>100.0%</u>	7.5%

Home-living services are provided in terms of household maintenance, house renovation, housekeeping and cleaning, new retail, etc. Our own engineering staff provides property owners with convenient, small-scale and paid home maintenance services at any time. We provide house renovation services in cooperation with professional decoration companies to meet the increasing needs of property owners. We provide property owners with free on-site room measurement, design and quotation services, so that property owners can save time, effort and money. In the Year of 2023, the total number of housing renovation requests was 2,658, and the total number of completed housing renovation transactions was 897. 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. Our new retail business is also in full swing, cooperating with high-quality suppliers, and combining online and offline operations to provide property owners with products of superior quality, affordable price, rich variety and guaranteed after-sales services. Property owners can purchase goods they want without leaving their home by placing orders online for our home delivery services. This service enhances our interaction with property owners, allowing us to well understand their needs and providing them with quality services in a timely manner. In 2023, we recorded an aggregate 86,265 orders for new retail sales, representing a year-on-year increase of approximately 35.4% as compared to that of 2022, and the transaction amount amounted to approximately RMB6.0 million.

The public resource management services mainly focus on the lease of both advertisement spots and community space. We lease certain public areas to third parties on behalf of the property owners for advertising and other uses, such as advertising space 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 from leasing public areas will be primarily used to fund public repairs and maintenance, and could also be used to pay for smart community upgrades. We collect rent on behalf of the property owners and recognise it as income based on a defined percentage of the rent.

Regarding our asset management services, in 2023, we started 260 transactions for our trading business and 992 transactions for our lease business with the transaction amount of approximately RMB424 million. We continued to focus on the needs of the customers so as to get closer to the lives of the property owners. Through long-term and high-quality services, we will continue to develop the existing market, broaden the boundaries of life services, and strive to bring more beautiful life experiences to the property owners' families.

As always, the Group adheres to the service concept of “creating a warm community” and continues to build the customer community brand of Landsea Friends (詩友公社). In the Year of 2023, we held 25 internal training sessions for more than 2,600 participants for deepening the understanding on “warm community” among our staff. In order to encourage interaction and cooperation between residents of the community, the online Landsea Friends APP was officially launched with 30,400 registered users and 368,222 cumulative visits. Besides, 220 interest groups were established so that all residents can access the cross-community platform of community collaboration through the APP to create a harmonious life. 848 activities were held successfully, of which 168 were organized by residents on their own, gaining a total of approximately 72,000 customers participating in various community cultural activities, and therefore realizing the goal of building a community with online 3-in-1 tool for the “headquarters, property management services providers and customers”.

APARTMENT OPERATION AND MANAGEMENT SERVICES

On 16 December 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 Commercial Management Limited* (北海朗潤商業管理有限公司) (“**Beihai Langrun**”) to acquire the entire equity interest in Beihai Langrun. Beihai Langrun and its subsidiaries provide apartment operation and management services, managing more than approximately 16,000 asset-light entrusted management apartments, covering 13 first-and second-tier cities. The transaction was completed on 31 March 2023, and the Group realised revenue of approximately RMB36 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.

INFORMATISATION ESTABLISHMENT

The Group continues to promote the digital establishment of project services and internal operation and management to further improve customer service experience and corporate operational efficiency. As of 31 December 2023, our corporate service account covered all projects under management, and the WeChat accounts of our project managers and our WeCom (管家企業) basically achieved full cover of families, when customer service mini-program was also fully launched. At present, under further optimisation and upgrading to enhance users’ experience, the functions of property management services including online payment, repair request, complaint, announcement and inquiry have been basically realised.

The Group's intelligent inspection of internal equipment and facilities covers all projects under management, realising platform-based management from maintenance and repair to warehousing and settlement. The Group continued to promote and upgrade the intelligent management system for community visitors and parking, in which the visitor management system has achieved full project coverage, and the intelligent car parking management system was further promoted, covering more than 90% of its own projects. Meanwhile, in 2023, in order to facilitate the development of value-added services business, the Group continued to optimise the operating spot management system, community group purchase management system, housing rental and sales management system, home delivery service system and vehicle charging system. Regarding internal operation and management, in addition to continuously promoting the construction and optimisation of human resources and financial sharing system and platform, the Group also initiated the construction or optimization of income and expenditure management platform, taxation management platform and payment channel in 2023. At present, all-in-one income management platform and taxation management platform have been established and the payment channel of the Company has been refined to further improve management efficiency and help achieve refined management.

Social Responsibility

As a fast-growing green life service provider in the full life cycle, the Company actively promoted environmental, social and governance work, and formulated a leading and scientific ESG governance strategy for 2025 with reference to the Building Research Establishment (BRE) Green Building Operation Standards (BREEAMIn-Use). Meanwhile, the Company firmly believes that sound and effective ESG governance will promote the healthy development of our business, and create value for all stakeholders by integrating ESG strategies with business development strategies and operational management objectives. The Company's ESG governance strategy focuses on three major areas, namely "warm and inclusive", "safe and healthy" and "green and low-carbon", and sets corresponding quantitative ESG management goals, and regularly adjusts management strategies and measures to contribute to China's "30•60" goal of carbon peaking and carbon neutrality and the achievement of "sustainable cities and communities" in the global sustainable development goals (SDGs).

During the Year, the Company actively carried out a number of ESG-related management work, such as regularly collecting and analysing resource use and carbon emission data, carrying out in-depth research on the construction of green and low-carbon communities, and continuously providing value-added services that meet multiple scenarios, so as to promote the achievement of various ESG management goals in an orderly manner. Specifically, the Company uses the application information system to regularly collect energy use and carbon emission data of the headquarters and branches and subsidiaries, so as to form a carbon emission list and a panorama of corporate carbon and reduce unnecessary energy consumption by regularly managing the progress of ESG targets and carrying out targeted measures. At the same time, the Company and the Institute of Ecology and Environment of Nanjing University (Lishui) carried out cooperative research on the theme of “carbon reduction and green operation and maintenance in communities”, and was committed to building a new system of community carbon reduction and green operation and maintenance from the dimensions of carbon emission management, energy management, water resources management and waste management. During the Reporting Period, we applied for patents for 3 new researches, specifically covering an environmentally friendly soil amendment and use method of degraded green space, a comprehensive management and assessment method of residential community water resources based on Internet of Things technology and a management method of carbon emissions from electricity consumption in smart community public areas. The Company will publish the 2023 Environmental, Social and Governance (ESG) Report as scheduled to disclose more detailed ESG performance and related information for the year.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately 4.7% from approximately RMB889 million for the Year of 2022 to approximately RMB931 million for the Year of 2023, due to (i) the increase in number of projects and GFA under management of the Group, resulting in increase in revenue from property management services; (ii) the gradual scope expansion of community value-added services provided by the Group as a result of our continuous business development; and (iii) the additional revenue from apartment operation and management services.

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

	2023		2022	
	RMB’000	%	RMB’000	%
Property management services	703,152	75.5	621,786	70.0
Value-added services to non-property owners	106,182	11.4	187,460	21.0
Community value-added services	86,315	9.2	80,208	9.0
Apartment operation and management services	35,626	3.9	–	–
Total	931,275	100.0	889,454	100.0

Revenue from property management services increased by approximately 13.0% from approximately RMB622 million for the Year of 2022 to approximately RMB703 million for the Year of 2023. 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 decreased by approximately 43.3% from approximately RMB187 million for the Year of 2022 to approximately RMB106 million for the Year of 2023. Such decrease was due to the impact of the fluctuation of the property market resulting in the decrease in revenue from sales assistance services, property consulting services and property agency services.

Revenue from community value-added services increased by approximately 7.5% from approximately RMB80 million for the Year of 2022 to approximately RMB86 million for the Year of 2023. Such increase was primarily due to the increase in revenue from home-living services and public resources management services as a result of the increase in the number of projects and GFA under management of the Group.

For the Year of 2023, the Group enhanced its business diversity, therefore the revenue from apartment operation and management services increased by approximately RMB36 million.

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 13.7% from approximately RMB691 million for the Year of 2022 to approximately RMB786 million for the Year of 2023. Such increase was primarily due to the increase in staff headcount and subcontracting costs as a result of the expansion of the Group's business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 26.8% from approximately RMB198 million for the Year of 2022 to approximately RMB145 million for the Year of 2023. The gross profit margin decreased from approximately 22.3% for the Year of 2022 to approximately 15.6% for the Year of 2023. The decrease in gross profit margin was mainly attributable to (i) the increase in staff costs of property management services; and (ii) the decline in the gross profit margins of sales assistance services, property agency services and property consultancy services as a result of the cyclical impact of the property industry.

Other Income

The Group's other income mainly represents government grants, additional VAT deductibles and others. The Group's other income decreased from approximately RMB11 million for the Year of 2022 to approximately RMB5 million for the Year of 2023, primarily due to the decrease of additional VAT deductibles by 5 percentage points as compared to the Year of 2022.

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 14.3% from approximately RMB21 million for the Year of 2022 to approximately RMB24 million for the Year of 2023, 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 10.8% from approximately RMB102 million for the Year of 2022 to approximately RMB113 million for the Year of 2023, primarily due to the continuous expansion of the Group's business.

Finance Income — Net

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

The Group's net finance income decreased from net income of approximately RMB2.14 million for the Year of 2022 to net income of approximately RMB1.37 million for the Year of 2023, primarily due to a decrease in interest income.

Share of net profit of associates

The Group's share of net profit of associates decreased from approximately RMB0.77 million for the Year of 2022 to approximately RMB0.29 million for the Year of 2023.

Income Tax Credit/(Expense)

The Group's income tax refers to PRC enterprises income tax at a tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC and the land appreciation taxes required in accordance with the relevant tax laws and regulations in the PRC. Some subsidiaries of the Group are qualified as small and micro businesses and enjoy preferential tax rate of 10% for the Year of 2023.

The Group's income tax expenses decreased by approximately 366.7% from approximately RMB12 million for the Year of 2022 to income tax credit of approximately RMB32 million for the Year of 2023, mainly attributable to the decrease in profit before income tax.

(Loss)/profit for the year

As a result of the foregoing, the Group's profit for the Year of 2023 decreased by approximately 565.5% from approximately RMB29 million for the Year of 2022 to loss of approximately RMB135 million for the Year of 2023.

Liquidity, Reserves and Capital Structure

As at 31 December 2023, the Group's current assets amounted to approximately RMB691 million, representing a decrease of approximately 23.0% as compared with approximately RMB897 million as at 31 December 2022.

As at 31 December 2023, the Group's cash and cash equivalents, denominated in Renminbi and Hong Kong dollar, amounted to approximately RMB333 million, representing a decrease of approximately 7.0% as compared with approximately RMB358 million as at 31 December 2022, mainly due to the net cash inflow from operating activities of approximately RMB120 million, representing an increase of approximately 122.2% from the net cash inflow of approximately RMB54 million for the Year of 2022, and the net outflow from financing activities of approximately RMB3.38 million, representing a decrease of approximately 27.2% from the net inflow of approximately RMB4.64 million for 2022, and the net cash outflow from investing activities of approximately RMB142 million, representing an increase of approximately 5.2% as compared with the net inflow of approximately RMB135 million for the Year of 2022. As at 31 December 2023, the Group's total equity amounted to approximately RMB265 million, representing a decrease of approximately 33.6% from approximately RMB399 million as at 31 December 2022. The decrease was mainly due to the loss for the year.

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 trade receivables of the Group as at 31 December 2023 were approximately RMB215 million, representing a decrease of approximately 30.4% from approximately RMB309 million as at 31 December 2022. Such decrease was primarily due to the increase in bad debts of trade receivables as a result of the cyclical impact of the property industry.

Prepayments and Other Receivables

As at 31 December 2023, the Group's prepayments, deposits and other receivables amounted to approximately RMB138 million, representing a decrease of approximately 39.5% as compared with approximately RMB228 million as at 31 December 2022. It was primarily due to a decrease in the deposit for the exclusive sales agency business for the Year of 2023.

Trade and Other Payables

As at 31 December 2023, the Group's trade and other payables amounted to approximately RMB564 million, representing an increase of approximately 36.9% as compared with approximately RMB412 million as at 31 December 2022. This was primarily due to the continuous expansion of the Group's business.

Contract Liabilities

The 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.

As at 31 December 2023, the Group's contract liabilities amounted to approximately RMB211 million, representing an increase of approximately 1.9% as compared with approximately RMB207 million as at 31 December 2022. Such increase was primarily due to the continuous expansion of the Group's business.

Borrowings

As at 31 December 2023, 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 Year of 2023.

Material Acquisitions and Disposals

As approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 20 March 2023, the following connected transaction was approved:

On 16 December 2022, Langhong (Nanjing) Enterprise Management Co., LTD* (朗鴻(南京)企業管理有限公司) (“**Langhong Nanjing**”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) (as amended by a supplemental agreement dated 24 February 2023) with Huge Wealth Group Limited (濠旺集團有限公司) (“**Huge Wealth**”), Beihai Langrun Commercial Management Limited* (北海朗潤商業管理有限公司) (“**Beihai Langrun**”) and Nanjing Langjun Commercial Management Limited* (南京朗郡商業管理有限公司) (“**Nanjing Langjun**”), which is ultimately owned as to 50% by Mr. Tian. As Nanjing Langjun is an associate of Mr. Tian, it is a connected person of the Company. The Equity Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”), subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 24 February 2023, Langhong Nanjing, Nanjing Langjun, Huge Wealth and Beihai Langrun entered into a supplemental agreement in relation to, among other things, the disposal of 100% equity interests in Shanghai Liansheng Zhichuang Management Consulting Co., Ltd.* (上海聯勝致創管理諮詢有限公司) by Langhong Nanjing to Nanjing Langjun at the consideration of RMB197,000,000 (the “**Disposal**”). Nanjing Langjun is an associate of Mr. Tian and a connected person of the Company, the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this announcement, during the Year of 2023, the Company did not conduct any material acquisitions or disposals of assets, subsidiaries and affiliated companies.

Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of 3,346 employees (as at 31 December 2022: 3,891). 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 31 December 2023, 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, defined as lease liabilities and amounts due to related parties divided by total equity and multiplied by 100% was 0.99% as at 31 December 2023.

Use of Proceeds from the Listing

The shares of the Company were listed on the Stock Exchange on 8 July 2021 (the “**Listing Date**”) by way of global offering, 100,000,000 shares were issued, and the total of 110,765,000 shares were issued after the over-allotment options were partially exercised, raising the total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HK\$288.9 million.

The analysis on the utilization of the net proceeds from the Listing Date to 31 December 2023 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 up to 31 December 2023	Unutilised net proceeds as at 31 December 2023	Expected Timeline
	% of total amount	HK\$ Million	HK\$ Million	HK\$ Million	
	Expanding our business through various channels	56.8%	164.1	164.1	
Continuing to enhance our operating capability guided by users and driven by data	15.3%	44.2	13.6	30.6	2024/12/31
Continuing to enrich value-added services	10.2%	29.5	19.0	10.5	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 31 December 2023, 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 31 December 2023, 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 Year of 2023 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 in Hong Kong dollars. As at 31 December 2023, 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 31 December 2023, 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 31 December 2023, our liabilities to assets ratio was 75.6% (as at 31 December 2022: 62.4%).

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving a high standard of corporate governance to protect the Shareholders' overall interests.

The Company has adopted and applied the code provisions under the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code in Year of 2023.

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 (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules 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 in Year 2023.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023, other than those purchased by the trustee for the share award scheme.

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 for the Year of 2023.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the Year of 2023 (Year of 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

- (a) On 19 February 2024, Suzhou Luteng Healthcare Technology Co. Ltd.* (蘇州市綠藤健康科技有限公司) (“**Luteng Healthcare Technology**”), a wholly-owned subsidiary of the Company, as procurer, and Nanjing Qingyu Elderly Service Co. Ltd.* (南京青榆養老服務有限公司) (“**Qingyu Elderly Service**”), as service provider, entered into the service procurement agreement (the “**Service Procurement Agreement**”) in relation to the procurement of elderly care related services. The contract price of the Service Procurement Agreement is RMB5,371,000 (tax inclusive).

Qingyu Elderly Service is indirectly held as to 50% by Mr. Tian. As Qingyu Elderly Service is an associate of Mr. Tian, it is a connected person of the Company. The Service Procurement Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

- (b) 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 (iv) 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.

Members of Landsea Green Management Group are indirect wholly-owned subsidiaries of Landsea Green Management. Landsea Green Management is directly and indirectly held as to 58.52% by Mr. Tian. As Landsea Green Management is an associate of Mr. Tian, it is a connected person of the Company. The Property Transfer and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Save for the above, there is no other material subsequent event undertaken by the Company or the Group after 31 December 2023 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 Dr. Chen Kevin Chien-wen, Ms. Katherine Rong Xin 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.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year of 2023, and discussed the accounting principles and practices adopted by the Group, as well as internal controls, financial reporting and other matters, with the Group’s management.

REVIEW OF RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the Year of 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2023 (the “AGM”) is expected to be held on Friday, 14 June 2024 at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China. The notice of the AGM will be published on the Company’s website (www.landseawy.com) and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM

For the purpose of determining the identity of the shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both dates inclusive, during which period no transfer of shares will be effected. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.landseawy.com. The annual report of the Company for Year of 2023 containing all information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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

Hong Kong, 28 March 2024

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 and Mr. Liu Yong as non-executive Directors, and Ms. Lu Mei and Dr. Chen Kevin Chien-wen and Ms. Katherine Rong Xin as independent non-executive Directors.

* *For identification purposes only*