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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 2022**

#### **PERFORMANCE SUMMARY**

The results of the Group for the year ended 31 December 2022 are as follows:

1. The Group's revenue reached approximately RMB889 million, representing an increase of approximately 20.6% as compared with approximately RMB737 million for the corresponding period in 2021.
2. The following sets out the Group's revenue by business line:
  - (1) Revenue from property management services was approximately RMB622 million, accounting for approximately 70.0% of the total revenue and representing an increase of approximately 32.3% as compared with approximately RMB470 million for the corresponding period in 2021;
  - (2) Revenue from value-added services to non-property owners was approximately RMB187 million, accounting for approximately 21.0% of the total revenue and representing a decrease of approximately 6.5% as compared with approximately RMB200 million for the corresponding period in 2021; and
  - (3) Revenue from community value-added services was approximately RMB80 million, accounting for approximately 9.0% of the total revenue and representing an increase of approximately 19.4% as compared with approximately RMB67 million for the corresponding period in 2021.

3. Gross profit was approximately RMB198 million, representing an increase of approximately 6.5% as compared with approximately RMB186 million for the corresponding period in 2021. Gross profit margin was approximately 22.3%, representing a decrease of 2.9 percentage points as compared with approximately 25.2% for the corresponding period in 2021.
4. Profit for the year was approximately RMB29 million. Excluding the impact of impairment losses, the adjusted profit for the year was approximately RMB64 million, representing a decrease of approximately 5.9% as compared with approximately RMB68 million for the corresponding period in 2021.
5. As at 31 December 2022, the Group's contracted GFA was approximately 37.09 million sq.m., of which the GFA under management was approximately 29.18 million sq.m., representing an increase of approximately 50.0% as compared with the GFA under management of approximately 19.45 million sq.m. as at 31 December 2021.

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022 (“**Year of 2022**” or “**Period**”) together with the comparative figures for the year ended 31 December 2021 (“**Year of 2021**” 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 2022**

		<b>For the year ended</b>	
		<b>31 December</b>	31 December
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	5	<b>889,454</b>	737,218
Cost of sales and services		<u><b>(691,246)</b></u>	<u>(551,145)</u>
<b>Gross profit</b>		<b>198,208</b>	186,073
Other income		<b>11,398</b>	4,988
Selling expenses		<b>(21,388)</b>	(13,789)
Administrative expenses		<b>(102,192)</b>	(96,226)
Impairment losses under expected credit loss model		<b>(45,914)</b>	(12,238)
Other (losses)/gains — net	6	<u><b>(1,880)</b></u>	<u>5,475</u>
<b>Operating profit</b>		<b>38,232</b>	74,283
Finance income		<b>2,213</b>	2,095
Finance costs		<u><b>(76)</b></u>	<u>(48)</u>
Finance income — net		<b>2,137</b>	2,047
Share of gains of associates		<b>766</b>	231
Share of gains of joint ventures		<u><b>51</b></u>	<u>—</u>
<b>Profit before income tax</b>		<b>41,186</b>	76,561
Income tax expenses	7	<u><b>(11,900)</b></u>	<u>(18,219)</u>
<b>Profit for the year</b>		<u><b>29,286</b></u>	<u>58,342</u>

		<b>For the year ended</b>	
		<b>31 December</b>	31 December
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		<u>(19,932)</u>	<u>299</u>
<i>Items that will not be reclassified to profit or loss:</i>			
— Exchange difference on translation of foreign operations		<u>23,443</u>	<u>(4,122)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>3,511</u>	<u>(3,823)</u>
<b>Total comprehensive income for the year</b>		<u><b>32,797</b></u>	<u><b>54,519</b></u>
<b>Profit for the year attributable to:</b>			
— Equity owners of the Company		<u>28,420</u>	58,331
— Non-controlling interests		<u>866</u>	<u>11</u>
		<u><b>29,286</b></u>	<u><b>58,342</b></u>
<b>Total comprehensive income for the year attributable to:</b>			
— Equity owners of the Company		<u>31,931</u>	54,508
— Non-controlling interests		<u>866</u>	<u>11</u>
		<u><b>32,797</b></u>	<u><b>54,519</b></u>
<b>Earnings per share attributable to equity owners of the Company</b>			
Basic and diluted earnings per share	8	<u><b>0.074</b></u>	<u>0.177</u>

**CONSOLIDATED BALANCE SHEET**  
*AS AT 31 DECEMBER 2022*

		<b>31 December 2022</b>	31 December 2021
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		<b>750</b>	7,552
Property, plant and equipment		<b>16,931</b>	7,835
Right-of-use assets		<b>1,291</b>	1,257
Intangible assets	<i>9</i>	<b>48,718</b>	4,679
Interests in associates	<i>10</i>	<b>2,377</b>	1,611
Interests in joint ventures		<b>851</b>	–
Deferred income tax assets	<i>11</i>	<b>32,102</b>	15,377
Goodwill	<i>12</i>	<b>60,750</b>	–
		<b>163,770</b>	38,311
<b>Current assets</b>			
Trade receivables	<i>13</i>	<b>309,095</b>	215,426
Inventories		<b>1,049</b>	1,228
Prepayments and other receivables		<b>228,117</b>	148,564
Restricted cash		<b>780</b>	360
Cash and cash equivalents		<b>358,166</b>	444,093
		<b>897,207</b>	809,671
<b>Total assets</b>		<b>1,060,977</b>	847,982

		<b>31 December 2022</b>	31 December 2021
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>502</b>	56
Deferred income tax liabilities	<i>11</i>	<b>10,228</b>	–
		<u>10,730</u>	<u>56</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>411,824</b>	302,284
Contract liabilities		<b>207,293</b>	160,280
Lease liabilities		<b>570</b>	871
Current income tax liabilities		<b>31,532</b>	18,815
		<u>651,219</u>	<u>482,250</u>
<b>Total liabilities</b>		<u><b>661,949</b></u>	<u>482,306</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity owners of the Company</b>			
Share capital	<i>15</i>	<b>3,421</b>	3,421
Reserves		<b>388,344</b>	357,994
		<u>391,765</u>	<u>361,415</u>
<b>Non-controlling interests</b>		<u><b>7,263</b></u>	<u>4,261</u>
<b>Total equity</b>		<u><b>399,028</b></u>	<u>365,676</u>
<b>Total liabilities and equity</b>		<u><b>1,060,977</b></u>	<u>847,982</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 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 and value-added services to non-property owners 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 (the "Listing"). In the opinion of the directors of the Company, the ultimate holding company and ultimate controlling shareholder of the Company is Honor Limited ("Honor"), a company incorporated under the laws of British Virgin Islands ("BVI"), and Mr. Tian Ming, 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 31 March 2023.

### 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 disclosure requirements of HKCO.

#### (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 2022. The adoption of these standards and amendments does not have significant impact on the Group's financial performance and position.

- Merger Accounting for Common Control Combination — Amendments to Accounting Guideline 5

- Property, Plant and Equipment: Proceeds before intended use — Amendments to HKAS 16
  - Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
  - Reference to the Conceptual Framework — Amendments to HKFRS 3
  - Annual Improvements to HKFRS Standards 2018–2020
- (d) **New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group**

<b>Standards, amendments and interpretations</b>		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

### 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) Allowance on doubtful 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) 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.

**(c) 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 rates and expected useful lives of customer relationships).

**(d) Impairment of Goodwill**

For the purposes of goodwill impairment assessment, management considered each of the acquired group a separate group of cash-generated-units (“CGU”) and goodwill has been allocated to each of the acquired group. 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 revenue growth rate, gross profit margin and discount rate.

#### **4 SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“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 2022, the Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group’s revenue were derived in the PRC during the year ended 31 December 2022.

As at 31 December 2022 and 2021, all of the non-current assets of the Group were located in the PRC.

## 5 REVENUE

Revenue comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue for the years ended 31 December 2022 and 2021 is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue from customers and recognised over time		
— Property management services	<b>621,786</b>	469,911
— Value-added services to non-property owners	<b>101,769</b>	112,055
— Community value-added services	<b>19,998</b>	17,110
	<u><b>743,553</b></u>	<u>599,076</u>
Revenue from customers and recognised at point in time		
— Value-added services to non-property owners	<b>85,691</b>	88,167
— Community value-added services	<b>60,210</b>	49,975
	<u><b>145,901</b></u>	<u>138,142</u>
	<u><b>889,454</b></u>	<u>737,218</u>

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

	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Contract liabilities related to		
— Property management services	<b>201,469</b>	154,044
— Community value-added services	<b>5,411</b>	5,255
— Value-added services to non-property owners	<b>413</b>	981
	<u><b>207,293</b></u>	<u>160,280</u>

### (a) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the growth of the Group's business.

**(b) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	For the year ended	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	154,044	142,453
— Community value-added services	4,976	314
— Value-added services to non-property owners	981	3,896
	<u>160,001</u>	<u>146,663</u>

**(c) Unsatisfied performance obligations**

For property management services and value-added service to non-property owners, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

For community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

**6 OTHER (LOSSES)/GAINS — NET**

	For the year ended	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Net exchange (losses)/gains	(3,989)	2,290
Net loss on disposal of property, plant and equipment	(35)	(23)
Gain on termination of leases	29	—
Net gain on disposal of investment properties	1,607	2,431
Net gain on derecognition of financial assets	—	1,475
Others	508	(698)
	<u>(1,880)</u>	<u>5,475</u>

## 7 INCOME TAX EXPENSES

	For the year ended	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Current income tax		
— PRC corporate income tax (c)	24,310	23,863
— PRC land appreciation tax (c)	2,698	—
Deferred income tax ( <i>note 11</i> )		
— PRC corporate income tax (c)	(15,108)	(5,644)
	<u>11,900</u>	<u>18,219</u>

- (a) The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 (Law 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 2022 and 2021.
- (c) Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. 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.

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated statements of comprehensive income to the income tax expenses is listed below:

	<b>For the year ended</b>	
	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Profit before income tax	<b>41,186</b>	76,561
PRC land appreciation tax	<b>(2,698)</b>	–
	<b>38,488</b>	76,561
Tax calculated at tax rate of 25%	<b>9,622</b>	19,140
Effects of preferential tax rates to different subsidiaries of the Group (i)	<b>(5,279)</b>	(5,620)
Tax effect of non-taxable income (ii)	<b>(204)</b>	–
Tax effect of non-deductible expenses	<b>585</b>	756
Tax effect of unrecognised tax losses	<b>3,958</b>	6,698
Others	<b>520</b>	(2,755)
	<b>9,202</b>	18,219
PRC land appreciation tax	<b>2,698</b>	–
	<b>11,900</b>	18,219

(i) Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and implementation regulations of the CIT Law, the income tax rate of 25% is applicable to the Group’s subsidiaries for the years ended 31 December 2022 and 2021. Some subsidiaries are qualified as small and micro businesses and enjoy preferential income tax rate of 5% or 10% as approved by the local tax authorities for the years ended 31 December 2022 and 2021. Some subsidiaries located in western areas of the PRC engaged in encouraged industries and are subject to a preferential tax rate of 15% in accordance with regulations for the years ended 31 December 2022 and 2021.

(ii) Non-taxable income includes mainly share of results of associates and joint ventures.

## 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 years ended 31 December 2022 and 2021.

	For the year ended	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Profit attributable to equity owners of the Company	28,420	58,331
Number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<u>386,467</u>	<u>328,762</u>
Basic earnings per share (expressed in RMB per share)	<u>0.074</u>	<u>0.177</u>

### (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.

	For the year ended	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Profit attributable to owners of the Company used in the diluted earnings per share calculation	28,420	58,331
Number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	386,467	328,762
Adjustment for:		
— Assumed distribution of shares under share award scheme (thousands)	<u>36</u>	<u>—</u>
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>386,503</u>	<u>328,762</u>
Basic earnings per share (expressed in RMB per share)	<u>0.074</u>	<u>0.177</u>

## 9 INTANGIBLE ASSETS

	<b>Computer software</b> <i>RMB'000</i>	<b>Customer relationship</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>At 1 January 2021</b>			
Cost	4,065	–	4,065
Accumulated amortisation	(847)	–	(847)
Net carrying amount	<u>3,218</u>	<u>–</u>	<u>3,218</u>
<b>Year ended 31 December 2021</b>			
Opening net carrying amount	3,218	–	3,218
Additions	1,976	–	1,976
Amortisation charge	(515)	–	(515)
Closing net carrying amount	<u>4,679</u>	<u>–</u>	<u>4,679</u>
<b>At 31 December 2021</b>			
Cost	6,041	–	6,041
Accumulated amortisation	(1,362)	–	(1,362)
Net carrying amount	<u>4,679</u>	<u>–</u>	<u>4,679</u>
<b>At 1 January 2022</b>			
Cost	6,041	–	6,041
Accumulated amortisation	(1,362)	–	(1,362)
Net carrying amount	<u>4,679</u>	<u>–</u>	<u>4,679</u>
<b>Year ended 31 December 2022</b>			
Opening net carrying amount	4,679	–	4,679
Additions	3,974	–	3,974
Acquisition of subsidiaries ( <i>note 17</i> )	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>
<b>At 31 December 2022</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>

## 10 INTERESTS IN ASSOCIATES

	<b>For the year ended</b>	
	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
At 1 January	<u>1,611</u>	<u>—</u>
Additions:		
— Investments in associates	—	1,380
Share of gains of associates	<u>766</u>	<u>231</u>
At 31 December	<u><u>2,377</u></u>	<u><u>1,611</u></u>

Set out below are the associates of the Group as at 31 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the proportion of voting rights held.

	Place of business/ country of incorporation	% of ownership interest		Measurement method	Carrying amount	
		31 December 2022	31 December 2021		31 December 2022	31 December 2021
					RMB'000	RMB'000
Dongyang Chengtou Landsea Property Service Co., Ltd.	Mainland China	49.00	49.00	Equity method	1,946	1,265
Suzhou Langtong Green Elevator Service Co., Ltd.	Mainland China	20.00	20.00	Equity method	—	346
Chengdu Fulang Property Service Co., Ltd.	Mainland China	49.00	—	Equity method	431	—
Total interests in associates					<u><u>2,377</u></u>	<u><u>1,611</u></u>

### (a) Commitments and contingent liabilities in respect of associates

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Commitments		
— Commitment to pay up the subscription capital	<u><u>6,010</u></u>	<u><u>5,520</u></u>



**(b) Unrecognized share of net loss of associates**

The Group applied the equity method in recognizing its respective shares of net profit or loss of associates. After the Group's interests in associates is reduced to zero, additional shares of losses of associates were not recognized if Group has not incurred legal or constructive obligations or made payments on behalf of the associates.

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Aggregate unrecognized share of net loss of associates	<u>56</u>	<u>–</u>

**11 DEFERRED INCOME TAX**

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Deferred income tax liabilities to be settled after one year	<u>10,228</u>	<u>–</u>
Deferred income tax assets:		
— to be recovered within 12 months	21,077	7,491
— to be recovered after 1 year	<u>11,025</u>	<u>7,886</u>
	<u>32,102</u>	<u>15,377</u>
Deferred income tax assets, net	<u>21,874</u>	<u>15,377</u>

The movements in deferred income tax assets, net are as follows:

	<b>For the year ended 31 December 2022 RMB'000</b>	For the year ended 31 December 2021 RMB'000
At 1 January	<u>15,377</u>	<u>8,685</u>
Credited to profit or loss	15,108	5,644
Deemed distribution	–	1,048
Acquisition of subsidiaries (note 17)	<u>(8,611)</u>	<u>–</u>
At 31 December	<u>21,874</u>	<u>15,377</u>

The movements in the deferred income tax liabilities, prior to offsetting, are as follows:

	<b>Change in fair value of identified assets upon acquisition of subsidiaries RMB'000</b>	<b>Total RMB'000</b>
At 31 December 2021	–	–
As at 1 January 2022	–	–
Acquisition of subsidiaries ( <i>note 17</i> )	10,862	10,862
Credited to the consolidated statements of comprehensive income	(634)	(634)
At 31 December 2022	10,228	10,228

The movements in the deferred income tax assets, prior to offsetting, are as follows:

	<b>Allowance on doubtful receivables RMB'000</b>	<b>Accrued staff costs RMB'000</b>	<b>Tax losses RMB'000</b>	<b>Total RMB'000</b>
As at 1 January 2021	2,919	5,766	–	8,685
Deemed distribution	–	–	1,048	1,048
Credited to the consolidated statements of comprehensive income	3,059	2,120	465	5,644
At 31 December 2021	5,978	7,886	1,513	15,377
As at 1 January 2022	5,978	7,886	1,513	15,377
Acquisition of subsidiaries ( <i>note 17</i> )	1,032	912	307	2,251
Credited to the consolidated statements of comprehensive income	11,411	2,227	836	14,474
At 31 December 2022	18,421	11,025	2,656	32,102

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets for the tax loss of approximately RMB10,578,000 and approximately RMB6,698,000 as at 31 December 2022 and 2021 in respect of losses amounting to approximately RMB42,312,000 and approximately RMB26,791,000 that can be carried forward against future taxable income.

As at 31 December 2022, the Group has unrecognised deferred income tax liabilities arising from undistributed profits from the Group's subsidiary in the PRC to its immediate holding company in Hong Kong. No provision has been made in respect of such withholding tax as the Company is able to control the timing of distribution from its subsidiaries and the directors expect that such profits will not be distributed in the foreseeable future. Retained earnings in this respect amounted to approximately RMB236,158,000 (2021: RMB148,436,000).

## 12 GOODWILL

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Cost at 1 January, net of accumulated impairment	—	—
Acquisition of subsidiaries (note 17)	<b>60,750</b>	—
Net carrying amount at 31 December	<b>60,750</b>	—
<b>At 31 December</b>		
Cost	<b>60,750</b>	—
Accumulated impairment	—	—
Net carrying amount	<b>60,750</b>	—

## 13 TRADE RECEIVABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade receivables (a)		
— Related parties	<b>181,811</b>	143,703
— Third parties	<b>175,671</b>	90,371
	<b>357,482</b>	234,074
Less: provision for bad debt	<b>(48,387)</b>	(18,648)
	<b>309,095</b>	215,426

- (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.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

The receivables from the provision of value-added services to non-property owners are usually due for payment upon the issuance of document of settlement.

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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Related parties		
— Less than 1 year	<b>107,896</b>	139,518
— 1 to 2 years	<b>72,061</b>	1,958
— 2 to 3 years	<b>1,027</b>	827
— 3 to 4 years	<b>827</b>	1,400
	<b>181,811</b>	143,703
Third parties		
— Less than 1 year	<b>122,441</b>	62,968
— 1 to 2 years	<b>30,143</b>	17,447
— 2 to 3 years	<b>13,723</b>	6,316
— 3 to 4 years	<b>5,795</b>	1,571
— 4 to 5 years	<b>1,357</b>	608
— Over 5 years	<b>2,212</b>	1,461
	<b>175,671</b>	90,371
	<b>357,482</b>	234,074

As at 31 December 2022 and 2021, the fair values of trade receivables approximate their carrying amounts.

#### 14 TRADE AND OTHER PAYABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade payables	<b>148,201</b>	94,338
Other payables		
— Amounts due to related parties	<b>1,201</b>	1,151
— Amounts collected on behalf of property owners	<b>110,837</b>	68,033
— Deposits received	<b>12,662</b>	11,021
— Others	<b>4,323</b>	2,713
Accruals for staff costs	<b>103,050</b>	100,730
Value-added tax (“VAT”) and other tax payables	<b>31,550</b>	24,298
	<b>411,824</b>	302,284

As at 31 December 2022 and 2021, the carrying amounts of trade and other payables approximate their fair values.

As at 31 December 2022 and 2021, amounts due to related parties were unsecured, interest-free and repayable on demand.

As at 31 December 2022 and 2021, the ageing analysis of the trade payables based on goods and services received is as follows:

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	<b>144,857</b>	91,966
1 to 2 years	<b>3,344</b>	2,372
	<u><b>148,201</b></u>	<u>94,338</u>

## 15 SHARE CAPITAL

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

## 16 DIVIDEND

No dividends were paid, declared or proposed during the year ended 31 December 2022. The directors of the Company have determined that no dividend will be paid in respect of in respect of the year ended 31 December 2022 (for the year ended 31 December 2021: Nil).

## 17 ACQUISITION OF SUBSIDIARIES

### Business combination

In May 2022, the Group acquired 100% equity interest of Dream Seeker Company Limited (“**Dream Seeker**”) at a total consideration of HK\$129,976,000 (equivalent to RMB108,414,000). After the acquisition, Dream Seeker became a wholly owned subsidiary of the Company.

<b>Purchase consideration</b>	<b>Dream Seeker</b>
	<i>RMB'000</i>
— Cash consideration	<u>108,414</u>
Total consideration	<u><u>108,414</u></u>

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

	<b>Dream Seeker</b> <i>RMB'000</i>
Property, plant and equipment	7,080
Right-of-use assets	1,007
Intangible assets ( <i>note 9</i> )	43,547
Deferred income tax assets ( <i>note 11</i> )	2,251
Trade receivables	17,046
Inventory	7
Prepayments and other receivables	10,017
Cash and cash equivalents	82,085
Lease liabilities	(962)
Deferred income tax liabilities ( <i>note 11</i> )	(10,862)
Trade and other payables	(61,585)
Contract liabilities	(37,691)
Current income tax liabilities	(2,361)
	<hr/>
Total net identifiable assets acquired at fair value	49,579
Less: non-controlling interests	(1,915)
Add: goodwill ( <i>note 12</i> )	60,750
	<hr/>
Total acquired net assets at fair value	<u>108,414</u>
	<hr/>
Cash outflow on acquisition:	
Total consideration settled by cash	108,414
Cash in the subsidiary acquired	(82,085)
	<hr/>
	<u>26,329</u>

## **CHAIRMAN’S REPORT**

### **2022 REVIEW**

In the past year, the property service industry in China, facing the severe pandemic situation and prevention policies domestically with its impingement on market prosperity, still steadily marched forward against those headwinds. The support and guidance from relevant national policies was increasingly positive and inspiring. Property management enterprises were encouraged to become the “pillar of community governance” to improve the living standards within the whole society, which leads to a confident conclusion that the development prospects of property management industries remaining promising. 2022 was the Group’s first full year of operation after the Listing, when we adhered to the customer-oriented principle, and drove business innovation satisfying customers’ needs, with a digital system built to reduce costs and enhance efficiency, so as to accelerate the transformation from a traditional property service enterprise to a life service platform committed to materializing business development as well as scale growth of better quality and sustainability.

### **Results Overview**

During the Reporting Period, revenue of the Group amounted to approximately RMB889 million, representing an increase of approximately 20.6% as compared with approximately RMB737 million for the corresponding period, when gross profit for the period increased by approximately 6.5% to approximately RMB198 million, from approximately RMB186 million for the corresponding period. Excluding the impact of impairment losses, the adjusted profit for the period was approximately RMB64 million, which implied a decrease of approximately 5.9% as compared with approximately RMB68 million for the corresponding period.

### **Business Update**

In 2022, with customers’ needs as our direction, the Group consolidates our service quality and stretches our service boundaries and business fields. Specifically, on one hand, we are resilient on creating advantages and brand characteristics to differentiate ourselves in terms of sustainable operation based on high-quality services. On the other hand, we deeply engage ourselves in the field of providing value-added services by focusing on the actual needs of residents and their problems in reality, exploring the business model in relation to community elderly care and continuously promoting business development in areas such as rental and sales for housing stock, home decoration and renovation, for the construction of a warm community. At the same time, as China has entered a new stage of urbanisation, we also actively expand business in the urban service sector to contribute to the construction and governance of intelligent cities.

In recent years, property owners have demanded more for the service level and quality of community property service providers. As a community service provider and a property manager, the Group adheres to the bottom line of high-quality property services, promoting orderly community life through the establishment of a standardised service system. During the period, the Group carried out multiple quality inspections and increased mutual inspections among local branches to improve the service quality control system. We have also issued engineering visualisation and self-inspection manuals to optimize the standardised management of customer services and business processes. During the pandemic, our service staff not only held on at the frontline for epidemic prevention sparing no effort for safeguarding necessary supplies to property owners, but also actively cooperated with relevant government departments to ensure the orderly implementation of epidemic prevention in the communities.

In terms of scale growth, the Group facilitated the quality scalability through the dual-wheel drive of market expansion and equity cooperation. In addition to continuously cultivating serving abilities for residential properties, industrial parks and commercial and office premises, the Group successfully expanded into the field of urban services and gradually built up service capabilities for all types of business in the industry. In 2022, the Group started its cooperation with Jiangsu Nanfang Real Estate Group, reaching cooperation intention in relation to industrial park projects. Acquisition of Anhui Xindi Ruiyi Property Services Co., Ltd.\* (安徽新地銳意物業服務有限公司) (“**Xindi Ruiyi**”) was completed in May 2022 with our recognition and competitiveness in the Anhui and Shandong regions strengthened. In terms of urban services, the Group entered the market of Qinlan Town, Tianchang City, Anhui Province by providing environmental hygiene maintenance and urban service governance. As of 31 December 2022, the Group has expanded its property management services to 36 cities with a GFA under management of approximately 29.18 million sq.m. and the total contracted GFA of approximately 37.09 million sq.m., serving more than 240,000 households. Our capability of independent market expansion has also been increasing, with the portion of GFA under management from independent third parties (including properties receiving project management services from Landsea Green Management Limited (“**Landsea Green Management**”)) to the total GFA under management raised by nearly 15 percentage points from approximately 42.3% for the corresponding period to approximately 57.2%. Due to quality growth in scale and improvement in service capabilities, the revenue from property management services has climbed by approximately 32.3%.



In terms of community value-added services, the Group focuses on customer asset services by actively carrying out leasing and sales business. In response to the growing demand for elderly care, community services for home-based elderly care were explored to alleviate the contradiction caused between families and societies. In the mean time, in order to satisfy the living needs of residents in aspects such as clothing, food, housing and transportation, we commenced the pilot for home decoration and renovation service and promoted the new community retail business. Despite the effects from the epidemic control, revenue from community value-added services during the period under review amounted to approximately RMB80 million, representing an increase of nearly 20% as compared with the corresponding period. In addition, the Group has made great efforts in organising branding activities for the Landsea Friends. Throughout the year, upgrading of our own standard products was completed, with construction of community spirits and culture further developed and neighbourhood relationship improved by publishing the guidance manuals for community culture standardisation and community development, which assist in leading property owners to create and build a beautiful and harmonious home together. In 2022, the Group carried out a total of 616 events for community, social groups and online activities, among which, approximately 82 events of the activities was independently planned by the property owners. In terms of value-added services to non-property owners, the Group strives to provide quality, standardised and professional solutions for on-site management, developing property consulting services with green building operation and maintenance as our core competitiveness and also property agency services to respond to customers' needs with rapid sales and de-stocking achieved.

Digital construction is the breakthrough element against the fierce market competition at the time and also the key to facilitate the transformation of the Group into a life service platform. For basic services with digital intelligence and intelligent communities, we have established a mature and stable management platform for basic property services by enhancing the online contact for customer service and the management system. By optimizing the digital and intelligent service experience under multiple scenarios such as visitors, vehicles & pedestrians, and security, as well as realizing the online management of community group purchase and household leasing and sales, our community convenience is enhanced and the development of life service business is facilitated. At the same time, in terms of digital management transformation, we have improved the digital back-end system which enabled various departments such as the Human Resources, Financing and Operation to give supports to the projects under management, and started the use of electronic staff cards in projects to promote the refined management of corporate and project operation.

## **Corporate Social Responsibility and Sustainability**

Holding on to our core values of “people orientation, positive and green”, the Group actively fulfils our corporate social responsibilities. In 2022, the pandemic was still haunting many places across the country, when we were not afraid to take the responsibility for community epidemic prevention. During the pandemic in Shanghai, more than 400 property service staff were stationed at the frontline, with 16+ hours of work per day and 3,000+ pieces of materials delivered per day. The Shanghai Luodian Hospital (上海羅店醫院), a project under management, has become a designated unit for patient, with 122 property service staff working around the clock to provide services for 1,089 confirmed cases or cases requiring intensive care. In addition, the service team of Dongyang Chengtou Landsea Property in Zhejiang went out of the community and was stationed in the local quarantine facilities to provide a series of services from reception, disinfection, catering, monitoring, patrolling, logistics to emergency response.

The Group has strictly followed the principle of coordinated development on economy, society and environment, and conducted business operations in a responsible manner, committed to contributing to the sustainable development of enterprises and communities. On 28 April 2022, the Group officially released its first Environmental, Social and Governance (“ESG”) Report after the Listing. The report systematically illustrates our efforts and achievements in building a sustainable community and contributing to urban carbon neutrality in the past focusing on the three major areas of “warm and inclusive”, “safe and healthy” and “green and low-carbon”, which have expedited the emission reduction in all kinds of scenarios in community and guarded the green and healthy life for the public. In 2022, focusing on the difficulties and problems from carbon emission management in property services, we continued to cooperate with the Lishui Institute of Ecological Environment, Nanjing University for the joint implementation of the “Landsea model of low-carbon community (低碳社區朗詩模式)”, a scientific research project, and successively developed a series of intellectual property rights and technical patents under self-research by Landsea related to green operation and maintenance, with a community platform for low-carbon and intelligent management.

### **OUTLOOK FOR 2023**

Looking forward to 2023, the property management industry will retrieve the development path of giving priority to service quality, when continuing to stretch its scope of service by extending to different types of services to maintain steady development. With the adjustment of the epidemic control policies, the consumption level and desires of residents remain scaling-up. The same goes with recovering pursuit of a better life, which shall bring good opportunities for the development of value-added services for the property management industry. In addition, in terms of reaching the goal of “carbon peaking and carbon neutrality”, it is possible for property management enterprises, as an important vehicle for urban governance, to become a crucial force for low-carbon transformation and sustainable development of the society.

The Group will continue to accelerate our transformation and upgrading toward a life service platform. Therefore, we will adhere to the customer-oriented approach for improvement on operation quality. Business development on community life service will be accelerated with our own resource and intelligence, when non-residential and urban service areas will be vigorously explored to promote quality scale growth. Digital transformation will be strengthened and speeded up for enriching customer service experience and enhancing corporate operation efficiency, so as to facilitate the implementation of diversified service areas. In 2022, performance of the Group deteriorated as affected by the external environment, while we shall strive to achieve substantial improvement in our results in 2023. In response to the implementation of the national goal of carbon peaking and carbon neutrality, the Group plans to achieve our goal of carbon neutrality in scope 1 of our “Carbon Neutrality Roadmap of Landsea Group (本集團碳中和路線圖)<sup>Note</sup>” by 2023 through green energy-saving transformation in office space, increasing usage of renewable energy for electricity, and energy conservation and emission reduction in terms of eco-offices and employee behaviour.

We will embrace our dreams and ambition aiming high, adhere to the long-term development, and do difficult but right things. In the process of strategic transformation, the Group will rely on cumulatively refined operation and management, scientific organization reforms and human-oriented and pragmatic business philosophy to gain improvement with better quality, increasing efficiency and higher sustainability.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express my sincere gratitude to all our employees, investors, customers and business partners, and thank you for holding our hands on the path of the Group’s development and transformation!

In 2023, we will continue to spread the culture of never giving up and always uphold the spirits of entrepreneurship and innovation. Besides, we will from time to time be modest with courage for rightness, learn to overcome challenges and continue to create diversified values for customers, shareholders, employees, partners and other stakeholders.

*Note:* For details, please refer to the announcement titled “VOLUNTARY ANNOUNCEMENT ROADMAP TO CARBON NEUTRALITY” and published by the Group on 24 December 2021.

## 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 “2022 Top 100 Property Management Companies in the PRC” (2022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 2022, our property management services covered 36 cities, including 27 cities in the Yangtze River Delta and 9 other cities in the PRC. Our gross floor area (“GFA”) under management amounted to approximately 29.18 million sq.m. with a total of 203 managed properties, including 163 residential properties, 25 commercial and office buildings and involving 15 urban services, serving over 240,000 households.

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

We strive to provide high quality and featured property management services and value-added services to various customers. By strengthening market-oriented operations to enhance brand value, we have earned numerous recognitions for the year. As of 31 December 2022, we received the “China Leading Property Management Companies in terms of Service Quality 2022” (2022中國物業服務百強服務質量領先企業) from CIA for six consecutive years, and have been bestowed honours of the “China Leading Property Management Companies in terms of Customer Satisfaction 2022” (2022中國物業服務百強滿意度領先企業), the “China Leading Property Management Companies in terms of Marketisation of Business 2022” (2022中國物業管理行業市場化運營領先企業), the “China Leading Property Management Companies in terms of Social Responsibility 2022” (2022中國物業服務年度社會責任感企業) and the “China Outstanding Enterprise in terms of ESG Development in 2022 (2022中國物業服務ESG發展優秀企業)”. We also received the “TOP5 Leading Listed Property Companies with Development Potentials 2022 (2022 物業上市公司領先企業發展潛力TOP5)” from E-house China R&D Institute (上海易居房地產研究院), and the “2022 TOP20 Listed Property Companies in China (2022中國上市物業企業TOP20)”, the “2022 TOP30 Property Companies with Comprehensive Strengths in China (2022中國物業企業綜合實力TOP30)”, the “2022 Leading Company in terms of Property Management Brand Value in China (2022中國物業服務品牌價值領先企業)” and the “2022 Excellent Growing

Property Management Company in China (2022中國物業服務成長性優秀企業)” from EH Consulting (億翰智庫 • 嘉和家業) and the “2022 Leading Urban Property Management Company in China (2022 中國城市物業服務領先企業)” and the “2022 Leading Property Management Company for Industrial Parks in China (2022 中國產業園區物業服務領先企業)” from CPMRI.

## **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.

## **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 2022, the contracted GFA of the Group was approximately 37.09 million sq.m. For the Year of 2022, the new contracted GFA were approximately 10.85 million sq.m., of which, in terms of customer type, the new contracted GFA from independent third parties were approximately 10.70 million sq.m., accounting for approximately 98.6% of the total new contracted areas for 2022. In terms of property type, the new contracted GFA from our projects of commercial and office buildings were approximately 440,000 sq.m., accounting for approximately 4.1% of the total new contracted areas for 2022.

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

	As of 31 December 2022			As of 31 December 2021			Year-on-year growth rate of revenue
	GFA under management <i>Ten thousand sq.m.</i>	2022 Revenue <i>Ten thousand RMB</i>	% of revenue %	GFA under management <i>Ten thousand sq.m.</i>	2021 Revenue <i>Ten thousand RMB</i>	% of revenue %	
Residential properties	2,768.9	53,660.7	86.3%	1,862.6	41,307.9	87.9%	29.9%
Commercial and office buildings	149.1	6,695.5	10.8%	82.3	4,777.9	10.2%	40.1%
Urban services	N/A	1,822.4	2.9%	N/A	905.3	1.9%	101.3%
Total	<u>2,918.0</u>	<u>62,178.6</u>	<u>100.0%</u>	<u>1,944.9</u>	<u>46,991.1</u>	<u>100.0%</u>	32.3%

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 31 December 2022, the GFA under management of commercial and office buildings was approximately 1.49 million sq.m.. With the proportion of project scale further increased, the revenue of commercial and office buildings increased by approximately 40.1% as compared to the corresponding period.

Urban services represent a new breakthrough in the property industry. Since our entering of the urban service field for the first time in 2021, the Group has continued to make efforts in it. In particular, the sanitation and cleaning project in Qinlan Town (秦欄鎮) acquired during the period is a key breakthrough for the Group in the field of urban services, where revenue from urban service projects under management reached RMB18.22 million denoting an increase of 101.3% over the corresponding period, which may contribute to the construction of urban life service concept of the Group and to the further enrichment of our business portfolio.

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

	As of 31 December 2022			As of 31 December 2021			Year-on-year growth rate of revenue
	GFA under management <i>Ten thousand sq.m.</i>	2022 Revenue <i>Ten thousand RMB</i>	% of revenue <i>%</i>	GFA under management <i>Ten thousand sq.m.</i>	2021 Revenue <i>Ten thousand RMB</i>	% of revenue <i>%</i>	<i>%</i>
Properties developed by Landsea Green Management Limited (Formerly as “Landsea Green Properties Co., Ltd.”) (“Landsea Green Management”)	826.3	22,385.5	36.0%	790.6	21,598.4	46.0%	3.6%
Properties developed by joint ventures and associates of Landsea Green Management	422.4	9,330.3	15.0%	332.0	7,528.3	16.0%	23.9%
Properties receiving project management services from Landsea Green Management	189.3	3,898.9	6.3%	149.7	3,152.2	6.7%	23.7%
Properties developed by independent third-party	1,480.0	26,563.9	42.7%	672.6	14,712.2	31.3%	80.6%
Total	2,918.0	62,178.6	100.0%	1,944.9	46,991.1	100.0%	32.3%

The growth of results performance of the Group for 2022 was also benefitted from expansion and acquisition by fairly balancing both quality and scale. The Group has 30 new projects through bidding in the market with a new contracted GFA of approximately 3.82 million sq.m. and a new GFA under management of approximately 5.22 million sq.m. The Group has 30 new projects through acquisition with a new contracted GFA of approximately 7.03 million sq.m. and a new GFA under management of approximately 5.98 million sq.m.:

<b>Additional Contracts signed</b>	<b>Additional Contracts signed</b>	<b>(Addition in 2022 compared with that of 2021)</b>	<b>Addition under management</b>	<b>(Addition in 2022 compared with that of 2021)</b>
<b>Residential properties</b>				
Number of projects	41	Increased by 9	45	Increased by 20
Area (in ten thousand sq.m.)	1,041	116.6%	1,047	338.5%
Number of households	80,449	249.2%	76,122	350.8%
<b>Commercial and office buildings</b>				
Number of projects	7	Increased by 0	9	Increased by 2
GFA (in ten thousand sq.m.)	44	114.0%	73	61.5%
<b>Urban services</b>				
Number of projects	<u>12</u>	<u>Increased by 9</u>	<u>12</u>	<u>Increased 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 31 December 2022, a total of 15 partner companies have been established, among which six 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); and (6) Anhui Xindi Zhihui City Technology Services Co., Ltd.\* 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 Landsea Nanfang Property Management Co., Ltd.\* (南京朗詩南房物業管理有限公司); and (9) Nanjing Lang Yue Property Management Co., Ltd.\* (南京朗越物業管理有限公司). For 2022, the Group has seven new off-balance-sheet management projects with new off-balance-sheet GFA under management amounting to approximately 170,000 sq.m.. The total number of off-balance-sheet management projects was 23 with off-balance-sheet GFA under management amounting to approximately 2.38 million sq.m. by the end of 2022.

As at the end of 2021, Southern Land International Company Limited (a wholly-owned subsidiary of the Company), Lucky Front Investments Limited, Dream Seeker, and Xindi Ruiyi entered into a share transfer agreement for the acquisition of 100% equity interests in Dream Seeker. The projects under management of Xindi Ruiyi, a subsidiary of Dream Seeker, include the Xindi Center (新地中心), a landmark in Anhui Province and a super high-rise office building with a height of 240 meters. This acquisition assisted the Group in exploring into the Anhui regional market, and formed effective synergy with the existing areas under the Group's management, thereby achieving the construction of a multi-level brand system. With the continuous exchanges and integration of the two parties in terms of corporate culture and management concepts, the influence of the Group in the Anhui market was also increasing in 2022. The completion of the acquisition took place on 30 May 2022 and the Group's contracted GFA increased accordingly by approximately 7.03 million sq.m. and the GFA under management increased by approximately 5.98 million sq.m.

The Group insisted on the standardization of service quality during enhancement of service diversification, realising the steady increase in the average price of property management fees. The Group passed the first-year supervision audits on ISO50001 energy management system and ISO27001 information security management system certifications in February and March 2022 successively. In July 2022, the Company passed the first-year supervision audits for the re-certification of ISO90001 Quality Management System, ISO14001 Environmental Management System and ISO45001 Occupational Health and Safety Management System, as smooth and orderly operation was in place for the management systems. Meanwhile, 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 2022 reached approximately RMB2.10, among which, the average property management fee for residential properties amounted to approximately RMB1.86 while the average property management fee for commercial and office buildings as a whole was approximately RMB6.74.

## 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) 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 where such services are required by property developers based on inspection of relevant properties; 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 2022:

	Whole year of 2022		Whole year of 2021		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	5,765.9	30.8%	6,425.6	32.1%	-10.3%
Property consultancy services	4,917.7	26.2%	4,779.9	23.9%	2.9%
Property agency services	8,062.4	43.0%	8,816.7	44.0%	-8.6%
Total	<u>18,746.0</u>	<u>100.0%</u>	<u>20,022.2</u>	<u>100.0%</u>	-6.5%

The Group is engaged in providing perfect “first impression” to customers by building professional sales assistance services teams. As of 31 December 2022, the Group provided sales assistance services to 47 sales offices of Landsea Green Management and its partners and property companies which were independent third parties, which included 8 newly added sales offices during the period representing a decrease in income from sales assistance services of approximately 10.3% as a result of the impact of the pandemic as compared to the corresponding period.

Leveraging on its experience in operating green buildings for years, the Group managed to secure more property consultancy services. The Group has signed a strategic cooperation agreement with the Building Research Establishment (BRE) to jointly cultivate talents for green building certification assessment and for operation and maintenance management, promote the concept and standards for green building operation and maintenance, and has obtained the status as the exclusive certification assessment institution of BREEAM In-Use green building operation and maintenance standards (residence) in China. In 2022, the contracted service area increased by approximately 280,000 sq.m. and the contracted amount reached approximately RMB 2.23 million, when the revenue from property consultancy services increased by approximately 2.9% as compared with the corresponding period.

We provided property agency services to developers and property owners 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. During the Year of 2022, we established a professional sales team for property agency services assisting community management service providers in enhancing service quality based on analysis on customers' needs and facilitated 200 residential properties transactions, 869 car parking space transactions and 5 apartment transactions. In addition to providing property agency services for sales of car parking spaces and shops owned by property developers, we sourced potential property buyers, assisted property developers in entering into property sale and purchase agreements with buyers and the sales of new properties, thereby expanding our property agency services. During the Period, revenue from property agency services amounted to approximately RMB80.62 million, representing a decrease of approximately 8.6% as compared with approximately RMB88.17 million for the corresponding period as a result of the impact of the fluctuation of the property market and the pandemic.

### Community Value-Added Services

The Group offers a wide range of community value-added services in its residential properties under management to cater for the evolving needs of its customers and improve their quality of life. The services primarily consist of (i) home-living services such as house cleaning, home repair and maintenance services; (ii) public resource management services, which primarily include public spaces leasing and advertising activities; and (iii) property agency services for 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 2022:

	Whole year of 2022		Whole year of 2021		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	3,918.3	48.9%	3,292.4	49.1%	19.0%
Public resource management services	1,999.8	24.9%	1,711.0	25.5%	16.9%
Asset management services	2,102.7	26.2%	1,705.1	25.4%	23.3%
Total	<u>8,020.8</u>	<u>100.0%</u>	<u>6,708.5</u>	<u>100.0%</u>	19.4%

Home-living services are provided in terms of household maintenance, housekeeping and cleaning and partial house renovation. We cooperate with professional housekeeping service providers to provide housekeeping services, including interior cleaning, exterior cleaning, carpet cleaning and disinfection and hourly home services. Property owners and residents can obtain information about our products such as agricultural products and cleaning services online and submit orders to the property service center. This service fosters interaction between our customers and us, allowing us to well understand their needs. Despite the impact of the pandemic, total revenue from this business recorded an increase of approximately 19.0% as compared with the corresponding period. Such increase was primarily due to the increase in number of projects and GFA under management of the Group.

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. The total revenue of this business recorded an increase of approximately 16.9% as compared with the corresponding period.

Regarding our asset management business, in 2022, we started 747 transactions for our trading business and 1,366 transactions for our lease business with the transaction amount of approximately RMB399 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 stock market, broaden the boundaries of life services, and strive to bring more beautiful life experiences to the property owners' families. The total revenue of this business recorded an increase of approximately 23.3% as compared to the corresponding period. Such increase was primarily due to the orderly commencement of lease and sales business.

With the Landsea Friends (詩友公社) as the medium, the Group has encouraged neighborhood relationship through the buildup of community culture so as to satisfy the spiritual and cultural needs of customers. In order to realize the warm communities, we have polished our system for standardized products by publishing 4 sets of guides for community cultural standards including the "Instruction Statements for the Full Life-Cycle of Community Cultural Products of The Landsea Friends (詩友公社社區文化產品全生命週期使用說明書)". Meanwhile, the mini-programs for "The Landsea Friends" groups, the platforms for community cultural activities, were launched with 18,311 registered users and 199,307 cumulative visits as at 31 December 2022. Besides, 19 national and city-level interest groups were established and 210 community groups were connected, when 616 activities were held, of which 82 were organized by the residents on their own, successfully gaining more than 380,000 customer visits with 49,000 families participating in various kinds of community cultural activities.

## **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 2022, 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, basically realising the function of property management services including online payment, repair request, complaint, announcement and inquiry.

The intelligent inspection of internal equipment and facilities of the Group covers all projects under management, realizing platform-based management from maintenance and repair to warehousing and settlement when optimization of related functions continues to be implemented. The Group has upgraded the intelligent management systems for community visitors and parking to enhance customers' experience in our management on the construction of the financial sharing system and platform, such that mechanical and repetitive works could be reduced and management efficiency could be further improved to support the optimisation of the organisation. In terms of value-added services to property owners, the Group added and launched a community service platform for group purchase, a service platform for home delivery, a service platform for non-motor vehicle charging and other platforms, which enhanced service experience and effectively promoted the development of value-added business simultaneously. At the same time, a community activity platform was also launched this year to help in building a warm community for active community cultural activities.

### **Social Responsibility**

The Group actively promoted environmental, social and governance work, and published the 2021 Environmental, Social and Governance Report in the first half of the year. In December 2021, we announced the roadmap and action plan for carbon neutrality, striving to contribute to high-quality environmental and social development through green, premium and low-carbon products and services. On the basis of constructing “more inclusive, safer and healthier” sustainable communities, we will further explore the construction of sustainable and low-carbon communities, and promote sustainable communities with reducing level of carbon through the iteration of energy-saving technologies, the improvement of supporting equipment for new energy vehicles, the advocacy of low-carbon actions in communities and other actions. We further strengthened our management on the basis of the original eight professional capabilities on operation and maintenance, including green management, disaster prevention and resilience, health and well-being, and energy consumption management, to create differentiated operation and maintenance capabilities, and expanded for more kinds of architecture such as commercial and public buildings, so as to provide a sustainable management model for the increasing number of green buildings in urban areas and provide support for the construction of low-carbon cities, thereby accelerating the realisation of the “30 • 60” goal of carbon peaking and carbon neutrality.

We are committed to fighting against the pandemic, protecting the communities and assuming our social responsibilities. In 2022, the society, economy and our daily lives were hit hard by the outbreak of COVID-19, when we were staying at our position by fulfilling our social responsibilities, adhering to our mission and fighting against the pandemic at the first line of defense and being determined to make useful contributions to protect our property owners and achieve success in pandemic control, thereby gaining recognition from the society. In addition to the recognition of our property management teams and individuals by local governments in 2020 and 2021, during the Year of 2022, the Nantong Chunhui Garden (南通春暉花園) project was rated as the “advanced unit for anti-epidemic” and the management team of Nanjing Landsea for green garden and property was rated as the “advanced construction partner for combating the pandemic”. The Green Home (綠色家園) of Shanghai Landsea was rated as the “most beautiful volunteer team for epidemic prevention” and the Future Home of Wuxi Landsea was rated as the “most beautiful volunteer team”. The Linglong Yu of Nanjing Landsea (南京朗詩玲瓏嶼) obtained a certificate of honour for epidemic prevention and control. The Nanjing Poly Landsea Weilan (南京保利朗詩蔚藍雅苑) obtained a certificate of appreciation for volunteer service unit. The property management team of Changzhou Landsea Garden (常州朗詩競園) won a praise flag for community epidemic prevention and control, and a number of employees of the projects won personal honours for epidemic prevention and control.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue increased by approximately 20.6% from approximately RMB737 million for the Year of 2021 to approximately RMB889 million for the Year of 2022, due to (i) the increase in number of projects and GFA under management of the Group, resulting in another increase in revenue from property management services; and (ii) the gradual scope expansion of community value-added services provided by the Group as a result of our continuous business development.

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

	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	<b>621,786</b>	<b>70.0</b>	469,911	63.7
Value-added services to non-property owners	<b>187,460</b>	<b>21.0</b>	200,222	27.2
Community value-added services	<b>80,208</b>	<b>9.0</b>	67,085	9.1
Total	<b>889,454</b>	<b>100.0</b>	737,218	100.0

Revenue from property management services increased by approximately 32.3% from approximately RMB470 million for the Year of 2021 to approximately RMB622 million for the Year of 2022. 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 6.5% from approximately RMB200 million for the Year of 2021 to approximately RMB187 million for the Year of 2022. Such decrease was due to the impact of the fluctuation of the property market and the pandemic resulting in the decrease in revenue from sales assistance services and property agency services.

Revenue from community value-added services increased by approximately 19.4% from approximately RMB67 million for the Year of 2021 to approximately RMB80 million for the Year of 2022. Such increase was primarily due to (i) the orderly commencement of lease and sales business; and (ii) the increase in number of projects and GFA under management of the Group.

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

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

The Group's cost of sales and services increased by approximately 25.4% from approximately RMB551 million for the Year of 2021 to approximately RMB691 million for the Year of 2022. 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 increased by approximately 6.5% from approximately RMB186 million for the Year of 2021 to approximately RMB198 million for the Year of 2022. The gross profit margin decreased by approximately 2.9 percentage points from approximately 25.2% for the Year of 2021 to approximately 22.3% for the Year of 2022. 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 and property consultancy services as a result of the cyclical impact of the property industry and the impact of pandemic.

### **Other Income and Gains**

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

The Group's other income increased from approximately RMB5 million for the Year of 2021 to approximately RMB11 million for the Year of 2022, primarily due to the constant business expansion of the Group.

## **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 50.0% from approximately RMB14 million for the Year of 2021 to approximately RMB21 million for the Year of 2022, 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 6.3% from approximately RMB96 million for the Year of 2021 to approximately RMB102 million for the Year of 2022, primarily due to scale expansion of the Group.

## **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 increased from net income of approximately RMB2.05 million for the Year of 2021 to net income of approximately RMB2.14 million for the Year of 2022, primarily due to an increase in interest income.

## **Share of gains of associates**

The Group recorded a share of the gains of associates of approximately RMB0.77 million for the Year of 2022.

## **Share of gains of joint ventures**

Our share of gains of joint ventures for the Year of 2022 was approximately RMB0.05 million.

## **Income Tax Expenses**

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 2022.



The Group's income tax expenses decreased by approximately 33.3% from approximately RMB18 million for the Year of 2021 to approximately RMB12 million for the Year of 2022, mainly attributable to the decrease in profit before income tax.

### **Profit for the year**

The Group's profit for the year was approximately RMB29 million. Excluding the impact of impairment losses, the adjusted profit for the year was approximately RMB64 million, representing a decrease of approximately 5.9% as compared with approximately RMB68 million for the corresponding period. The net profit margin for the Year of 2022 was approximately 3.3%, representing a decrease of 4.6 percentage points from approximately 7.9% for the corresponding period.

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

As at 31 December 2022, the Group's current assets amounted to approximately RMB897 million, representing an increase of approximately 10.7% as compared with approximately RMB810 million as at 31 December 2021.

As at 31 December 2022, the Group's cash and cash equivalents, denominated in Renminbi, Hong Kong dollar and U.S. dollar, amounted to approximately RMB358 million, representing a decrease of approximately 19.4% as compared with approximately RMB444 million as at 31 December 2021, mainly due to the net cash inflow from operating activities of approximately RMB72 million, representing an increase in net cash inflow by approximately RMB73 million from the net outflow of approximately RMB1 million for the previous year, and the net cash outflow from investing activities of approximately RMB152 million, representing an increase in net outflow by approximately RMB55 million as compared with the net outflow of approximately RMB97 million for the previous year, and the net outflow from financing activities of approximately RMB5 million, representing a decrease in net inflow of approximately RMB233 million from the net inflow of approximately RMB228 million for 2021.

### **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 2022 were approximately RMB309 million, representing an increase of approximately 43.7% from approximately RMB215 million as at 31 December 2021. Such increase was primarily due to the increase in the Group's revenue.

## **Prepayments and Other Receivables**

As at 31 December 2022, the Group's prepayments, deposits and other receivables amounted to approximately RMB228 million, representing an increase of approximately 53.0% as compared with approximately RMB149 million as at 31 December 2021. It was primarily due to (i) the acquisition deposit of RMB30 million; and (ii) an increase in the deposit for the exclusive sales agency business for the year.

## **Trade and Other Payables**

As at 31 December 2022, the Group's trade and other payables amounted to approximately RMB412 million, representing an increase of approximately 36.4% as compared with approximately RMB302 million as at 31 December 2021. This was primarily due to the increase in the number of projects of the Group and the expansion of the GFA under management.

## **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 2022, the Group's contract liabilities amounted to approximately RMB207 million, representing an increase of approximately 29.4% as compared with approximately RMB160 million as at 31 December 2021. Such increase was primarily due to the increase in number of projects and the GFA under management of the Group.

## **Borrowings**

As at 31 December 2022, 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 2022.

## **Material Acquisitions and Disposals**

As mentioned above, the completion of the acquisition of the entire equity interest in Dream Seeker took place on 30 May 2022 and Dream Seeker has become a wholly-owned subsidiary of the Company.

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 (as amended by a supplemental agreement dated 24 February 2023) 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**”), in relation to the Group’s acquisition of the entire equity interest in Beihai Langrun at a total consideration of RMB201,700,000. On 16 December 2022, Beihai Langrun and Shanghai Landsea Apartment Industrial Development Limited\* (上海朗詩寓實業發展有限公司) also entered into an operation and management framework agreement, pursuant to which members of Beihai Langrun and its subsidiaries will provide operation and management services for long-term apartment leasing and management to members of Shanghai Landsea Apartment Industrial Development Limited.

Save as disclosed in this announcement, during the Year of 2022, the Company did not conduct any material acquisitions or disposals of assets, subsidiaries and affiliated companies.

### **Employees and Remuneration Policies**

As at 31 December 2022, the Group had a total of 3,891 employees (as at 31 December 2021: 3,568). 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 2022, 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 bank and other borrowings, lease liabilities and amounts due to related parties divided by total equity and multiplied by 100% was 0.57% as at 31 December 2022 as the Group has no bank loan and other borrowings (as at 31 December 2021: 0.57%).

## 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 2022 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 2022	Unutilised net proceeds as at 31 December 2022	Expected Timeline
	<i>% of total amount</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	
Strategic acquisitions and investments	56.8%	164.1	164.1	–	Completed
Further upgrading the software and hardware of the Group’s digitalised smart systems, improving customer data security and establishing a strategy analysis platform, developing and upgrading the Group’s internal management systems and continuing to upgrade the Group’s Landsea e Cloud and the IT tools and software for running the Group’s WeChat service accounts	15.3%	44.2	7.3	36.9	2023/12/31
Enriching community living and cultural activities, expanding and further promoting the Group’s property agency services, enriching and promoting the Group’s community value-added services, establishing a WeChat Mini Program	10.2%	29.5	10.5	19.0	2024/12/31

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 2022	Unutilised net proceeds as at 31 December 2022	Expected Timeline
	<i>% of total amount</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	
Continuing to incentivise, retain and recruit talents in order to better the Group's human resources management	7.7%	22.2	22.2	–	Completed
Working capital and other general corporate purposes	10.0%	28.9	–	28.9	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 2022, 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 2022, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

## **Foreign Exchange Risk**

As all of the Group's businesses were conducted in the PRC, the revenue and profit for the Year of 2022 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 2022, 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 2022, 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 2022, our liabilities to assets ratio was 62.4% (as at 31 December 2021: 56.9%).

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE PRACTICES**

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

Since the Listing Date, the Company has adopted and applied the code provisions under the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 during the Year of 2022.

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

Since the Listing Date, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct and rules governing dealings by all the Directors in the securities of the Company. Having made specific enquiry of all the Directors, they have confirmed that they have complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this announcement.

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **FINAL DIVIDEND**

The Board does not recommend any payment of final dividend for the Year of 2022 (Year of 2021: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

Save for the acquisition of the entire equity interest in Beihai Langrun as disclosed in the section “Material Acquisitions and Disposals” above, there is no other material subsequent event undertaken by the Company or the Group after 31 December 2022 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 2022, 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 2022 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. 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 2022 (the "AGM") is expected to be held on Friday, 30 June 2023 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](http://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 Friday, 23 June 2023 to Friday, 30 June 2023, 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 Wednesday, 21 June 2023.

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

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.landseawy.com](http://www.landseawy.com). The annual report of the Company for Year of 2022 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, 31 March 2023

*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*