A-LIVING SERVICES CO., LTD.*
雅居樂雅生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3319)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Summary

	Year ended 31 December		
	2017	2016	**Change**
Revenue *(RMB in millions)*	**1,760.8**	1,244.7	+41.5%
Gross profit *(RMB in millions)*	**590.6**	311.6	+89.5%
Net profit *(RMB in millions)*	**300.2**	169.0	+77.6%
Net profit before listing expense and other related costs *(RMB in millions) (Note)*	**312.1**	169.0	+84.7%
Profit attributable to the Shareholders of the Company *(RMB in millions)*	**289.7**	160.7	+80.3%
Profit attributable to the Shareholders of the Company before listing expense and other related costs *(RMB in millions) (Note)*	**301.6**	160.7	+87.7%
Basic earnings per share *(RMB per share)*	**0.35**	0.22	+59.1%

Note: In 2017, the Company incurred listing expense and other related costs of approximately RMB15.8 million, after taking into account the effect of income tax being approximately RMB11.9 million. The Group's net profit and profit attributable to the Shareholders before listing expense and other related costs were approximately RMB312.1 million and RMB301.6 million, respectively.

- In 2017, the Group recorded (i) revenue of RMB1,760.8 million, representing an increase of 41.5% compared to last year, (ii) total gross floor area ("GFA") under management of 78.3 million sq.m., representing an increase of 56.5% compared to last year, and (iii) the average residential property management fees per sq.m. per month increased from RMB2.94 in 2016 to RMB3.01 in 2017.

- During the Year, the revenue contributed by the three business lines of the Group were (i) the revenue from property management services which increased by 23.3% to RMB1,205.6 million on a year-on-year basis; (ii) the revenue from value-added services to non-property owners which increased by 113.7% to RMB453.4 million on a year-on-year basis; and (iii) the revenue from value-added services to property owners which increased by 86.4% to RMB101.8 million on a year-on-year basis.

- During the Year, the Group recorded a net profit of RMB300.2 million, representing an increase of 77.6% compared to the previous year. Before listing expense and other related costs (after tax) of approximately RMB11.9 million (before tax: approximately RMB15.8 million), the net profit for the Year was RMB312.1 million, representing an increase of 84.7% as compared to that of 2016.

- As at 31 December 2017, the cash and cash equivalents held by the Group amounted to RMB879.8 million, representing an increase of RMB356.6 million or 68.2% when compared with that of 31 December 2016.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,760,753**	1,244,735
Cost of sales	*3, 4*	**(1,170,188)**	(933,088)
Gross profit		**590,565**	311,647
Selling and marketing expenses	*4*	**(32,629)**	(19,057)
Administrative expenses	*4*	**(170,015)**	(78,692)
Other income	*5*	**11,395**	4,802
Other expenses		**(799)**	(1,331)
Other losses — net	*6*	**(100)**	(219)
Operating profit		**398,417**	217,150
Finance income — net	*7*	**4,279**	14,606
Profit before income tax		**402,696**	231,756
Income tax expenses	*8*	**(102,489)**	(62,710)
Profit and total comprehensive income for the year		**300,207**	169,046
Profit and total comprehensive income attributable to:			
— Shareholders of the Company		**289,727**	160,670
— Non-controlling interests		**10,480**	8,376
		300,207	169,046
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	*9*	**0.35**	0.22

CONSOLIDATED BALANCE SHEETS

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**70,704**	61,603
Other intangible assets	*10*	**110,303**	10,738
Goodwill	*10*	**918,967**	–
Deferred income tax assets		**11,834**	16,672
Loans and interest receivables due from related parties		**–**	630,666
		1,111,808	719,679
Current assets			
Inventories		**17,397**	24,261
Trade and other receivables	*11*	**488,189**	223,116
Loans and interest receivables due from related parties		**13,248**	405,334
Cash and cash equivalents		**879,771**	523,163
Restricted cash		**384**	3,304
		1,398,989	1,179,178
Total assets		**2,510,797**	1,898,857
Equity			
Equity attributable to Shareholders of the Company			
Share capital	*12*	**1,000,000**	50,000
Reserves	*13*	**373,543**	105,497
Retained earnings		**98,409**	124,144
		1,471,952	279,641
Non-controlling interests		**2,117**	23,841
Total equity		**1,474,069**	303,482
Liabilities			
Non-current liabilities			
Borrowings		**–**	595,592
Deferred income tax liabilities		**22,118**	99
		22,118	595,691
Current liabilities			
Trade and other payables	*14*	**952,375**	761,306
Current income tax liabilities		**62,235**	38,585
Borrowings		**–**	199,793
		1,014,610	999,684
Total Liabilities		**1,036,728**	1,595,375
Total equity and liabilities		**2,510,797**	1,898,857

1 Basis of preparation

The consolidated financial statements of The Company and its subsidiaries (together the "Group") have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS 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.

1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2017:

- Amendments to HKAS 12, 'Income taxes'
- Amendments to HKAS 7, 'Statement of cash flows'
- Amendment to HKFRS 12, 'Disclosure of interest in other entities'

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New and amended standards not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted:

		Effective for annual years beginning on or after
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2018
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 January 2019

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

Management is currently assessing the effects of applying the new standards on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

The Group considers that the adoption of the new standard of HKFRS 15 will not have a significant impact on the Group's financial position and results of operations.

HKFRS 9 replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk.

While the Group has yet to undertake a detailed assessment, there will be no impact on the Group's accounting for financial assets and liabilities. As the Group expects that its financial assets currently measured at amortised cost will continue with their respective classification and measurements, and the Group did not hold financial assets currently classified as available-for-sale (AFS) or financial assets currently measured at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities.

The Group assesses that adopting HKFRS 9 will not have a material impact on the Group's financial position and results of operations.

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. As at 31 December 2017, the Group's minimum lease payments under non-cancellable operating lease agreements amounted to RMB42,893,000. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on or after 1 January 2019.

The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated balance sheet as right-of-use assets and lease liabilities.

2 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 executive directors of the Company.

During the years ended 31 December 2017 and 2016, the Group was principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, property agency services and other services, in the PRC.

Before 30 June 2017, the Group's business was primarily operated under a single brand "Agile Property Management". The CODM of the Company examined the Group's performance as a whole and has identified only one reportable segment.

On 30 June 2017, the Group acquired Shanghai Greenland Property Services Co., Ltd. ("Greenland Property Services", 上海綠地物業服務有限公司). Since then, the Group has been operating under two brands, "Agile Property Management" and "Greenland Property Services". Management reviews the operating results of the business under these two brands to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are two segments which are used to make strategic decisions.

The CODM of the Company assesses the performance of the operating segments based on a measure of segment revenue, segment results, segment assets and segment liabilities. Segment results excluded other income, other losses — net, finance income and income tax expenses, and segment assets excluded wealth management products, as these activities are centrally driven by the Group.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue are derived in the PRC.

As at 31 December 2017, all of the assets were located in the PRC.

For the year ended 31 December 2017, revenues of approximately RMB470,605,000 (2016: RMB305,174,000) were derived from Agile Group Holdings Limited (雅居樂集團控股有限公司) ("Agile Holdings") and its subsidiaries. These revenues were attributed to the business operated by Agile Property Management.

Segment Revenue and Results

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2017 are as follows:

	Business operated by Agile Property Management *RMB'000*	Business operated by Greenland Property Services *RMB'000*	Total *RMB'000*
Gross segment sales	1,678,152	82,601	1,760,753
Segment results	312,418	25,913	338,331
Other income			11,395
Other losses — net			(100)
Finance income			53,070
Income tax expense			(102,489)
Profit for the period			300,207
Segment results include:			
Depreciation	7,333	21	7,354
Amortisation	1,535	6,613	8,148

Segment assets and liabilities

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 31 December 2017 are as follows:

	Business operated by Agile Property Management *RMB'000*	Business operated by Greenland Property Services *RMB'000*	Total *RMB'000*
Segment assets	1,348,819	1,150,144	2,498,963
Unallocated assets			
— Deferred income tax assets			11,834
Total segment assets			2,510,797
Segment liabilities	885,185	129,425	1,014,610
Unallocated liabilities			
— Deferred income tax liabilities			22,118
Total liabilities			1,036,728
Capital expenditure	29,482	82	29,564

3 Revenue and cost of sales

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2017 and 2016 is as follows:

	Year ended 31 December			
		2017		2016
		RMB'000		*RMB'000*
	Revenue	**Cost of sales**	Revenue	Cost of sales
Property management services	**1,205,589**	**880,918**	977,863	734,119
Value-added services to non-property owners	**453,364**	**229,874**	212,247	159,691
Value-added services to property owners	**101,800**	**59,396**	54,625	39,278
	1,760,753	**1,170,188**	1,244,735	933,088

4 Expenses by nature

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Employee benefit expenses	**777,194**	564,613
Cleaning expenses	**131,233**	108,501
Utilities	**106,105**	85,122
Maintenance costs	**63,251**	61,387
Cost of consumables	**61,969**	33,192
Greening and gardening expenses	**46,224**	35,900
Travelling and entertainment expenses	**27,104**	11,041
Consulting fees	**24,341**	32,856
Others	**135,411**	98,225
	1,372,832	1,030,837

5 Other income

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interest income (Note (a))	**6,286**	–
Penalties	**2,961**	2,769
Miscellaneous	**2,148**	2,033
	11,395	4,802

(a) Interest income was derived from wealth management products from reputable PRC banks with fixed interest rate and a short term maturity of approximately 13 to 36 days.

6 Other losses — net

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment	**(100)**	(219)

7 Finance income — net

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Finance expenses:		
— Interest expenses of other borrowings	**–**	(19,461)
— Interest expenses of asset-backed securities ("ABS")	**(48,791)**	(52,031)
	(48,791)	(71,492)
Finance income:		
— Interest income from loans due from related parties	**53,070**	86,098
Finance income — net	**4,279**	14,606

8 Income tax expenses

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit before income tax	**402,696**	231,756
Tax calculated at domestic tax rates applicable to profits in the respective group entities	**100,674**	57,939
Tax effects of:		
— Expenses not deductible for tax purposes	**796**	4,771
— Reversal of deferred tax assets recognised for tax loss in prior years	**1,019**	–
	102,489	62,710

The effective income tax rate was 25% for the year ended 31 December 2017 (2016: 27%).

9 Earnings per share

For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have been issued and allocated on 1 January 2016 as if the Company has been established by then. In addition, the number of ordinary shares outstanding during each year of 2017 and 2016 have also been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the conversions from other reserve to share capital as described in Note 12(b) and (e) in the computation of both basic and diluted earnings per share for the years ended 31 December 2017 and 2016.

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares deemed to be in issue during the years ended 31 December 2017 and 2016.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2017 and 2016. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2017	2016
Profit attributable to Shareholders of the Company (RMB'000)	**289,727**	160,670
Weighted average number of ordinary shares deemed to be in issue (in thousands)	**832,400**	720,000
Basic earnings per share for profit attributable to the Shareholders of the Company during the year (expressed in RMB per share)	**0.35**	0.22

10 Intangible assets

	Computer software *RMB'000*	Trademarks *RMB'000*	Customer relationship *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2016					
Cost	4,912	–	–	–	4,912
Accumulated amortisation	(1,429)	–	–	–	(1,429)
Net book amount	3,483	–	–	–	3,483
Year ended 31 December 2016					
Opening net book amount	3,483	–	–	–	3,483
Additions	7,920	–	–	–	7,920
Amortisation	(665)	–	–	–	(665)
Closing net book amount	10,738	–	–	–	10,738
As at 31 December 2016					
Cost	12,832	–	–	–	12,832
Accumulated amortisation	(2,094)	–	–	–	(2,094)
Net book amount	10,738	–	–	–	10,738
Year ended 31 December 2017					
Opening net book amount	**10,738**	**–**	**–**	**–**	**10,738**
Additions	**12,713**	**–**	**–**	**–**	**12,713**
Acquisition of a subsidiary	**–**	**18,000**	**77,000**	**918,967**	**1,013,967**
Amortisation	**(1,535)**	**(1,800)**	**(4,813)**	**–**	**(8,148)**
Closing net book amount	**21,916**	**16,200**	**72,187**	**918,967**	**1,029,270**
As at 31 December 2017					
Cost	**25,544**	**18,000**	**77,000**	**918,967**	**1,039,511**
Accumulated amortisation	**(3,628)**	**(1,800)**	**(4,813)**	**–**	**(10,241)**
Net book amount	**21,916**	**16,200**	**72,187**	**918,967**	**1,029,270**

Amortisation of intangible assets has been charged to profit or loss as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Cost of sales	**7,157**	537
Selling and marketing expenses	**757**	65
Administrative expenses	**234**	63
	8,148	665

On 30 June 2017, the Company completed its acquisition of 100% of the equity interests in Greenland Property Services (the "Acquisition") at a consideration of RMB1,000,000,000. Total identifiable net assets of Greenland Property Services amounted to RMB81,033,000, including trademarks of RMB18,000,000 and customer relationship of RMB77,000,000 recognised by the Group.

According to the investment cooperation framework agreement with Greenland Holdings Group Company Limited and its subsidiaries ("Greenland Holdings"), Greenland Property Services was authorised to use the trademark and brand of "Greenland Property Services" which is held by Greenland Holdings on a royalty-free basis for a period of five years. Management thus considered that the trademark of "Greenland Property Services" is separable and meets the definition of an asset. The useful life of trademark is determined with reference to the royalty-free period.

Customer relationship primarily related to the existing contracts of Greenland Property Services on the acquisition date, and Greenland Property Services' entitlement to the yearly incremental property gross floor areas under management committed by Greenland Holdings for the period from 1 January 2018 to 31 December 2022 according to the investment cooperation framework agreement with Greenland Holdings. A large portion of the existing contracts of Greenland Property Services are with no specific expiration date and the remaining contracts are with contract periods of two to five years. Considering that Greenland Holdings will commit the incremental gross floor areas during the five-year period from 1 January 2018 to 31 December 2022 and termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon, the Group estimates the useful life and determines the amortisation period of the customer relationship to be eight years with reference to its industry experience.

The excess of the consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill.

A valuation was performed by an independent valuer to determine the amount of the trademarks and customer relationship. Methods and key assumptions in determining the fair value of trademarks and customer relationship as at 30 June 2017 are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Trademarks	Discounted cash flow	15%	5 years
Customer relationship	Discounted cash flow	16%	8 years

Goodwill of RMB918,967,000 arising from the Acquisition was allocated to the property management business operated by Greenland Property Services.

The consideration of RMB1,000,000,000 was based on an arm's-length negotiation taking into account the prospect of the business cooperation between Greenland Holdings and the Company.

As at 31 December 2017, management performed an impairment assessment on the goodwill and other intangible assets. According to the assessment, no impairment of goodwill and other intangible assets was noted. The recoverable amount of the property management business operated by Greenland Property Services has been assessed by an independent valuer and determined based on value-in-use calculation. The calculation used cash flow projections based on financial budgets covering a seven-year period approved by management.

11 Trade and other receivables

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables (Note (a))		
— Related parties	**199,717**	37,872
— Third parties	**108,287**	104,855
	308,004	142,727
Less: allowance for impairment of trade receivables	**(7,443)**	(6,407)
	300,561	136,320
Other receivables		
— Related parties	**35,737**	10,345
— Third parties	**102,362**	67,701
	138,099	78,046
Less: allowance for impairment of other receivables	**(1,256)**	(1,602)
	136,843	76,444
Prepayments		
— Third parties	**50,785**	10,352
	488,189	223,116

(a) Trade receivables mainly represented the receivables of outstanding property management service fee and the receivables of value-added service income.

Property management services income and value-added service income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

In determining the recoverability of trade receivables from the property management and value-added services, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience and management/service fee collection rate of the customers in estimating the future cashflows from the receivables.

As at 31 December 2017 and 2016, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
0-180 days	**218,208**	106,989
181-365 days	**44,214**	17,361
1 to 2 years	**22,709**	9,128
2 to 3 years	**9,387**	3,861
Over 3 years	**13,486**	5,388
	308,004	142,727

As at 31 December 2017, trade receivables of RMB300,561,000 (2016: RMB136,320,000) were fully performing.

The aging analysis of trade receivables which are past due but not impaired based on due date is as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Up to 1 year	**197,792**	123,827
1 to 2 years	**20,773**	7,373
2 to 3 years	**7,561**	2,571
Over 3 years	**10,182**	2,549
	236,308	136,320

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately RMB7,443,000 as at 31 December 2017 (2016: RMB6,407,000), which are fully impaired. The Group did not hold any collateral over these balances.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
At the beginning of the year	**6,407**	5,040
Provision for receivables impairment	**3,272**	1,498
Receivables written off as uncollectable	**(349)**	(111)
Unused amounts reversed	**(1,887)**	(20)
At the end of the year	**7,443**	6,407

12 Share capital

The paid-in capital of the Company as at 31 December 2016 was RMB50,000,000.

On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The share capital as at 31 December 2017 represented the share capital of the Company as follows:

	Number of ordinary shares	Share capital *RMB'000*
Authorised		
As at 31 December 2017	1,000,000,000	1,000,000
Issued and fully paid		
Issue of shares upon the Company's conversion from a limited liability company into a joint stock company (Note (a))	50,000,000	50,000
Transfer from other reserve to share capital (Note (b))	22,000,000	22,000
Issue of shares to Gongqingcheng A-Living Investment Management Limited Partnership* (共青城雅生活投資管理合夥企業(有限合夥)) ("Gongqingcheng Investment") (Note (c))	8,000,000	8,000
Issue of shares to Ningbo Lvjin Investment Management Co., Ltd.* (寧波綠璡投資管理有限公司) ("Ningbo Lvjin") and Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司) ("Greenland Overseas") (Note (d))	20,000,000	20,000
Transfer from other reserve to share capital (Note (e))	900,000,000	900,000
Total share capital as at 31 December 2017	**1,000,000,000**	1,000,000

(a) On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. By reference to the Company's net asset value as at 30 June 2017, the Company issued 50,000,000 shares with a nominal value of RMB1 each to two shareholders, where Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司) held 49,500,000 shares, representing 99% of the share capital of the Company, and Deluxe Star International Limited held 500,000 shares, representing 1% of the share capital of the Company. The difference between the net asset value and the share capital was recognised as capital reserve of the Company. Upon completion of the conversion, the Company's name was changed from Agile Property Management Services Co., Ltd. to A-Living Services Co., Ltd.

(b) On 24 July 2017, pursuant to a resolution of the Company's extraordinary general meeting, the Company's capital reserve of RMB22,000,000 was converted into share capital of the Company. Upon completion of the conversion, the Company's share capital increased by RMB22,000,000 from RMB50,000,000 to RMB72,000,000.

(c) On 26 July 2017, the Company and Gongqingcheng A-Living Investment Management Limited Partnership ("Gongqingcheng Investment"), a limited partnership established by the Designated Senior Management, entered into a capital increase agreement. According to the agreement, Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at cash consideration of RMB200,000,000. Gongqingcheng Investment has a total capital commitment of RMB10,000,000, among which Gongqingcheng Yagao Investment Management Company Limited ("Gongqingcheng Yagao"), Mr. Liu Deming, Mr. Feng Xin and Mr. Li Dalong should contribute RMB10,000, RMB4,990,000, RMB2,500,000 and RMB2,500,000 in cash, respectively. Gongqingcheng Yagao is a limited liability company which is owned by Mr. Pan Zhiyong (潘智勇) , a member of the senior management of Agile Holdings. Mr. Liu Deming (劉德明) and Mr. Fengxin (馮欣) are our executive Directors and Mr. Li Dalong (李大龍) is a member of our senior management. As of 31 July 2017, all contributions had been paid up, of which RMB190,000,000 of the capital injection was lent by Zhongshan A-Living Enterprise Management Services Company Limited, one of our Controlling Shareholders, to Gongqingcheng Investment based on general commercial term. Such investment is as part of an incentive plan for certain members of the management of the Groups. The subscription price was by reference to the fair value of the Group as appraised by an independent valuer with 31 December 2016 as the base date of the valuation. Upon completion of the subscription, the Company's share capital and capital reserve increased by RMB8,000,000 and RMB192,000,000 respectively.

(d) Pursuant to the capital increase agreements dated 10 August 2017, Ningbo Lvjin and Greenland Overseas agreed to subscribe for 10,000,000 shares and 10,000,000 shares of the Company respectively at cash consideration of RMB500,000,000 and HKD584,795,000 (translated into RMB498,637,000 using the spot exchange rate of 15 August 2017) respectively. The payment for the subscription amounts were completed on 11 August 2017 and 15 August 2017 respectively. Upon completion of the subscription, the Company's share capital and capital reserve increased by RMB20,000,000 and RMB978,637,000 respectively.

(e) On 21 August 2017, the Company passed a resolution at shareholders' general meeting to increase the share capital of the Company from RMB100,000,000 to RMB1,000,000,000. The increased portion was converted from the capital reserve of the Company and the shareholding structure of the Company remains unchanged.

13 Reserves

	Statutory reserve *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*
As at 1 January 2016	1,419	62,947	64,366
Appropriation of statutory reserves (Note (a))	9,655	–	9,655
Capital contribution from the then shareholders	–	15,500	15,500
Contribution from a related party (Note (b))	–	15,976	15,976
As at 31 December 2016	11,074	94,423	105,497
Appropriation of statutory reserves (Note (a))	40,754	–	40,754
Capital contribution from the then shareholders	–	1,000	1,000
Effect of the Company's conversion from a limited liability company into a joint stock company (Note 12(a))	(18,304)	23,407	5,103
Effect of the Reorganisation (Note (c))	–	(32,392)	(32,392)
Transactions with non-controlling interest (Note (c))	–	4,944	4,944
Issue of shares (Note 12(c), (d))	–	1,170,637	1,170,637
Transfer from capital reserve to share capital (Note 12(b), (e))	–	(922,000)	(922,000)
As at 31 December 2017	**33,524**	340,019	373,543

(a) PRC statutory reserve

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

(b) During the year ended 31 December 2016, certain expenses of the Group amounting to RMB15,976,000 were settled by Agile Property Land Co., Ltd., a related party controlled by Agile Holdings. Such expenses were not recharged to the Group and therefore deemed as contribution from the then shareholder and recorded directly in equity.

(c) During the period from 4 July 2017 to 9 August 2017, the Company acquired the entire equity interest in the Operating Companies from their intermediate holding companies under Agile Holdings at a total consideration of RMB33,772,000, of which, RMB1,380,000 was deemed as consideration for repurchasing the 30% of the NCI of Hainan Agile Property Services Co., Ltd. ("Hainan Agile", 海南雅居樂物業服务有限公司). The difference of RMB4,944,000 between the carrying value of the NCI of Hainan Agile and the consideration paid was recorded as other reserve.

14 Trade and other payables

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade payables (Note (a))		
— Related parties	**235**	231
— Third parties	**151,867**	103,270
	152,102	103,501
Other payables		
— Related parties	**60,304**	53,604
— Third parties	**269,388**	211,256
	329,692	264,860
Advances from customers		
— Related parties	**19,769**	17,890
— Third parties	**276,886**	271,745
	296,655	289,635
Accrued payroll	**145,652**	91,128
Other taxes payables	**28,274**	12,182
	952,375	761,306

(a) As at 31 December 2017 and 2016, the aging analysis of the trade payables (including amounts due to related parties of trade nature) based on invoice date were as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Up to 1 year	**140,687**	93,963
1 to 2 years	**4,135**	3,584
2 to 3 years	**2,799**	1,989
Over 3 years	**4,481**	3,965
	152,102	103,501

The balances of trade payables over 1 year mainly represent the amounts due to third party contractors for renovation and maintenance services.

15 Dividends

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Dividends	**297,975**	–

During the year ended 31 December 2017, entities within the Group declared dividends of RMB297,975,000 (of which, RMB28,370,000 was declared to the non-controlling interest holder) to their then shareholders before the Reorganisation was completed.

A final dividend in respect of 2017 of RMB50,000,000 was declared by the Company at the board meeting on 15 January 2018 to pre-listing shareholders. The final dividend was distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable. The payments of the dividend above was made on 7 February 2018.

16 Events after the balance sheet date

(a) On 15 January 2018, the Company declared a dividend of RMB0.05 per ordinary share, totalling RMB50,000,000, for the year ended 31 December 2017.

(b) The Company's newly issued H shares of 333,334,000 were listed on the Main Board of The Stock Exchange of Hong Kong Limited at the offer price of HK$12.3 per share on 9 February 2018. The gross proceeds and the estimated net proceeds amounted to approximately HK$4,100.0 million and HK$3,944.6 million respectively.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the audited consolidated results of A-Living Services Co., Ltd. ("A-Living" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Year").

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited ("Agile Holdings", and together with its subsidiaries, "Agile Group") and to become the first property management company in the People's Republic of China (the "PRC" or "China") that officially spun off from a red-chip holding company to list on the H-Share market. In 2017, by seizing the development opportunities, the Group's profitability has increased significantly and the operating performance commitments have been fulfilled with the joint efforts of all employees.

In 2017, China's economy showed steady and strong momentum of development and domestic urbanization and per capita disposable income continued to grow significantly, making it the main driving force for growth in the property management industry. Chinese consumers have an increasing demand for quality property management services to meet the "needs for a better life", which provided China's property management industry with a tremendous development opportunity.

As a well-known high-end property management service provider in China with 25 years of industry experience, the Group implemented a diversified development strategy based on the needs of Chinese residents and our own competitive advantages. The Group provided services covering the complete value chain of property management including basic property services, housing inspection services, property agency services, tourism services and advertising for property developers and continued to deepen the development strategy of "management digitalization, service specialization, procedure standardization and operation automation", with a view to bringing "satisfactory and exceptional" services to each owner and meeting their longing for a better life. As at 31 December 2017, the Group provided property management services in 69 cities in China with a total GFA under management of approximately 78.3 million sq.m. and served more than one million property owners and residents.

In June 2017, the Group acquired Shanghai Greenland Property Services Co., Ltd. ("Greenland Property Services") and implemented a dual-brand driven strategy of "Agile Property Management" and "Greenland Property Services". Agile Property Management is a first-mover in the management of mid- to high-end residential properties and tourism real estate properties. Greenland Property Services is a benchmarking company for non-residential properties such as super high-rises and business offices. Hainan Clear Water Bay project of Agile Property Management has ranked first in sales for eight consecutive years in China and is a world-class tourist resort. Wuhan Greenland Center project of Greenland Property Services is the world's third highest and China's highest commercial building. The two brands complemented each other and helped the Group to develop into an integrated industrial group with reasonable structure.

In August 2017, the Group brought in Greenland Holdings Group Company Limited (綠地控股集團股份有限公司) ("Greenland Holdings") as one of its strategic shareholders. As one of the world's top 500 companies, Greenland Holdings is a diversified enterprise group engaged in the property development business with a global strategy. This strategic alliance will help the Group to expand its business scale, increase its market coverage, enrich its service portfolio, expand its mid- to high-end customer base and integrate its value-added services. Since the cooperation with Greenland Holdings, the Group had took over a total contracted GFA of 5.2 million sq.m. from Greenland Holdings in advance since the second half of 2017. At the same time, the two groups have achieved comprehensive links in areas such as elderly care, community finance, community insurance, and community medical care, which significantly improved the Group's competitiveness among its peers.

The Group has strived to be a leader in the vacation property management sector in China. As of 31 December 2017, the Group provided management services to 18 vacation property projects in Guangdong, Hainan, Yunnan, Hunan and other regions with potential for development, with a total GFA under management of approximately 5.8 million sq.m. In 2017, the Group was the only property management company invited by the Standardization Working Committee of China Property Management Association to draft the industry standards for vacation property management, which was also recognition of the Group's leading position in the vacation property management sector. In addition, the Group is also a pioneer in large scale property management. As of 31 December 2017, 12 projects under the Group's management each exceeded one million sq.m. in GFA. Due to its complexity, large-scale property management typically has higher requirements for the qualification of the service providers and their service quality. The diversity of large-scale properties gives rise to greater demands for value-added services, which in turn helps property management companies to expand their sources of revenue.

While refining and reinforcing the Agile Group and Greenland Holdings projects, A-Living capitalized on its own brand advantage and continued to identify prime property developers with strong development capability and adequate land reserves in the market for cooperation. In 2017, the Group has signed a property management GFA of 41.7 million sq.m with prime independent property developers which has become an important growth point for the Group's revenue.

As a traditional industry, a series of new technologies and new business models are rapidly promoting the transformation and upgrading of property management. Technological innovation has become the key driving force behind the social development. In 2017, A-Living corresponded to the development trend of the industry, actively explored the path of transformation and upgrading, and launched an "A-Steward" platform. The platform provides a comprehensive solution for community services from the aspects of "people, wealth, property and management" and integrates the online and offline resources of the communities under the management of the Group to diversify the sources of income. At the same time, the platform worked together with small and medium-sized property services enterprises to help them achieve the goal of increasing revenue and reducing costs to improve efficiency. As at 31 December 2017, the Group's "A-Steward" mobile APP has covered all residential properties under management (excluding properties under the management of Greenland Property Services) and attracted over 287,000 registered users and over 110,998 active users. As at 31 December 2017, property management company members of the A- steward Alliance jointly managed a GFA of approximately 816.8 million s.q.m.

The Group also achieved good results in strengthening its internal management and enhancing its management level. We are committed to improving our management structure, simplifying processes and enhancing our overall operational capabilities and competitiveness. In the meantime, the Group implemented a two-track talent development mechanism through internal training and external introduction of talents to continuously improve its personnel training and development system so as to complement the rapid development of the Group.

RESULTS REVIEW

During the Year, the Group's revenue and gross profit were RMB1,760.8 million and RMB590.6 million, respectively, representing an increase of 41.5% and 89.5%, respectively, as compared to that of 2016. The net profit was RMB300.2 million. Before listing expense and other related costs (after tax) of approximately RMB11.9 million (before tax: approximately RMB15.8 million), the net profit for the Year would be RMB312.1 million, representing an increase of 84.7% as compared to that of 2016.

PROSPECTS AND STRATEGY

The year of 2018 is the "Year of Service Quality Improvement" put forward by China's property management industry and also the first year for the Group's entry into the international capital market. Taking this historical opportunity, on the principle of providing high quality service, the Group will make good use of the funds raised through fundraising. All business segments will present a good momentum of comprehensive and coordinated development and the business scale and market share will also increase exponentially.

The Group will fully undertake the area developed by Agile Group and the area of no less than 10 million sq.m. per year under management injected by Greenland Holdings. Real estate is still one of the important pillars of China's economic development. The planning for the development of the urban agglomerations of Guangdong, Hong Kong, Macau and the Greater Bay Area provides tremendous opportunities for the Agile Group, which originated in Zhongshan and has cultivated strong presence in the Pearl River Delta region for 25 years. The property development projects of Greenland Holdings and its subsidiaries are located in more than 80 cities in 29 provinces (municipalities and autonomous regions) throughout the PRC and they have successfully entered the United States, Britain, Canada, Australia and other overseas markets. With the booming development of business of the two major developers as well as the business injection by them, the Group's revenue from property services and property management area will be significantly enhanced. The overseas strategy of the two developers also provides the Group with opportunities to enter the international market.

In terms of market expansion, we will continue our strong growth momentum in 2017 and continue to thoroughly implement the three strategies of "building strong foothold in the rural areas before advancing into the cities, complete marketization, and striving for breakthroughs in all operations". The Group will fully utilize its own brand appeal and resource advantages to accelerate the process of nationwide expansion and provide its excellent services to more projects of property developers.

The property management industry is entering the golden period of market development. With the abolition of the property management qualification assessment, the industry competition is gradually intensifying. Mergers and acquisitions are the inevitable way to increase industry concentration and competitiveness of enterprises. The Group will focus on the merger and acquisition of property companies in Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei region which are considered as the Group's strategic strongholds. The Group will persist in grasping "major" and "excellent" projects, in-depth study of the property management industry chain, optimizing merger and acquisition targets based on the long-term development strategy of the Group, enriching its industrial sectors, and investing in the community-based economy, online-to-offline and other industry sectors related to life services.

The Group will continue to implement the diversified development strategy and provide pre-advisory consulting services, property inspection, property sales, tourism, advertising and other services throughout the value chain based on the development plans of the two major shareholder developers. In addition, the Group will fully exploit the community economic market, and carry out diversified services such as property agency, turnkey furnishing, community group purchase and home services to build a residential economic ecosystem centering on family consumption to meet the growing needs of our customers for a better life. The Group will also strive to strengthen team building, become more market oriented, enhance professionalism, and expand the scope of business coverage to drive the optimization of the Group's revenue structure and increase the level of profitability.

The Group has almost 25 years of experience in property management services. We have always adhered to the principle of providing high quality service to owners. Successfully listing on the international capital market marks the start of a new journey of the Group. Against the backdrop of the transformation and upgrading of the property management industry, we will continue to deepen reform and innovation, embrace capital and technology, seize market opportunities, fully respect customer needs and experience, continue to enhance the reputation of the brand, further expand the business scale and enhance the profitability of the Group.

ACKNOWLEDGEMENT

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I would like to extend my heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable A-Living to grow and to achieve good results.

Chan Cheuk Hung/Huang Fengchao
Co-Chairman of the Board
Hong Kong, 20 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

As a famous property management service provider in China that boasts 25 years' experience in the property management field, the Group has always maintained a leading position in the industry due to its well-praised services and widely-known reputation. Relying upon two leaders of Agile Group and Greenland Holdings in the property management field, the Group runs its business under the dual branding strategies of "Agile Property" and "Greenland Property". During the Year, the Group was awarded by the China Real Estate Industry Association and the China Real Estate Assessment Center, the 12^{th} Most Valued Brand among China's Property Management Enterprises and the 12^{th} Most Competent Brand among China's Property Management Enterprises. The Group was awarded by China Index Academy the honor of "2017 China's Leader Enterprise for Featured Property Services – Leading Brand for Property Management of Tourism Properties".

Being one of the pioneers of China's property management industry, the Company is devoted to diversify its services and income sources. Among the several measures adopted by the Group during the Year, the Company endeavoured to control cost, expand service coverage and improve service quality through its one-stop service platform, thus offering the owners and residents a more convenient, efficient and comfortable community living experience and further improving the Group's profitability.

Major acquisitions and sales

Acquisition of equity interests in Greenland Property Services

The Company entered into an equity transfer agreement (the "Agreement") with Greenland Holdings Group Company Limited (綠地控股集團有限公司) ("Greenland Holding Group") and Greenland Holdings on 29 June 2017. Pursuant to the Agreement, the Company purchased 90.9091% and 9.0909% equity interests in Greenland Property Services held by Greenland Holding Group and Greenland Holdings, respectively, for a total consideration of RMB1,000.0 million. The consideration was determined based on fair negotiation and consideration for future cooperation between Greenland Holdings and the Company. The purchase of the entire equity interests in the Greenland Property Services was completed on 30 June 2017 in accordance with the terms and conditions of the Agreement. Greenland Property Services has become a wholly-owned subsidiary of the Company after completion of the Agreement.

Save as disclosed in the prospectus of the Company dated 29 January 2018 (the "**Prospectus**"), the Company has no purchases or sales for other equity interests throughout the Year.

Major investment

As at 31 December 2017, the Group held no major investment.

Financial Review

The Group's income chiefly originates from three major businesses, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) value-added service to property owners.

	For the year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Property management services	**1,205,589**	977,863
Value-added services to non-property owners	**453,364**	212,247
Value-added services to property owners	**101,800**	54,625
Total	**1,760,753**	1,244,735

Property management services include security, cleaning, greening, gardening, repair and maintenance, and consultancy services, which generated an income of RMB1,205.6 million, up 23.3% from the RMB977.9 million yielded in 2016. As the major contributor, it accounted for 68.5% of the total income of the Group in 2017. Property management service offered to projects developed by Agile Group yielded RMB946.6 million in 2017, accounting for 78.5% of the income from property management service in 2017.

The table below sets forth a breakdown of the Group's total GFA under management as of the date indicated.

	As of or for the year ended 31 December			
	2016	**2017**	**Growth in 2017**	**Growth Rate of 2017**
	('0000 sq.m.)	**('0000 sq.m.)**	**('0000 sq.m.)**	
Agile Group	3,428.0	**4,218.9**	**790.9**	23.1%
Third-party property developers	1,577.5	**3,346.2**	**1,768.7**	112.1%
Greenland Holdings	—	**268.4**	**268.4**	100.0%
Total	5,005.5	**7,833.5**	**2,828.0**	**56.5%**

The increase in income was mainly due to the growth in aggregate GFA under management. The total aggregate GFA under management was 78.335 million sq.m. in 2017, representing an increase of 56.5% compared to that of last year. The aggregate GFA under management was mainly attributable to the projects developed by Agile Group and undertaken by the Group, which accounted for 53.9% of the total aggregate GFA under management, and the properties developed by independent third property developers, which accounted for 42.7% of the total aggregate GFA under management in 2017. Furthermore, the GFA under management generated from the acquisition of Greenland Property Services accounted for 3.4% of the total aggregate GFA under management in 2017.

The table below sets forth a breakdown of the Group's Contracted GFA as of the date indicated.

	As of or for the year ended 31 December			
	2016	**2017**	**Growth in 2017**	**Growth Rate of 2017**
	('0000 sq.m.)	**('0000 sq.m.)**	**('0000 sq.m.)**	
Agile Group	5,698.2	**5,867.7**	**169.5**	3.0%
Third-party property developers	1,643.2	**5,808.9**	**4,165.7**	253.5%
Greenland Holdings	—	**933.5**	**933.5**	100%
Total	7,341.4	**12,610.1**	**5,268.7**	**71.8%**

With regard to contracted area, the Group defined it as construction areas delivered and undelivered in accordance with the property service contract entered into with developers, which will become the area under the property management services in the future and the base of the revenue expansion. As at 31 December 2017, the contracted GFA amounted to 126.1 million sq.m., representing an increase of 71.8% from 73.4 million sq.m. in 2016. The significant increase in the contracted GFA of the Group was mainly attributable to the increase in contracted GFA of 41.7 million sq.m. from independent third-party property developers in 2017, of which 22.5 million sq.m. under property management services and 19.2 million sq.m. under consultancy services. Based on the area from the contracted GFA and the area to be injected as promised by Greenland Holdings and its subsidiaries, the management is full of confidence for enhancing market expansion capabilities to increase the contracted GFA.

The proportion of non-residential properties in the area under management of the Group has increased significantly from 2.5% in 2016 to 26.6% in 2017. This mainly benefits from the leading position of Greenland Holdings in the non-residential properties including super high-rise and business office. By expanding projects with higher management fees and optimising the project portfolio of the Group to increase the average property service fee, the brand of the Group will be widely known in the non-residential field.

Income for the Group's property management business is mainly collected on lump sum basis, accounting for 97.2% of the property management service income. The average property management service fee for residential properties was RMB3.01 per sq.m. per month; of which the average management fees for vacation properties was RMB4.13 per sq.m. per month, higher than the industrial average. The Group's high quality service and widespread industrial recognition allow the Group to charge property management fees higher than the industrial average.

Value-added services to non-property owners mainly include sales assistance services, property agency, home inspection services and advertising services, revenue derived from which amounted to RMB453.4 million, representing an increase of 113.7% as compared to that of RMB212.2 million in 2016 and accounting for approximately 25.7% of the Group's total income. Income from sales assistance services accounts for 71.3% of the total income from value-added services to non-property owners. As for other services, the income is primarily generated by property agency services, accounting for 22.1% of value-added services to non-property owners. As at 31 December 2017, the Group had 62 property agency projects.

Property agency services gradually commenced in July 2017. The Group has a strong property agency team comprised of a number of members experienced in the real estate industry and property agency business, offering feasibility studies, marketing planning, sales consultancy, and channel development and integration services. As at 31 December 2017, the Group's subsidiary, Guangzhou Yazhuo Real Estate Sales Co., Ltd. operated 27 branches with 610 employees in 27 cities or regions in China. As the real estate market remains steady development, future growth for this business is guaranteed.

Value-added services to property owners, mainly involve resident services and property value management services, revenue derived from which amounted to RMB101.8 million, representing an increase of 86.4% as compared to that of RMB54.6 million in 2016, accounting for approximately 5.8% of the Group's total income. Value-added services to property owners focus on improving the community living experience of property owners and residents at the properties we manage and preserving and increasing the value of their properties. Residents services include property maintenance and repair, housekeeping and cleaning services, decoration and turnkey furnishing services, purchase assistance and travel services. Property value management services committee to preserving and increasing the value of our customers' assets, including residential property lease services.

Other income

Other incomes of the Group amounted to RMB11.4 million, representing an increase of 137.5% as compared to that of RMB4.8 million in 2016, accounting for approximately 0.6% of the Group's total income. The increase was primarily due to the income from the Group's investment in wealth management products of RMB6.3 million.

Gross profit and gross profit margin

The Group's gross profit amounted to RMB590.6 million, representing an increase of 89.5% as compared to that of RMB311.6 million in 2016. The Group's gross profit margin increased to 33.5% in 2017 from 25.0% in 2016. Among which, the Group's gross profit margin for property management services increased to 26.9% in 2017 from 24.9% in 2016, primarily due to (i) economies of scale; (ii) effective cost control; (iii) decrease in business tax and other levies; and (iv) increase in average residential property management fees per sq.m. per month from RMB2.94 in 2016 to RMB3.01 in 2017.

Benefiting from economies of scale, labour optimization and higher gross profit rate of the property agency service carried out in the fourth quarter of 2017, non-property owner value-added services have witnessed a growth in gross profit rate from 24.8% in 2016 to 49.3% in 2017, The property owner value-added services have observed a climb in gross profit rate from 28.1% in 2016 to 41.7% in 2017, mainly due to economies of scale as well as the increase in gross profit rate brought by the Group's constantly enriched value-added services scope, including the group purchases conducted by the Group and upgrade of the parking lot entrance system in the second half of 2017.

Cost of sales

For the year ended 31 December 2017, the Group's cost of sales amounted to RMB1,170.2 million, representing an increase of 25.4% as compared to that of RMB933.1 million in 2016. The lower growth in cost than in income was mainly due to the subcontract of the greening, gardening, cleaning, servicing and repair services to qualified third parties to better control cost, and the decrease in business tax and additional expense when China's reform initiatives for business tax took effect in May 2016.

Sales and marketing expense

The Group's sales and marketing expense amounted to RMB32.6 million during the Year, representing an increase of 70.7% as compared to that of RMB19.1 million yielded in 2016, which is mainly due to the intensified promotion of the Group's one-stop service platform, the expansion in business, and the increase in advertisement expense for the development of the A-Steward Alliance strategy.

Administrative expense

The Group's administrative expenses were RMB170.0 million for the Year, representing an increase of 116.0% as compared to that of RMB78.7 million in 2016, which is mainly due to the setup of the collective control center in the headquarters in Guangzhou, the competitive salary package offered to the new members of the senior management and administrative professionals in 2017, and the increase in operation rental payment, employee and staff training expense and other expenses. All the expenses incurred are consistent with the business diversification strategy and business expansion of the Group.

Income tax

Income tax during the Year amounted to RMB102.5 million, representing an increase of 63.5% as compared to that of RMB62.7 million in 2016.

Profit for the Year

Net profit during the Year recorded RMB300.2 million, representing an increase of 77.6% as compared to that of RMB169.0 million in 2016. Before listing expense and other related costs (after tax) of approximately RMB11.9 million (before tax: approximately RMB15.8 million), the net profit for the Year would be RMB312.1 million, representing an increase of 84.7% as compared to that of 2016. Profit attributable to equity Shareholders within the Year was RMB289.7 million, representing an increase of 80.3% as compared to that of RMB160.7 million in 2016. Before listing expense and other related costs, the profit attributable to the Shareholders of the Company would be RMB301.6 million during the year. The Group's non-controlling interests for the Year was RMB10.5 million in aggregate, with RMB10.9 million attributed by a subsidiary of the Group, namely Hainan Agile Property Services Co., Ltd. from January to July in 2017. The Group acquired the remaining interests of Hainan Agile Property Services Co., Ltd. in August 2017.

Current assets, reserve and capital structure

The Group has maintained good financial conditions within the Year, with (i) current assets amounted to RMB1,399.0 million, representing an increase of 18.6% from RMB1,179.2 million in 2016; and (ii) cash and equivalent of RMB879.8 million, representing an increase of 68.2% from RMB523.2 million in 2016. Such increase was primarily attributable to an increase in cash and cash equivalents generated from operations due to business growth.

The Group's total equity amounted to RMB1,474.1 million in 2017, representing an increase of 385.7% compared to RMB303.5 million in 2016. Such increase was mainly attributable to the capital increase of approximately RMB1,200.0 million in aggregate by shareholders in July and August of 2017. The Group's reserves in 2017 was RMB373.5 million, representing an increase of 254.0% when compared to RMB105.5 million in 2016.

Property, plant and equipment

The Group's properties, plants and equipment mainly include the buildings, office equipment, mechanical equipment and other fixed assets. As at 31 December 2017, the Group's property, plant and equipment amounted to RMB70.7 million, representing an increase of 14.8% from RMB61.6 million in 2016. Such increase was mainly due to the purchases of machines, office and transportation equipment, being offset by amortization of machines, transportation equipment and building.

Other intangible assets

Other intangible assets of the Group recorded a significant increase from RMB10.7 million as at 31 December 2016 to RMB110.3 million as at 31 December 2017, which is mainly due to (i) the RMB18.0 million generated from the right to use the trademarks of Greenland Holdings; (ii) the contractual relationship between Greenland Holdings and the Group which yielded RMB77.0 million; (iii) the increase of computer software by RMB12.7 million; and (iv) partially offset by amortization of customer relationship and computer software as trademarks and customer relationship have a specific validity period and are carried at cost less accumulated amortization.

Goodwill

As at 31 December 2017, the Group recorded RMB919.0 million of goodwill in relation to the acquisition of Greenland Property Services, which reflects the difference between the total acquisition consideration of RMB1,000.0 million and the total identifiable net assets of Greenland Property Services of RMB 81.0 million as at 30 June 2017. The purchase price of RMB1,000.0 million was determined after fair negotiations and taking into account the prospect of business cooperation between Greenland Holdings and the Company.

The goodwill was mainly generated from the expected future business development of Greenland Property Services, the improvement of market coverage, the expansion of service portfolio, the integration of value-added services and the upgrade in management efficiency.

The Board assessed the recoverable amount as at 31 December 2017 with reference to the appraiser's assessment to determine that as at 31 December 2017, no provision for impairment is required against goodwill and other intangible assets.

Trade and other receivables

As at 31 December 2017, trade and other receivables amounted to RMB488.2 million, representing an increase of RMB265.1 million or 118.8% as compared to that of RMB223.1 million in 2016, which is mainly due to contributions made by Greenland Property Services when being acquired by the Group on 30 June 2017, and from the growth in business due to greater areas under the Group's management.

Loans and interest receivables due from related parties

The Group's total amount of loans and interest receivables due from related parties (including current and non-current portion) decreased from RMB1,036.0 million as at 31 December 2016 to RMB13.2 million as at 31 December 2017, mainly due to the Group's efforts to clear all borrowings due from related parties. All of the Group's loans and interest receivables due from related parties as at 31 December 2017 were fully settled prior to the listing.

Trade and other payables

As at 31 December 2017, trade and other payables was RMB952.4 million, representing an increase of RMB191.1 million or 25.1% as compared to that of RMB761.3 million in 2016, which primarily due to the increase in the GFA under the Group's management and more services subcontracted to independent third party service providers.

Borrowings

The Group settled all borrowings in September 2017, and the total borrowings (including current and non-current portion) decreased from RMB795.4 million as at 31 December 2016 to nil.

Income tax liability

The current income tax liability increased significantly from RMB38.6 million as at 31 December 2016 to RMB62.2 million as at 31 December 2017, representing an increase of 61.1%, which is mainly due to the significant increase in net profit. Deferred income tax liabilities increased from RMB0.1 million as at 31 December 2016 to RMB22.1 million on 31 December 2017, mainly due to the impact of acquisition of Greenland Property Services.

Proceeds from the Listing

The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 February 2018 (the "Listing") and issued 333,334,000 new H shares. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK$3,944.6 million (equivalent to RMB3,187.8 million). Such proceeds will be applied in the manner consistent with that in the Prospectus dated 29 January 2018:

- Approximately 65% will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliance;

- Approximately 10% will be used to further develop our one-stop service platform;

- Approximately 15% will be used to develop our "management digitalization, service specialization, procedure standardization and operation automation"; and

- Approximately 10% will be used for working capital and general corporate purpose.

In accordance with the requirements of relevant Chinese laws and regulations, approximately 50% of the proceeds from the Listing (approximately HK$1,972.3 million) will be remitted to the PRC for use. The remaining approximately 50% (approximately HK$1,972.3 million) of the proceeds from the Listing will be retained overseas for use.

The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus.

Dividend distribution

With the Group's business development demand and taking into account the shareholders' investment return, on 15 January 2018, the Group declared a cash dividend of RMB50.0 million to pre-listing shareholders, with RMB0.05 per share. The Group has completed the distribution before the date of this announcement.

Asset charges

As at 31 December 2017, none of the assets of the Group were pledged.

Gearing ratio

The gearing ratio is calculated as total loans divided by total equity, and the sum of long-term and short-term interest-bearing bank loans and other loans as of the corresponding date divided by the total equity as of the same date. As at 31 December 2016 and 31 December 2017, the gearing ratios were 262.1% and nil, respectively, and the decrease in the gearing ratio was mainly attributable to the Group's repayment of all loans during the Year.

Exchange risk

As at the date of this announcement, the funds raised from the Listing of the Company were deposited in the Hong Kong account of the Company. The Company signed the RMB and foreign exchange forward transaction agreements with Agricultural Bank of China and HSBC, respectively, on 2 March 2018. The main terms are as follows:

Forward Exchange Settlement Banks	**Forward foreign exchange amount** *(HK$'000,000)*	**Agreed exchange rate**	**Forward RMB amount** *(RMB'000,000)*	**Agreed settlement date**
Agricultural Bank of China	1,000	0.8142	814	6 April 2018
Agricultural Bank of China	1,000	0.8180	818	7 June 2018
HSBC	1,950	0.8170	1,593	5 June 2018
Total	3,950		3,225	

After signing the above forward transaction agreements, the foreign exchange risk of funds raised by the Company is basically controlled.

Contingent liability

Up to 31 December 2017, the Group did not have any significant contingent liabilities.

DIRECTORS' AND SUPERVISORS' INTEREST IN A COMPETING BUSINESS

As disclosed in the Prospectus and as of the date of this announcement, Mr. Liu Deming, an executive Director, holds certain equity interests in Shandong Mingde Property Management Group Co., Ltd. (山東明德物業管理集團有限公司) ("Shandong Mingde"), Anhui Mingde Property Management Co., Ltd. (安徽明德物業管理有限公司) ("Anhui Mingde"), Yunnan Mingde Property Services Co., Ltd. (雲南明德物業服務有限公司) ("Yunnan Mingde"), Heilongjiang Mingde Property Management Co., Ltd. (黑龍江明德物業管理有限公司) ("Heilongjiang Mingde"), Shenyang Mingde Property Services Co., Ltd. (瀋陽明德物業服務有限公司) ("Shenyang Mingde") and Qingdao Fuwanjia Property Management Co., Ltd. (青島富萬家物業管理有限公司) ("Qingdao Fuwanjia") (collectively referred to as the "Mingde Group").

The table below sets forth the shareholding structure and business scope of each member of the Mingde Group.

Company	Shareholding Structure	Business Scope
Shandong Mingde	24.5% by Mr. Liu Deming; 25.5% by the spouse of Mr. Liu Deming	Provision of property management services to nationwide properties of or occupied by higher education institutions and hospitals; government facilities; and residential properties
Anhui Mingde	51% by Shandong Mingde; 25% directly by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; government facilities; and residential properties in Anhui province
Yunnan Mingde	51% by Shandong Mingde; 19% directly by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; industrial parks; government facilities; and residential properties in Yunnan province, Jiangsu province and Guizhou province
Heilongjiang Mingde	70% by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals; and government facilities in Heilongjiang province and Inner Mongolia autonomous region
Shenyang Mingde	60% by Mr. Liu Deming	Provision of property management services to properties of or occupied by higher education institutions and hospitals in Liaoning province
Qingdao Fuwanjia	40% by Mr. Liu Deming	Provision of property management services to residential buildings in Qingdao

The Directors are of the view that apart from the management of residential properties, there is no overlap between the business of Mingde Group and the Group given the different types of real estate for which management services are provided by each group. Having taken into account that (a) the Company provides property management services primarily to mid-to high-end residential development projects which, as confirmed by Mr. Liu Deming, is not the category of residential market in which Mingde Group operates and is not the target market of Mingde Group; and (b) Mr. Liu Deming has undertaken to procure Mingde Group not to engage in any business that may compete with the business of the Group (save for continuation of the categories of residential properties for which management services are provided by Mingde Group as of the date of the undertaking), the Directors are of the view that no material competition exists between Mingde Group and the Group.

Although Mr. Liu Deming serves as the chairman of Shandong Mingde and holds certain equity interests in Mingde Group, he does not participate in the daily operations of Mingde Group. On the contrary, Mr. Liu Deming primarily focuses on the business operations of the Group as an executive Director and chief executive officer and is responsible for the Group's overall operations and management and major decision making.

Furthermore, as one of the nine members of the Board, Mr. Liu Deming is not able to exercise control over the Board and does not have veto power on any matter. The Directors believe that the Group has formulated adequate corporate governance measures to monitor and manage any potential conflict of interests of the Directors.

Save as disclosed above, at no time during the year of 2017, the Directors, the supervisors of the Company (the "Supervisors") or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company will be held on Thursday, 31 May 2018 and for the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 1 May 2018 to Thursday, 31 May 2018, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 April 2018.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2017, the Group had a total of 12,192 employees. The related employees' costs amounted to approximately RMB777.2 million. The compensation plan of the Group is determined with reference to the market levels, the performance of employees and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Apart from taking into account the advice from the remuneration and appraisal committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

NOTICE OF ANNUAL GENERAL MEETING

Notice of AGM will be published on the respective website of the Company at www.agileliving.com.cn and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkex.com.hk and will be dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group.

The Audit Committee had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Mr. Wan Kam To, Mr. Wan Sai Cheong, Joseph and Mr. Wang Peng who are independent non-executive Directors.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code for securities transactions by Directors and a code for securities transactions by Supervisors as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they have complied with the relevant Securities Dealing Code throughout the period from 9 February 2018 (the "Listing Date") to the date of this announcement.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company as at the date of this announcement.

CORPORATE GOVERNANCE

As H Shares of the Company were not yet listed on the Stock Exchange during 2017, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code") was not applicable to the Group during 2017. Since the Listing Date, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code and complied with the applicable code provisions throughout the period from the Listing Date to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

H Shares of the Company were listed on the Stock Exchange on 9 February 2018. The over-allotment option in relation to the allot and issue up to an aggregate of 50,000,000 additional H shares was not exercised.

Save as disclosed above, from 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 the Company's listed securities.

PUBLIC FLOAT

H Shares of the Company were listed on the Main Board of the Stock Exchange on 9 February 2018. Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORTS ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the respective website of the Company at www.agileliving.com.cn and the Stock Exchange at www.hkex.com.hk. The annual report of the Company for the year ended 31 December 2017 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises nine members, being Mr. Chan Cheuk Hung^^ (Co-chairman), Mr. Huang Fengchao^ (Co-chairman), Mr. Liu Deming^, Mr. Feng Xin^, Mr. Wang Wei^, Mr. Wei Xianzhong^^, Mr. Wan Kam To^^^, Mr. Wan Sai Cheong, Joseph^^^ and Mr. Wang Peng^^^.

^ Executive Directors
^^ Non-executive Directors
^^^ Independent Non-executive Directors

By order of the Board
A-Living Services Co., Ltd.
Chan Cheuk Hung / Huang Fengchao
Co-chairman

Hong Kong, 20 March 2018

Scope of work of PricewaterhouseCoopers
The figures in respect of the Group's consolidated statements of comprehensive income, consolidated balance sheets and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary 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 the preliminary announcement.

* *for identification purposes only*