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 2018

FINANCIAL SUMMARY

	For the year ended 31 December		
	2018	2017	**Change**
Revenue *(RMB million)*	**3,376.7**	1,760.8	+91.8%
Gross profit *(RMB million)*	**1,289.9**	590.6	+118.4%
Gross profit margin	***38.2%***	*33.5%*	*+4.7 percentage points*
Profit for the year *(RMB million)*	**810.9**	300.2	+170.1%
Net profit margin	***24.0%***	*17.0%*	*+7.0 percentage points*
Profit attributable to the shareholders of the Company *(RMB million)*	**801.0**	289.7	+176.5%
Basic earnings per share *(RMB)*	**0.62**	0.35[Note 1]	
Cash and cash equivalents *(RMB million)*	**4,808.0**	879.8	+446.5%
Operating cash flow *(RMB million)*	**883.2**	287.3	+207.4%
Proposed annual dividend per share *(RMB)*	**0.30**		
Proposed dividend payout ratio (including final and special dividend)	**50%**		
Proposed total annual dividend *(RMB million)*	**400.0**		

Note 1: The Company's H shares were listed on 9 February 2018, thus the weighted average number of ordinary shares for the year ended 31 December 2017 was 832,400,000 shares.

- For the year ended 31 December 2018, the Group recorded revenue of RMB3,376.7 million, representing an increase of 91.8% as compared with the corresponding period in 2017. During the Year, revenues attributable to the three major business lines of the Group were: (i) revenue from property management services increased to RMB1,624.8 million, representing an increase of 34.8% as compared with the corresponding period in 2017; (ii) revenue from extended value-added services increased to RMB1,463.1 million, representing an increase of 222.7% as compared with the corresponding period in 2017; and (iii) revenue from community value-added services increased to RMB288.8 million, representing an increase of 183.7% as compared with the corresponding period in 2017.

- During the Year, the Group recorded (i) gross profit of RMB1,289.9 million, representing an increase of 118.4% as compared with the corresponding period in 2017, gross profit margin of 38.2%, representing a year-on-year increase of 4.7 percentage points; (ii) profit attributable to the shareholders of the Company of RMB801.0 million, representing an increase of 176.5% as compared with the corresponding period in 2017; (iii) net profit margin of 24.0%, representing a year-on-year increase of 7.0 percentage points; and (iv) the basic earnings per share of RMB0.62.

- As of 31 December 2018, the Group's cash and cash equivalents amounted to RMB4,808.0 million, representing an increase of RMB3,928.2 million, or 446.5%, as compared with as of 31 December 2017. For the year ended 31 December 2018, operating cash inflow amounted to RMB883.2 million, representing a year-on-year increase of 207.4%.

- Taking into account the business development needs of the Group and returns to the shareholders, the Board recommended a distribution of a final dividend of RMB0.15 per share (before tax) and a special dividend of RMB0.15 per share (before tax) for the year of 2018, representing a total annual dividend of RMB0.30 per share with a dividend payout ratio of 50%.

RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**3,376,749**	1,760,753
Cost of sales		**(2,086,808)**	(1,170,188)
Gross profit		**1,289,941**	590,565
Selling and marketing expenses		**(45,951)**	(32,629)
Administrative expenses		**(302,246)**	(171,222)
Reversal of impairment losses on financial assets		**2,750**	1,207
Other income	*5*	**102,297**	11,395
Other expenses		**(1,828)**	(799)
Other gains/(losses) — net	*6*	**31,317**	(100)
Operating profit		**1,076,280**	398,417
Finance income — net	*7*	**(917)**	4,279
Profit before income tax		**1,075,363**	402,696
Income tax expenses	*8*	**(264,484)**	(102,489)
Profit and total comprehensive income for the year		**810,879**	300,207
Profit and total comprehensive income attributable to:			
— Shareholders of the Company		**801,045**	289,727
— Non-controlling interests		**9,834**	10,480
		810,879	300,207
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	*9*	**0.62**	0.35

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*10*	**80,006**	70,704
Other intangible assets	*11*	**166,448**	110,303
Goodwill	*11*	**1,045,362**	918,967
Deferred income tax assets		**15,629**	11,834
Investment accounted for using the equity method		**422**	—
		1,307,867	1,111,808
Current assets			
Inventories		**15,190**	17,397
Trade and other receivables	*12*	**1,164,913**	488,189
Loans and interest receivables due from related parties		**—**	13,248
Cash and cash equivalents		**4,807,993**	879,771
Restricted cash		**586**	384
		5,988,682	1,398,989
Total assets		**7,296,549**	2,510,797
Equity			
Equity attributable to shareholders of the Company			
Share capital	*13*	**1,333,334**	1,000,000
Reserves	*14*	**3,265,887**	373,543
Retained earnings		**823,119**	98,409
		5,422,340	1,471,952
Non-controlling interests		**87,697**	2,117
Total equity		**5,510,037**	1,474,069
Liabilities			
Non-current liabilities			
Trade and other payables	*15*	**23,656**	—
Deferred income tax liabilities		**36,562**	22,118
		60,218	22,118
Current liabilities			
Contract liabilities		**365,499**	—
Trade and other payables	*15*	**1,168,900**	952,375
Current income tax liabilities		**191,895**	62,235
		1,726,294	1,014,610
Total liabilities		**1,786,512**	1,036,728
Total equity and liabilities		**7,296,549**	2,510,797

1 General information

The Company was established in the People's Republic of China (the "PRC") on 26 June 1997. On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 February 2018.

The Company's parent company is Zhongshan A-Living Enterprise Management Services Co., Ltd., an investment holding company established in the PRC, and its ultimate holding company is Agile Group Holdings Limited, a company incorporated in the Cayman Islands and its shares are listed on the Stock Exchange.

The Company and its subsidiaries (together the "Group") are primarily engaged in the provision of property management services and related value-added services in the PRC.

These financial statements are presented in Renminbi, unless otherwise stated.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of 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.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 *Financial Instruments*
- HKFRS 15 *Revenue from Contracts with Customers*
- *Classification and Measurement of Share-based Payment Transactions — Amendments to HKFRS 2*
- *Annual Improvements 2014–2016 cycle*
- *Transfers to Investment Property — Amendments to HKAS 40*
- *Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of HKFRS 9 and HKFRS 15 (Note 2.2). Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or 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 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 January 2019
HKAS 19 (Amendment)	Plan amendment, curtailment or settlement	1 January 2019
Annual Improvements to HKFRSs 2015–2017 cycle	Clarifying previously held interest in a joint operation under HKFRS3 Business Combinations and HKFRS 11 Joint Arrangements	1 January 2019
	Clarifying income tax consequences of payments on financial instruments classified as equity under HKAS 12 Income Taxes	
	Clarifying borrowing costs eligible for capitalisation under HKAS 23 Borrowing Costs	
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8	Amendment definition of Material	1 January 2020
HKFRS 17	Insurance contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB39,344,000. Of these commitments, approximately RMB15,511,000 relate to short-term leases and RMB1,621,000 relate to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB21,273,000 on 1 January 2019, lease liabilities of RMB21,273,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Group expects that net profit after tax will decrease by approximately RMB95,000 for 2019 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately RMB15,988,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies.

2.2.1 Impact on the financial statements

The Directors of the Group consider that the changes in the Group's accounting policies do not have any material impacts on prior year financial statements.

2.2.2 HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 *Financial Instruments* from 1 January 2018 only resulted in changes in accounting policies. No adjustments were made to the amounts recognised in the financial statements.

The changes on the classification and measurement models introduced by HKFRS 9 do not have material impact on the Group's existing financial assets and liabilities, as they are comprised of loans and receivables and financial liabilities at amortised costs as determined under HKAS 39, which are similar to the financial assets and liabilities measured at amortised cost under HKFRS 9, and are expected to continuously be initially recognised at fair value and subsequently measured at amortised cost.

The Group's trade and other receivables (excluding prepayments) are subject to HKFRS 9's new expected credit loss model. The Group was required to revise its impairment methodology under HKFRS 9 for trade and other receivables (excluding prepayments).

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. The Group has assessed that there is no significant increase of credit risk for other receivables (excluding prepayments), thus the impairment provision is determined as 12 months expected credit losses. The Directors of the Group consider that there is no material impact of the change in impairment methodology on the Group's retained earnings and equity.

2.2.3 HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Directors of the Group consider that, except that the liabilities related to contracts with customers that were previously presented as part of trade and other payables, the changes on the Group's revenue recognition do not have material impact on the amounts recognised in the financial statements.

3 Segment information

Management has determined the operating segments based on the reports reviewed by 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 2018 and 2017, 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.

Historically, the Group provided property management services under the brand "Agile Property Management". On 30 June 2017, the Group acquired Greenland Property Services and implemented a dual-brand driven strategy of "Agile Property Management" and "Greenland Property Services".

On 30 April and 31 August 2018, the Group acquired other two property management entities under the brands of "Nanjing Zizhu Property Services" and "Jingji Property Services" respectively.

The CODM of the Company examines the Group's performance for each brands and has identified one reportable segment — Agile Property Management.

For the year ended 31 December 2018, Greenland Property Services, Nanjing Zizhu Property Services and Jingji Property Services have been aggregated into "All other segments" as they are principally engaged in the provision of similar services to similar customers, and have similar long-term average gross margins.

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

As at 31 December 2018, most of the assets were located in the PRC except bank deposits of HK$38,145,000 and RMB1,176,050,000 in Hong Kong (2017: nil).

Segment Revenue and Results

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2018 are as follows:

	Agile Property Management *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Gross segment sales	2,843,663	547,578	3,391,241
Inter-segment revenue	(14,492)	—	(14,492)
Revenue from external customers	2,829,171	547,578	3,376,749
Timing of revenue recognition			
— Over time	2,824,976	547,578	3,372,554
— At a point in time	4,195	—	4,195
Segment results	868,906	72,843	941,749
Other income			102,297
Other gains — net			31,317
Income tax expense			(264,484)
Profit for the year			810,879
Segment results include:			
Depreciation	9,599	522	10,121
Amortisation	2,252	21,050	23,302

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

	Agile Property Management *RMB'000*	**Greenland Property Services** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	1,678,152	82,601	1,760,753
Timing of revenue recognition			
— Over time	1,665,188	82,601	1,747,789
— At a point in time	12,964	—	12,964
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 year			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 2018 are as follows:

	Agile Property Management *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Segment assets	5,508,352	1,772,568	7,280,920
Unallocated assets			
— Deferred income tax assets			15,629
Total segment assets			7,296,549
Segment liabilities	1,388,853	361,097	1,749,950
Unallocated liabilities			
— Deferred income tax liabilities			36,562
Total liabilities			1,786,512
Capital expenditure	15,860	5,265	21,125

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

	Agile Property Management	**Greenland Property Services**	**Total**
	RMB'000	*RMB'000*	*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

4 Revenue

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2018 and 2017 is as follows:

		Year ended 31 December	
		2018	2017
		RMB'000	*RMB'000*
	Revenue from customer and recognised over time		
Property management services	over time	**1,624,835**	1,205,589
Value-added services related to property management			
— Sales of goods, parking lots and shops	at a point in time	**4,195**	12,964
— Other value-added services	over time	**1,747,719**	542,200
		3,376,749	1,760,753

5 Other income

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest income	**92,775**	6,286
Government grants (Note (a))	**4,263**	—
Late payment charges	**2,562**	2,961
Miscellaneous	**2,697**	2,148
	102,297	11,395

(a) Government grants consisted mainly of financial subsidies granted by the local governments.

6 Other gains/(losses) — net

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment	**(214)**	(100)
Gains on forward foreign exchange contracts	**14,641**	—
Exchange gains	**16,890**	—
	31,317	(100)

7 Finance income — net

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Finance expenses:		
— Interest expenses of amortisation of long-term consideration	**(541)**	—
— Interest expenses of short-term borrowings	**(376)**	—
— Interest expenses of asset-backed securities	**—**	(48,791)
	(917)	(48,791)
Finance income:		
— Interest income from loans due from related parties	**—**	53,070
Finance income — net	**(917)**	4,279

8 Income tax expenses

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**272,983**	98,634
Deferred income tax		
— PRC corporate income tax	**(8,499)**	3,855
	264,484	102,489

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	
	2018	2017
	RMB'000	*RMB'000*
Profit before income tax	**1,075,363**	402,696
Tax charge at effective rate applicable to profits in the respective Group entities	**258,250**	100,674
Tax effects of:		
— Expenses not deductible for tax purposes	**2,907**	796
— Reversal of deferred tax assets recognised for tax loss in prior years	**1,001**	1,019
— Tax losses for which no deferred income tax asset was recognised	**2,326**	—
	264,484	102,489

The effective income tax rate was 25% for the year ended 31 December 2018 (2017: 25%).

PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC.

In 2018, Guangzhou Yatian Network Technology Co., Ltd (廣州市雅天網絡科技有限公司) ("**Guangzhou Yatian**") obtained the Certificate of High-Tech Corporation with valid period from 2017 to 2019. According to the Corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-Tech Corporation are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to Guangzhou Yatian during the year ended 31 December 2018 was 15% (2017: 25%). Zhuhai Hengqin Yaheng Engineering Consultancy Co., Ltd. (珠海横琴雅恒工程諮詢有限公司) has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15%.

Hong Kong Income Tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2018. There were two subsidiaries incorporated in Hong Kong during the year ended 31 December 2018. No Hong Kong profits tax was provided for these two Hong Kong subsidiaries as there was no estimated assessable profits that was subject to Hong Kong profits tax during the year ended 31 December 2018.

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 the year of 2017 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 in the computation of both basic and diluted earnings per share for the year ended 31 December 2017.

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 2018 and 2017.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2018 and 2017. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2018	2017
Profit attributable to Shareholders of the Company (RMB'000)	**801,045**	289,727
Weighted average number of ordinary shares deemed to be in issue (in thousands)	**1,296,667**	832,400
Basic earnings per share for profit attributable to the Shareholders of the Company during the year (expressed in RMB per share)	**0.62**	0.35

10 Property, plant and equipment

	Buildings	Transportation equipment	Office equipment	Machinery	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2017					
Cost	64,408	11,315	6,940	21,356	104,019
Accumulated depreciation	(15,494)	(8,407)	(4,502)	(14,013)	(42,416)
Net book amount	48,914	2,908	2,438	7,343	61,603
Year ended 31 December 2017					
Opening net book amount	48,914	2,908	2,438	7,343	61,603
Additions	350	2,990	2,972	10,539	16,851
Acquisition of a subsidiary	—	—	—	84	84
Disposals	(2)	(54)	(319)	(105)	(480)
Depreciation charge	(1,712)	(1,654)	(750)	(3,238)	(7,354)
Closing net book amount	47,550	4,190	4,341	14,623	70,704
As at 31 December 2017					
Cost	64,753	13,320	9,692	30,858	118,623
Accumulated depreciation	(17,203)	(9,130)	(5,351)	(16,235)	(47,919)
Net book amount	47,550	4,190	4,341	14,623	70,704
Year ended 31 December 2018					
Opening net book amount	47,550	4,190	4,341	14,623	70,704
Additions	352	4,365	8,114	6,403	19,234
Acquisition of subsidiaries	—	290	953	402	1,645
Disposals	—	(25)	(86)	(1,345)	(1,456)
Depreciation charge	(1,703)	(2,030)	(1,815)	(4,573)	(10,121)
Closing net book amount	46,199	6,790	11,507	15,510	80,006
As at 31 December 2018					
Cost	65,101	17,484	20,252	35,253	138,090
Accumulated depreciation	(18,902)	(10,694)	(8,745)	(19,743)	(58,084)
Net book amount	46,199	6,790	11,507	15,510	80,006

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of sales	**6,733**	5,718
Selling and marketing expenses	**1,483**	1,087
Administrative expenses	**1,905**	549
	10,121	7,354

11 Intangible assets

	Computer software *RMB'000*	Trademarks *RMB'000*	Customer relationship *RMB'000*	Subtotal *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2017						
Cost	12,832	—	—	12,832	—	12,832
Accumulated amortisation	(2,094)	—	—	(2,094)	—	(2,094)
Net book amount	10,738	—	—	10,738	—	10,738
Year ended 31 December 2017						
Opening net book amount	10,738	—	—	10,738	—	10,738
Additions	12,713	—	—	12,713	—	12,713
Acquisition of a subsidiary	—	18,000	77,000	95,000	918,967	1,013,967
Amortisation	(1,535)	(1,800)	(4,813)	(8,148)	—	(8,148)
Closing net book amount	21,916	16,200	72,187	110,303	918,967	1,029,270
As at 31 December 2017						
Cost	25,544	18,000	77,000	120,544	918,967	1,039,511
Accumulated amortisation	(3,628)	(1,800)	(4,813)	(10,241)	—	(10,241)
Net book amount	21,916	16,200	72,187	110,303	918,967	1,029,270
Year ended 31 December 2018						
Opening net book amount	21,916	16,200	72,187	110,303	918,967	1,029,270
Additions	1,891	—	—	1,891	—	1,891
Acquisition of subsidiaries (Note (a))	296	10,400	66,860	77,556	126,395	203,951
Amortisation	(2,367)	(4,293)	(16,642)	(23,302)	—	(23,302)
Closing net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
As at 31 December 2018						
Cost	27,919	28,400	143,860	200,179	1,045,362	1,245,541
Accumulated amortisation	(6,183)	(6,093)	(21,455)	(33,731)	—	(33,731)
Net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810

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

	Year ended 31 December	
	2018 *RMB'000*	2017 *RMB'000*
Cost of sales	**21,322**	7,157
Selling and marketing expenses	**212**	757
Administrative expenses	**1,768**	234
	23,302	8,148

(a) Acquired subsidiaries mainly include: on 30 April 2018, the Group acquired 51% of the equity interest in Nanjing Zizhu Property Management Services Co., Ltd. (南京紫竹物業管理股份有限公司) ("**Nanjing Zizhu**") at a total consideration of RMB204,812,000. The consideration will be settled by instalments in 3 years. Taking into account the discounting effect, the fair value of the consideration amounted to RMB202,033,000. Total identifiable net assets of Nanjing Zizhu attributable to the Group amounted to RMB77,722,000, including trademarks of RMB10,400,000 and customer relationship of RMB61,900,000 recognised by the Group.

12 Trade and other receivables

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables (Note (a))		
— Related parties	**507,646**	199,717
— Third parties	**342,766**	108,287
	850,412	308,004
Less: allowance for impairment of trade receivables	**(21,385)**	(7,443)
	829,027	300,561
Other receivables		
— Related parties	**70,669**	35,737
— Third parties	**232,736**	102,362
	303,405	138,099
Less: allowance for impairment of other receivables	**(3,472)**	(1,256)
	299,933	136,843
Prepayments		
— Third parties	**35,953**	50,785
	1,164,913	488,189

(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 cash flows from the receivables.

As at 31 December 2018 and 2017, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0–180 days	**556,855**	218,208
181–365 days	**142,015**	44,214
1 to 2 years	**101,565**	22,709
2 to 3 years	**24,557**	9,387
Over 3 years	**25,420**	13,486
	850,412	308,004

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2018, a provision of RMB21,385,000 was made against the gross amounts of trade receivables (2017: RMB7,443,000).

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

13 Share capital

	As at 31 December		As at 31 December	
	2018	2017	**2018**	2017
	shares	*shares*	***RMB'000***	*RMB'000*
Issued and fully paid	**1,333,334,000**	1,000,000,000	1,333,334	1,000,000

The paid-in capital of the Company as at 1 January 2017 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 Company issued H shares of 333,334,000 at a nominal value of RMB1.00 per share. Such shares were offered at HK$12.3 per share and listed on the Main Board of the Stock Exchange on 9 February 2018. Net proceeds from the issue amounted to RMB3,199,343,000, among of which, RMB333,334,000 was recorded as share capital and RMB2,866,009,000 was recorded as share premium.

14 Reserves

	Statutory reserve *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*
As at 1 January 2017	11,074	—	94,423	105,497
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	(18,304)	23,407	—	5,103
Transactions with NCI	—	—	4,944	4,944
Effect of the reorganisation of the Group	—	—	(32,392)	(32,392)
Issue of ordinary shares	—	1,170,637	—	1,170,637
Transfer from share premium to share capital	—	(922,000)	—	(922,000)
Appropriation of statutory reserves (Note (a))	40,754	—	—	40,754
As at 31 December 2017	33,524	272,044	67,975	373,543
Issue of H shares	—	2,866,009	—	2,866,009
Appropriation of statutory reserves (Note (a))	26,335	—	—	26,335
As at 31 December 2018	59,859	3,138,053	67,975	3,265,887

(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.

15 Trade and other payables

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables (Note (a))		
— Related parties	**7,333**	235
— Third parties	**306,051**	151,867
	313,384	152,102
Other payables		
— Related parties	**40,755**	60,304
— Third parties	**487,265**	269,388
	528,020	329,692
Advances from customers		
— Related parties	**—**	19,769
— Third parties	**—**	276,886
	—	296,655
Accrued payroll	**274,974**	145,652
Other taxes payables	**76,178**	28,274
	1,192,556	952,375
Less: non-current portion of trade and other payables (Note (b))	**(23,656)**	—
Current portion	**1,168,900**	952,375

(a) As at 31 December 2018 and 2017, the aging analysis of the trade payables (including amounts due to related parties of a trade nature) based on invoice date were as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Up to 1 year	**283,634**	140,687
1 to 2 years	**21,379**	4,135
2 to 3 years	**2,864**	2,799
Over 3 years	**5,507**	4,481
	313,384	152,102

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

(b) Non-current portion of trade and other payables primarily represent the consideration payable for the acquisition of Nanjing Zizhu.

16 Dividends

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Proposed a final dividend of RMB0.15 per ordinary share and a special dividend of RMB0.15 per ordinary share (collectively the "**Annual Dividend**") (note (a))	**400,000**	—
Special dividend (note (a)) (note (b))	**50,000**	—
Dividend to the then shareholders (note (c))	**—**	297,975

(a) The Annual Dividend of RMB0.3 per ordinary share in respect of 2018 have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 28 May 2019. The Annual Dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

(b) A special dividend in respect of 2017 of RMB50,000,000 was declared by the Company to the then shareholders at the Board Meeting on 15 January 2018. The special dividend was distributed out of the Company's retained earnings.

(c) 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 of the Group.

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 2018 (the "**Year**").

In 2018, with background of the huge potential brought about by the massive housing stock of property market and consumption upgrade, the property management industry is under rapid development. According to the forecast of China Index Academy, it is expected that scale of the property management in the PRC will reach 24.3 billion sq.m. by 2020 and the revenue scale of basic property management services will exceed RMB1 trillion in the next five years. At present, the property management market is still highly fragmented, but the market consolidation is accelerating, allowing the industry leaders to better capture market opportunities in the future. In addition, with urbanization and increasing income per capita, in response to the higher consumption demand, the property management services are increasingly innovative and diversified, bringing about considerable growth potential in the value-added services market.

The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 February 2018 (the "**Listing**"). With 26 years of experience in property management and by leveraging the international capital platform, the Group will continue to expand management scale and explore varied and differentiated value-added services, with the corporate vision of becoming a national leading and world class resident services platform and will dedicate to provide closed loop, all-round and full life-cycle quality services to its customers and property owners.

Business Review

During the Year, the Group fully re-organized its existing business lines to form a new landscape of integrated development of three business segments, namely the "property management services", "asset management services" and "community commercial services", based on its "1+N" strategy. In 2018, the Group deepened the development model of "focusing on property management while developing a variety of other businesses", and recorded historic breakthroughs in the first year after its Listing with leapfrog growth in various operational indicators, stable furtherance of investment and mergers and acquisitions ("**M&A**"), and ranked top 10 in the PRC in terms of its comprehensive strength and was awarded the "TOP 8 Property Management Companies of the PRC in terms of Comprehensive Strength".

During the Year, the revenue of the Group was RMB3,376.7 million, representing a year-on-year increase of 91.8%. The gross profit was RMB1,289.9 million, representing a year-on-year increase of 118.4%. The gross profit margin was 38.2%, representing an increase of 4.7 percentage points year-on-year. Net profit margin was 24.0%, representing a year-on-year increase of 7.0 percentage points. Profit attributable to the shareholders of the Company (the "**Shareholders**") amounted to RMB801.0 million, representing a year-on-year increase of 176.5%. The basic earnings per share amounted to RMB0.62. Taking into account the Group's business development needs and the Shareholders' investment returns, the Board proposed a final dividend of RMB0.15 per share (before tax) and a special dividend of RMB0.15 per share (before tax) for the year of 2018, representing a total annual dividend of RMB0.30 per share with a dividend payout ratio of 50%.

As for business expansion, the Group continued to uphold a dual-brand development strategy based on "Agile Property Management" and "Greenland Property Services", with support from two of its shareholders, Agile Group Holdings Limited (雅居樂集團控股有限公司) (**"Agile Holdings",** and together with its subsidiaries, "**Agile Group**") and Greenland Holdings Group Company Limited (綠地控股集團股份有限公司)("**Greenland Holdings**"), and focused on efficiency, quality and development to further expand its coverage and influence in the property management service sector. The Group continued to comprehensively enhance the management quality of projects from Greenland Holdings, deepen its long-term cooperation with Greenland Holdings and promote the quality enhancement and market expansion of "Greenland Property Services". On the other hand, "Greenland Property Services" complements A-Living, enabling the Group to expand its business into super high-rise and commercial property services.

The year of 2018 marked a period of rapid progress in terms of market-oriented development and capitalization of the property management industry. The Group kept abreast of the industry advancement, held fast to its philosophy of development, mapped out clear development strategies and became one of the first movers in the industry in terms of capitalization and market-oriented development. During the Year, apart from the GFA of the management projects steadily contributed by the two major shareholders, Agile Group and Greenland Holdings, the Group realized higher contribution of growth from active expansions through third-party developers and M&A.

Adhering to the market expansion strategy of "achieving strategic breakthroughs, centralization and synergies, regional cultivation, and expansion of strengths", the Group entered into strategic cooperation with local real estate enterprises with abundant land reserves. At the same time, the Group successfully enhanced its brand awareness and further improved its nationwide layout through regional cultivation and coverage on Southern, Eastern and Northern China and expansion into major cities in Southwestern and Northeastern China. Taking into account the GFA obtained from the acquisition of Qingdao Huaren Property Co., Ltd. ("**Qingdao Huaren**") and Harbin Jingyang Property Management Co., Ltd. ("**Harbin Jingyang**") which results are expected to be consolidated from April 2019 onwards, the total GFA under management and the contracted GFA of the Group would amount to 153.6 million sq.m. and 246.4 million sq.m., respectively. As of 31 December 2018, the contracted GFA of projects obtained from third-party developers was 106.4 million sq.m., representing 46.3% of the total contracted GFA, and representing an increase of 48.4 million sq.m. as compared with that of 2017 or a 83.2% increase on a year-on-year basis.

The Group actively seeks quality investment and acquisition projects in the market since the Listing, primarily focusing on targets with high engagement and extensiveness in property management. During the Year, the Group successively acquired several regional leading property management enterprises, which helped to enter the local market rapidly, improving its geographic coverage, while diversifying its management portfolio, refining its strategic layout and enhancing the market influences and competitiveness of the Group in the PRC. Furthermore, the Group may further develop post-acquisition management to empower the acquired enterprises and provide them with strategic support through leveraging on its own advantages and resources, and laying a solid foundation for its rapid expansion in scale.

In order to precisely meet people's needs for a better life, the Group will continue to build a community economic ecosphere centered on household consumption. Focusing on the residents, houses, vehicles and public resources, the Group has built a one-stop household consumption service platform for the property owners, to earnestly address the property owners' concerns and meet their needs. Meanwhile, the Group has also analyzed the structure and positioning for the community population, built data bases for community property owners, deeply dug user demands and conducted product research and development, so as to complete the closed-loop of community living services.

As for extended value-added services, the Group proceeded with market-oriented development and cultivated in existing market while continuously strengthened the strategic cooperation with property developers. The Group improved the delivery satisfaction through inspection consultation services, and enhanced the synergies among property developers, property management companies and property owners. The Group extracted the economic values of the community focusing on advertising resources. At the same time, the Group improved the quality of living services while utilizing the brand effects to attract more quality partners and expand the business scope.

High-quality services and constructions of four specialized standards are the basis of the continuing enhancement of brand value of the Group. Capitalizing on the strategy of "management digitalization, service specialization, procedure standardization and operation automation", the Group continued to improve and strengthen its internal management system and enhance the overall operating efficiency. By utilizing cloud technology and big data, the Group has built up an integrated command center and preliminarily established a command and arrangement system featuring "digitalization, visualization, intensification and full coverage", which improves the efficiency of decision-making and service quality.

The Group's professional and efficient services have been widely recognized by the market and industry. In 2018, the Group was awarded as "TOP 8 Property Management Companies of the PRC in terms of Comprehensive Strength", ranked 2nd among "Top 100 Property Management Companies in the PRC in terms of Growth Potential", and accredited as "Leading Company among 2018 Top 100 Property Management Companies in the PRC in terms of Business Performance", "Leading Brand in Vacation Property Management" and "Chinese Blue-chip Property Management Company". The Group is committed to building a world class comprehensive living service management platform and further scaling up its business through standardization. In December 2018, the Group led the drafting of the Vacation Housing Property Service Standard which was reviewed and approved by the PRC Property Management Institute. The Standard's quality has been highly praised.

Prospects and Strategy

In 2019, the continuing trend of urbanization and consumption upgrade will support the long-term steady growth of the property management industry. Amid the intensified industry competition, scale expansion is still an important strategy for property management companies and the indispensable way to strengthen the competitive edge.

The Group leverages the advantages of its Listing to deepen its strategic layout and focus on the synergetic development of the three major business segments. The Group will continue to focus on various new or existing mid- to high-end residential property projects, expand and strengthen residential property services, control costs and improve efficiency, achieve regional scale expansion and effectively enhance the pricing power supported by quality. At the same time, on the basis of the original development strategy, the Group will further enhance the conversion rate and profitability of the projects from third-party property developers, and increase the development of regional centralization, diversification of business portfolio and product differentiation.

At the same time, the PRC's commercial real estate is under development, and the commercial office building market has great potential. According to market forecasts, the existing commercial projects in the first- and second-tier cities will have a considerable growth rate in the next three years. Regions with relatively stable supply, such as Beijing, Shanghai, Guangzhou and Shenzhen, are still the main cities for the development of commercial real estate. New first-tier cities such as Zhengzhou, Chengdu, Xi'an and Wuhan are also accelerating the pace of commercial office building construction affected by the demand spillover from traditional first-tier cities. The Group will seize the development opportunities and take advantage of the trend to establish Johnson Property Management Co., Ltd.* (卓森物業管理有限公司), a new wholly-owned subsidiary, so as to serve real estate for commercial purposes and strive to build a professional and high-end commercial management business segment. The Group will focus on key cities such as Beijing, Shanghai, Guangzhou, Shenzhen and Wuhan, and develop regional high-end benchmark projects to realize the development vision of "office buildings being constructed and managed by Chinese enterprise".

In terms of M&A, the Group will focus on the five major regions such as the Yangtze River Delta, Chengdu-Chongqing region, Beijing-Tianjin-Hebei region, the Middle Yangtze River city clusters and the Bohai city clusters in the future, and complete the national layouts to develop more quality benchmark projects. The business portfolio of acquisition and expansion targets will gradually change from traditional residential property and commercial property management to multi-portfolio property management, and we will actively explore the property services for public buildings and achieve the whole industry chain layout of property services. Meanwhile, adhering to the principle of mutual respect, seeking common grounds while shelving difference and inclusive symbiosis, focusing on empowerment and providing support as priority, the Group will impart its successful experiences in value-added services and others to improve the operation efficiency of the acquired companies after the acquisitions.

With the changes in the demographic structure and consumption scenarios of community, there will be stronger market demand and promising prospects for community value-added services. The Group will continue to adopt an asset-light operation model and conduct multi-level cooperation with business partners to jointly deploy a new community economic ecosystem. The Group will adopt a "multi-point layout + focused breakthrough" approach to quickly revitalize the internal and external resources of the Group to form an agglomeration effect. Meanwhile, the Group will strive to enhance the innovation capability of the community commercial business, continue to explore community business opportunities based on the property owners' consumption demand, improve the one-stop household consumption service platform, and further enhance the satisfaction rate of the property owners.

The Group adheres to the corporate philosophy of "Lifelong Caring for Property Owners" and will continue to implement the long-term development strategy of "focusing on improving quality and efficiency, based on property management" and comprehensively optimize the quality system to achieve the vision of meeting the needs of the property owners for a better life. In the future, under the framework of the three major business segments, the Group will strive to expand the scale of property management, increase operating income and improve operational efficiency. The Group will focus on high value-added projects through diversified development strategies to optimize its income structure, enhance its profitability and consolidate its leading position in the industry through various cooperation methods, so as to create greater value for its Shareholders and property owners.

Acknowledgement

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of the Company, we would like to extend our heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable the Group to grow and to achieve good results.

Chan Cheuk Hung/Huang Fengchao
Co-Chairman of the Board

Hong Kong, 18 March 2019

Management Discussion and Analysis

The Group is a reputable property management services provider in the PRC focusing on mid- to high-end properties. The Group upholds the development strategy of "Consolidating footholds in Beijing, Shanghai and Guangzhou, serving the whole PRC", relying upon Agile Group and Greenland Holdings, two leading property developers, growing our scale by expansion to projects of third-party property developers and M&A. The Group's excellent service quality and brand are widely recognized by the market, securing its leadership position for the Group in the industry. During the Year, the Group ranked 8th among the 2018 Property Management Companies of the PRC in terms of Comprehensive Strengths, and awarded as Top 10 Community Service Providers in the PRC, and Top 10 in terms of Capital Market's Attention.

Financial Review

Revenue

For the year ended 31 December 2018, revenue of the Group amounted to RMB3,376.7 million (2017: RMB1,760.8 million), representing an increase of 91.8% as compared with the corresponding period in the last year.

The Group's revenue was derived from three major business lines, i.e. (i) property management services; (ii) extended value-added services; and (iii) community value-added services.

	For the year ended 31 December				
	2018	**Percentage of revenue**	2017	Percentage of revenue	**Growth rate**
	(RMB'000)	**%**	*(RMB'000)*	%	%
Property management services	**1,624,835**	**48.1%**	1,205,589	68.5%	34.8%
Extended value-added services	**1,463,135**	**43.3%**	453,364	25.7%	222.7%
— Sales center property management services	**675,178**	**20.0%**	323,249	18.3%	108.9%
— Other extended value-added services	**787,957**	**23.3%**	130,115	7.4%	505.6%
Community value-added services	**288,779**	**8.6%**	101,800	5.8%	183.7%
Total	**3,376,749**	**100%**	1,760,753	100%	91.8%

Property management services

Property management services which include security, cleaning, greening, gardening, repair and maintenance, etc., constitute the main source of revenue of the Group.

During the Year, revenue from property management services amounted to RMB1,624.8 million (2017: RMB1,205.6 million), accounting for 48.1% of the total revenue of the Group and representing an increase of 34.8% as compared with the corresponding period in 2017.

The following table sets forth a breakdown of the Group's total GFA under management

Project Sources	**As of 31 December 2018** ***('000 sq.m.)***	**Percentage of areas** ***%***	As of 31 December 2017 *('000 sq.m.)*	Percentage of areas *%*	**Year-on-year growth** ***('000 sq.m.)***	Growth Rate *%*
Agile Group	**48,191.7**	**34.9%**	42,189.0	53.9%	6,002.7	14.2%
Greenland Holdings	**4,728.3**	**3.4%**	2,684.2	3.4%	2,044.1	76.2%
Third-party property developers	**55,846.6**	**40.4%**	33,461.8	42.7%	22,384.8	66.9%
M&A	**29,353.0**	**21.3%**	—	—	29,353.0	N.A.
Total	**138,119.6**	**100%**	78,335.0	100%	59,784.6	76.3%

As of 31 December 2018, the Group's GFA under management was 138.1 million sq.m., representing an increase of 76.3% as compared with 31 December of 2017. The increase mainly was attributed to: (i) the Group continued to takeover the projects developed by Agile Group, with the newly increased GFA under management of 6.0 million sq.m. during the Year; (ii) the newly increased GFA of 2.0 million sq.m. from the projects of Greenland Holdings during the Year; (iii) the newly increased GFA from the projects developed by independent third-party property developers of approximately 22.4 million sq.m. during the Year; and (iv) GFA under management from M&A of 29.4 million sq.m. during the Year. After 31 December 2018, the Group entered into equity transfer agreements to acquire 89.6643% shares in Qingdao Huaren and 60% equity interest in Harbin Jingyang. Their GFA under management were 5.7 million sq.m. and 9.8 million sq.m. respectively, totalling 15.5 million sq.m.. Taking into account the GFA under management of Qingdao Huaren and Harbin Jingyang, the total GFA under management of the Group would be 153.6 million sq.m..

The average property management fee

Among the projects managed by the Group, the average property management fee of the residential properties of Agile Group and Greenland Holdings was RMB3.20/m^2/month (As of 30 June 2018: RMB3.02/m^2/month), and the average property management fee of the residential projects from third-party property developers, (excluding M&A), was RMB2.25/m^2/month, slightly increased as compared with that of RMB2.03/m^2/month for the six months ended 30 June 2018, mainly due to the relatively higher management fees and the better operating condition of the newly delivered third-party projects in the second half of the Year. The Group believes the current property management market remains highly fragmented, but the consolidation is accelerating. At the initial stage of rapid scale expansion, the Group needs to develop through the areas and projects with relatively low property management fees as an entry point, and rapidly enrich the geographic coverage and business portfolios. In terms of the management of existing projects, the Group strives to improve the quality of management and the management efficiency, provide more professional services for the community life of the property owners, and strive to increase management fees reasonably in the future. During the Year, thanks to the constant improvement in service satisfaction and the adoption of caring approach for management fee collection, the collection rate of the Group's residential property projects from Agile Group was up to 95.7% (As of 30 June 2018: 91.9%).

The project portfolio for GFA under management

As of 31 December 2018, for the GFA under management, the proportion of residential property business accounted for 60.4%, and the proportion of non-residential property business accounted for 39.6% (As of 31 December 2017: the proportion of residential property business accounted for 73.4% and non-residential property business accounted for 26.6%). Residential property business is still the foundation of the Group's scale expansion. The Group is now focusing on providing property management services to mid- to high-end residential properties. The Group will improve its brand awareness in the non-residential sector by adjusting its business structure, optimizing its project portfolio, and expanding its diversified business types in the future.

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 532, covering 24 provinces, municipalities and autonomous regions nationwide, in 78 cities. As of 31 December 2018, 35.7% of the GFA under management were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 31.5% were located in the Yangtze River delta city cluster, 3.6% were located in the Chengdu-Chongqing city cluster, and the remainder spread across other regions in the PRC.

The charging model

During the Year, the revenue of the Group from property management services was mainly based on the lump sum contract basis, which accounted for 96.1% of that from property management services (2017: accounted for 97.2% of that from property management services). The Group primarily adopted a lump sum contract basis so that it was conducive to improve service quality and operational efficiency.

The following table sets forth a breakdown of the Group's total contracted GFA

Project Sources	**As of 31 December 2018** *('000 sq.m.)*	**Percentage of areas** *%*	As of 31 December 2017 *('000 sq.m.)*	Percentage of areas *%*	**Year on year Growth** *('000 sq.m.)*	**Growth rate** *%*
Agile Group	**70,370.9**	**30.6%**	58,676.5	46.5%	11,694.4	19.9%
Greenland Holdings	**22,026.2**	**9.6%**	9,334.6	7.4%	12,691.6	136.0%
Third-party property developers	**106,440.6**	**46.3%**	58,089.4	46.1%	48,351.2	83.2%
M&A	**30,961.0**	**13.5%**	—	—	30,961.0	N.A.
Total	**229,798.7**	**100%**	126,100.5	100%	103,698.2	82.2%

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers for providing property management services and include delivered and to-be-delivered (reserved) GFA, and the to-be-delivered (reserved) GFA will become the Group's GFA under management in the future and expand the base of the Group's revenue. As of 31 December 2018, the contracted GFA reached 229.8 million sq.m., representing an increase of 103.7 million sq.m. or a growth rate of 82.2% as compared with that of 126.1 million sq.m. for 2017. In 2018, the Group obtained newly increased contracted GFA of 11.7 million sq.m. and 12.7 million sq.m. from Agile Group and Greenland Holdings respectively. The acquisition of Nanjing Zizhu Property Management Co., Ltd.*(南京紫竹物業管理股份有限公司) ("**Nanjing Zizhu**") in 2018 led to an increase in the Group's contracted GFA of 27.5 million sq.m.. In addition, after 31 December 2018, Qingdao Huaren and Harbin Jingyang, acquired by the Group, contributed contracted GFA of 6.1 million sq.m. and 10.5 million sq.m. respectively to the Group. Taking into account the contracted GFA of Qingdao Huaren and Harbin Jingyang, the total contracted GFA of the Goup would be 246.4 million sq.m..

Extended value-added services

Extended value-added services primarily include sales center property management services and other extended value-added services for property developers.

During the Year, the Group recorded revenue from extended value-added services of RMB1,463.1 million, representing an increase of 222.7% as compared with that of RMB453.4 million in 2017, and accounting for approximately 43.3% of the total revenue, including:

(1) The revenue from sales center property management services (accounted for 46.1% of the revenue from the extended value-added services): amounted to RMB675.2 million in 2018, representing an increase of 108.9% as compared with that of RMB 323.2 million in 2017. The increase of the revenue from sales center property management services was primarily due to an increase of areas delivered by Agile Group, and the provision of sales center property management services to Greenland Holdings since 2018.

(2) Other extended value-added services (accounted for 53.9% of the revenue from the extended value-added services): including property marketing agency services and housing inspection services, etc. The revenue amounted to RMB787.9 million in 2018, representing an increase of 505.6% as compared with that of RMB130.1 million in 2017.

As of 31 December 2018, the Group's subsidiary, A-TRO Properties Consultancy Co, Ltd.* (雅卓房地產顧問有限公司) (formerly known as: Guangzhou Yazhuo Real Estate Sales Co., Ltd. (廣州市雅卓房地產營銷有限公司)) ("**A-TRO Consultancy**") had 50 branches in 48 cities or regions in the PRC, including 20 property agency services projects from third-party property developers. A-TRO Consultancy has gradually developed business since the fourth quarter of 2017, and contributed revenue of only one quarter in 2017, thus its revenue recorded a significant increase in 2018. The property marketing agency services will provide early-stage foundation and advantages for the Group to undertake subsequent property management services in the future.

Community value-added services

Community value-added services mainly include living and comprehensive services, community asset management services and home improvement services. Community value-added services focus on improving the community living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Year, revenue from community value-added services amounted to RMB288.8 million, representing an increase of 183.7% as compared with that of RMB101.8 million in 2017 and accounting for approximately 8.6% of total revenue.

(1) Living and comprehensive services include: property repair and maintenance, housekeeping, community-based group purchase, and comprehensive consulting services, etc. The revenue from living and comprehensive services accounted for approximately 38.9% of the revenue from community value-added services during the Year.

(2) Community asset management services primarily include: club house operation, property lease services, apartment operation, community-based advertising, parking lot management services, community property operation, and second-hand property agency services. Community asset management services accounted for approximately 36.4% of the revenue from community value-added services during the Year.

(3) Home improvement services represented the new business of the Group in this year, primarily include turnkey furnishing services. Such services accounted for approximately 24.7% of the revenue from community value-added services during the Year.

Cost of Sales

The Group's cost of sales primarily consists of employee salaries and benefit expenses, utility charges, tax and extra charges, maintenance costs, cost of consumables, greening and gardening expenses, operating lease payments, cost of sales in parking lot and stores and others.

During the Year, cost of sales of the Group was RMB2,086.8 million, representing an increase of 78.3% as compared with that of RMB1,170.2 million for the corresponding period in 2017. The increase in cost of sales was primarily due to the increase in various kinds of costs in response to an increase in turnover with the rapid development of the Group's businesses. In general, the Group's growth of the cost of sales was slower than that of revenue, primarily because the Group had made great efforts in developing value-added services. Value-added services grew faster than property management services and had a higher profit margin.

Gross Profit and Gross Profit Margin

	For the year ended 31 December				
	2018		2017		
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	Changes in Gross Profit Margin
Property management services	**444,629**	**27.4%**	324,671	26.9%	+0.5 percentage points
Extended value-added services	**698,209**	**47.7%**	223,490	49.3%	-1.6 percentage points
Community value-added services	**147,103**	**50.9%**	42,404	41.7%	+9.2 percentage points
Total	**1,289,941**	**38.2%**	590,565	33.5%	+4.7 percentage points

During the Year, the Group's gross profit amounted to RMB1,289.9 million, representing an increase of 118.4% as compared with that of RMB590.6 million in 2017. The Group's gross profit margin increased to 38.2% from 33.5% in 2017.

The gross profit margin of property management services was 27.4%, representing an increase of 0.5 percentage points as compared with that of 26.9% in 2017, primarily due to (i) the increase of subcontracted cleaning, maintenance and repairs, greening and gardening led to effective control of labor costs; (ii) persistent labor optimization through intelligent application and automated operation; (iii) economy of scale effect; (iv) the increase of the Group's average property management fees during the year.

The gross profit margin of extended value-added services was 47.7%, representing a decrease of 1.6 percentage points as compared with that of 49.3% in 2017, primarily due to (i) the increase of number of staff and staff cost in response to the improvement of the service quality and owners' satisfaction rate; (ii) the relatively high expenditures for third-party projects in the early stage of market-oriented operation.

The gross profit margin of community value-added services was 50.9%, representing an increase of 9.2 percentage points as compared with that of 41.7% in 2017, primarily benefiting from constantly enriching valued-added services of the Group. The Group actively developed living services, community asset management services, turnkey furnishing, community-based economy services in 2018. By leveraging on the early stage investment and the economy of scale effect, the overall gross profit margin increased significantly.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB46.0 million, representing an increase of 41.1% as compared with that of RMB32.6 million in 2017, accounting for 1.4% of the revenue (2017: accounting for 1.9% of the revenue), which is primarily due to the intensified brand promotion of the Group and increased advertisement and promotion expense in response to its business expansion.

Administrative expenses

During the Year, the Group's administrative expenses were RMB302.2 million, representing an increase of 76.5% as compared with that of RMB171.2 million in 2017, accounting for 8.9% of the revenue (2017: accounting for 9.7% of the revenue), primarily due to (i) an increase in expenses on employee remuneration, welfare and talent training and others resulting from the increase of the number of employees; (ii) increased business expenses in response to the momentum of a rapid development in market expansion; (iii) the Listing expenses of approximately RMB11.2 million; and (iv) an increase in the daily administrative expenses of newly acquired companies. Each of the above stated increases was in line with the Group's business diversification and expansion strategy.

Other Income

During the Year, other incomes of the Group amounted to RMB102.3 million representing an increase of 797.4% as compared with that of RMB11.4 million in last year. The aforementioned increase was primarily resulted from the income from capital raised from the Listing.

Income tax

During the Year, the Group's income tax amounted to RMB264.5 million. The income tax rate was 24.6% (the corresponding period in 2017: 25.5%). The decrease in effective income tax rate during the Year was attributable to the fact that the Group's subsidiary, Guangzhou Yatian, had obtained a certificate of high-tech enterprise in December 2017, which allows it to enjoy a preferential enterprise income tax rate of 15% in 2017, 2018 and 2019. A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15%.

Profits

During the Year, the net profit for the year of the Group was RMB810.9 million, representing an increase of 170.1% as compared with that of RMB300.2 million for the corresponding period in 2017. Net profit margin was 24.0%, representing an increase of 7.0 percentage points as compared with that of 17.0% for the corresponding period in 2017, due to the rapid development of the Group's business, significantly increased portion of business with high margin and effective cost control. The profit attributable to the Shareholders was RMB801.0 million, representing an increase of 176.5% as compared with that of RMB289.7 million for the corresponding period in 2017. The basic earnings per share amounted to RMB0.62.

Current Assets, Reserves and Capital Structure

During the Year, the Group maintained a sound financial position. As of 31 December 2018, the current assets amounted to RMB5,988.7 million, representing an increase of 328.1% as compared with that of RMB1,399.0 million as of 31 December 2017. Cash and cash equivalents of the Group amounted to RMB4,808.0 million, representing an increase of 446.5% as compared with that of RMB879.8 million in 2017, primarily because the Company has successfully raised funds from the Listing, and benefited from the continuously increasing operating cash inflows of the Group.

As of 31 December 2018, the Group's total equity was RMB5,510.0 million, representing an increase of RMB4,035.9 million or 273.8% as compared with that of RMB1,474.1 million as of 31 December 2017, which was primarily due to funds raised from the Listing and the contributions of the realized profits in the current year.

Property, Plant and Equipment

As of 31 December 2018, the Group's net property, plant and equipment amounted to RMB80.0 million, representing an increase of 13.2% as compared with that of RMB70.7 million as of 31 December 2017, which was primarily due to the purchase of office equipment and machinery for the Group's business development, but was partly offset by depreciation for the current year.

Other Intangible Assets

As of 31 December 2018, the net book amount of other intangible assets of the Group was RMB166.4 million, representing an increase of 50.9% as compared with that of RMB110.3 million in 2017. Intangible assets of the Group primarily included (i) RMB18.0 million of the right to use the trademark of Greenland Holdings; (ii) RMB77.0 million of customer relationship recognised by the Group due to the acquisition of Greenland Property Services; (iii) RMB10.4 million of the trademark value of Nanjing Zizhu acquired in the Year; (iv) RMB61.9 million of customer relationships with Nanjing Zizhu recognised by the Group due to the M&A; (v) the software researched and developed and purchased by the Group; and (vi) partially offset by amortisation of trademarks, customer relationships and software. Trademarks and customer relationship have a specific validity period and are carried at cost less accumulated amortisation.

Goodwill

As of 31 December 2018, the Group recorded goodwill of RMB1,045.4 million, representing an increase of 13.8% as compared with that of RMB919.0 million as of 31 December 2017. The goodwill of the Group primarily included (i) RMB919.0 million in relation to the acquisition of Greenland Property Services; (ii) RMB126.4 million in relation to the acquisition of Nanjing Zizhu and other companies from M&A. The goodwill primarily derived from the expected future business developments of the acquired companies, improvement on market coverage, expansion of service portfolio, integration of value-added services and improvement of management efficiency.

As of the date of this announcement, the valuation report prepared by the independent valuer confirmed that there had been no goodwill impairment.

Trade and Other Receivables

As of 31 December 2018, trade and other receivables amounted to RMB1,164.9 million, representing an increase of 138.6% as compared with that of RMB488.2 million in 2017, which was primarily attributable to (i) the growth of corresponding businesses brought by the increase in GFA under management of the Group; (ii) the newly increased trade and other receivables brought by the acquired companies.

Trade and Other Payables

As of 31 December 2018, the trade and other payables amounted to RMB1,192.6 million, representing an increase of 25.2% as compared with that of RMB952.4 million in 2017, which was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to independent third-party service providers; (ii) consideration payable for the acquisition of Nanjing Zizhu; (iii) the increase of trade and other payables brought by the acquired companies.

Borrowings

As of 31 December 2018, the Group had no borrowings or bank loans.

Current and Deferred Income Tax Liabilities

As of 31 December 2018, the current income tax liabilities was RMB191.9 million, representing an increase of 208.5% as compared with that of RMB62.2 million as of 31 December 2017, which was primarily attributable to the significant increase of the profit before tax of the Group. The deferred income tax liabilities increased from RMB22.1 million as of 31 December 2017 to RMB36.6 million as of 31 December 2018, which was primarily due to the impact of the increased value recognized from asset appraisal against Greenland Property Services and Nanjing Zizhu, etc. after their acquisitions.

Proceeds from the Listing

The Company's H Shares were listed on the main board of Stock Exchange on 9 February 2018, with a total of 333,334,000 new H Shares issued. After deducting the underwriting fees and relevant expenses, the total proceeds from the Listing amounted to approximately HK$3,958.8 million (equivalent to RMB3,199.3 million). Subject to the requirements of relevant PRC laws and regulations, approximately HK$3,600.0 million of the proceeds from the Listing will be remitted to its bank accounts in the PRC, the rest of approximately HK$358.8 million of the proceeds from the Listing will be kept in overseas bank accounts. As at 31 December 2018, approximately HK$38.1 million and RMB1,176.1 million of bank deposits were in Hong Kong.

As of the date of this announcement, the Group has used approximately RMB762.0 million of the proceeds, of which: RMB421.9 million was used for strategic investments and acquisitions; RMB11.9 million was used for the development of management digitalization, service specialization, procedure standardization and operation automation; and RMB328.2 million was used for working capital and general corporate purposes. Such used proceeds were in accordance with the purposes set out in the prospectus of the Company dated 29 January 2018 (the "Prospectus"). The unused proceeds will be used for the purposes set out in the Prospectus as below:

- approximately 65% will be used to selectively pursue strategic investment and acquisition opportunities and to further develop strategic alliances;

- approximately 10% will be used to further develop the one-stop service platform of the Group;

- approximately 15% will be used to develop the "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and

- approximately 10% will be used for working capital and general corporate purposes.

The net proceeds are currently held as bank deposits and will be used according to the distribution as proposed in the Prospectus.

Pledge of Assets

As of 31 December 2018, the Group had no pledge of assets.

Major acquisitions

Acquisition of the equity interest in Nanjing Zizhu

On 9 April 2018, the Company acquired 51% equity interest of Nanjing Zizhu at a consideration of RMB204.8 million. The consideration for the acquisition under the equity transfer agreement was determined after arm's length negotiation with reference to, among other things, certain times the net profit after deducting non-recurring profit and loss of Nanjing Zizhu for the year ended 31 December 2017. After the completion of such acquisition, Nanjing Zizhu became a direct non-wholly owned subsidiary of the Company, with its results consolidated into the Group's results from May 2018 onwards.

Adhering to the cooperation principle of "mutual benefit, respect, trust and win-win", A-living shared the brand, technology and management experience with Nanjing Zizhu and fully supported Nanjing Zizhu to develop into a leading enterprise in the property management industry in the Yangtze River Delta area after the completion of acquisition of Nanjing Zizhu. In the second half of 2018, Nanjing Zizhu had made a breakthrough in terms of expansion and achieved relatively high growth in GFA under management.

Acquisition of equity interest in Lanzhou Chengguan

On 11 July 2018, the Company and Lanzhou Chengguan Property Services Group Co., Ltd. ("**Lanzhou Chengguan**") entered into an equity transfer agreement, to acquire 51% equity interest of Lanzhou Chengguan at a consideration of RMB147.9 million. At present, the share transfer remains unfulfilled, and its results has not been consolidated into the results of the Group.

Acquisition of shares in Qingdao Huaren

On 23 January 2019, the Company entered into share transfer agreements to acquire 89.6643% shares of Qingdao Huaren at a consideration of approximately RMB133.6 million. The consideration for the acquisition under the share transfer agreement was determined after arm's length negotiation with reference to, among other things, the audited net profit of Qingdao Huaren for the year ended 31 December 2017 and the asset condition as of 30 June 2018. After the completion of such acquisition, Qingdao Huaren will become a direct non-wholly owned subsidiary of the Company and its results are expected to be consolidated into the Group's results from April 2019 onwards.

Acquisition of equity interest in Harbin Jingyang

On 23 January 2019, the Company entered into a framework agreement relating to the acquisition of the equity interest of Harbin Jingyang (no more than 92% equity interest) ; and on 26 February 2019, a formal equity transfer agreement was entered into between parties to acquire 60% equity interest of Harbin Jingyang at a consideration of approximately RMB113.9 million. The consideration for the acquisition under the equity transfer agreement was determined after arm's length negotiation with reference to, among other things, certain times the audited net profit after deducting non-recurring profit and loss of Harbin Jingyang for the year ended 31 December 2018. After the completion of such acquisition, Harbin Jingyang will become a direct non-wholly owned subsidiary of the Company and its results are expected to be consolidated into the Groups's results from April 2019 onwards.

Contingent Liabilities

As of 31 December 2018, the Group had no significant contingent liabilities.

Exchange Rate Risk

In 2018, the Company has exchanged most of the proceeds from the Listing into Renminbi in tranches. As of 31 December 2018, the Group had no significant exchange rate risk.

Employees and Remuneration Policies

As of 31 December 2018, the Group had 18,859 employees, representing an increase of 54.7% as compared with 12,192 employees as of 31 December 2017. The total staff cost was RMB1,472.5 million, representing an increase of 89.5% as compared with RMB777.2 million of 2017. The increase of staff costs was mainly due to (i) the increase brought by the acquisitions of Nanjing Zizhu and other companies; (ii) the rapid development of the Group's property agency services, community value-added services, and the expansion of the GFA, etc., leading to a significant increase in employee incentive payments as compared with 2017; (iii) the increased demand for high-quality talents in response to the requirements of the Group's business development.

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 employees with a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training programs 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 Directors. Appropriate benefit schemes are in place for the Directors.

ANNUAL DIVIDEND

The Board proposed the distribution of a final dividend of RMB0.15 per share (before tax) and a special dividend of RMB0.15 per share (before tax) for the year ended 31 December 2018 (collectively the "**Annual Dividend**"), the dividend payout ratio will be equivalent to 50%, and the amount of which will be subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 28 May 2019 ("**2018 AGM**"). Annual Dividend payable to the shareholders of Domestic Shares will be paid in Renminbi, whereas Annual Dividend payable to the shareholders of the H Shares and the shareholders of Unlisted Foreign Shares will be declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate of RMB against Hong Kong dollars published by The People's Bank of China five business days prior to the 2018 AGM. Subject to the approval of the 2018 AGM, the Annual Dividend will be paid on or about Thursday, 18 July 2019.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Shareholders which are Overseas Non-resident Enterprises (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han 2008 No.897), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and the subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Annual Dividend as enterprise income tax, distribute the Annual Dividend to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company, i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprises shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

In accordance with requirement of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi 1994 No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字 1994 020 號)) which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, as a foreign-invested enterprise, the Company will not withhold PRC individual income tax on behalf of overseas individual shareholders whose names appear on the H Shares register of members of the Company when the Company distributes the dividends.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2018 AGM

The 2018 AGM will be held on Tuesday, 28 May 2019 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Saturday, 27 April 2019 to Tuesday, 28 May 2019, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the 2018 AGM, the shareholders of H Shares of the Company whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Shares Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Friday, 26 April 2019.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ANNUAL DIVIDEND

Upon obtaining approval of the Shareholders at the forthcoming 2018 AGM, the Annual Dividend will be payable to Shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 6 June 2019. For the purpose of determining the entitlement of the shareholders of H Shares of the Company to the Annual Dividend, the H Shares register of members of the Company will be closed from Saturday, 1 June 2019 to Thursday, 6 June 2019, both days inclusive, during which period no transfer of H Shares will be registered. In order for the shareholders of H Shares to qualify for the proposed Annual Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Shares Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Friday, 31 May 2019.

NOTICE OF ANNUAL GENERAL MEETING

Notice of 2018 AGM will be published on the respective websites of the Company at www.agileliving.com.cn and the Stock Exchange at www.hkex.com.hk and will be dispatched to the Shareholders 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 compliance 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 has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018 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 of the Company (the "**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 31 December 2018.

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 throughout the period from the Listing Date to 31 December 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

The Board reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all the applicable code provisions set out in the CG Code from the Listing Date to 31 December 2018 save for code provision A.2.1 of the CG Code.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual. However, in view of the present composition of the Board, Mr. Huang Fengchao's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Mr. Huang Fengchao, in his dual capacity as the Co-chairman of the Board and the acting chief executive officer, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

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

The Company was listed on the Stock Exchange on 9 February 2018. The over-allotment option in relation to 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 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

The Company has maintained sufficient public float as required under the Listing Rules throughout the period from the Listing Date to 31 December 2018.

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

This announcement is published on the respective websites 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 2018 containing all the information required under the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

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

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

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

Hong Kong, 18 March 2019

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 2018 as set out in this 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 this preliminary announcement.

Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

* *for identification purposes only*