奧園健康生活集團有限公司

AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3662)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

2018 RESULTS HIGHLIGHTS

- For the year ended 31 December 2018, the Group's total revenue was approximately RMB618.8 million, representing an increase of approximately RMB182.8 million or about 41.9% as compared to that of approximately RMB436.0 million for the year ended 31 December 2017. For the year ended 31 December 2018, revenue generated from property management services and commercial operational services contributed 73.2% and 26.8% to the total revenue, respectively.

- The increase of revenue generated from property management service segment was approximately RMB135.3 million, or about 42.6% as compared to that in 2017. The GFA under management increased by approximately 1.8 million sq.m. to a total of 10.4 million sq.m..

- The increase of revenue generated from commercial operational service segment was approximately RMB47.6 million, or about 40.3% as compared to that in 2017. Three out of four newly opened shopping malls in 2018 were under the commercial operation and management services by the Group. Such shopping malls increased commercial operational services contracted GFA by approximately 157,000 sq.m..

- The Group achieved core net profit[Note] of RMB93.8 million, representing an increase of 25.7% as compared to that of last year.

- The Board recommends the payment of final dividend of RMB0.055 per Share for the year ended 31 December 2018.

Note: The core net profit represents the Group's profit excluding the effect of listing expenses.

The board of directors (the "**Board**") of Aoyuan Healthy Life Group Company Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**", "**we**", "**our**" or "**us**") for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**618,835**	435,977
Cost of services		**(410,082)**	(287,519)
Gross profit		**208,753**	148,458
Other income	*4*	**6,629**	762
Impairment losses on trade receivables		**(987)**	(1,953)
Administrative expenses and other expenses		**(89,045)**	(41,894)
Selling and distribution expenses		**(1,331)**	(321)
Listing expenses		**(15,513)**	(4,646)
Interest on bank borrowing		**(11)**	–
Profit before tax		**108,495**	100,406
Income tax expense	*5*	**(30,240)**	(30,474)
Profit and total comprehensive income for the year	*6*	**78,255**	69,932
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		**78,144**	69,750
– Non-controlling interests		**111**	182
		78,255	69,932
Earnings per share *(RMB cents)*			
– Basic	*7*	**16.54**	17.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**12,694**	5,580
Intangible assets		**3,031**	3,929
Goodwill		**3,491**	3,491
Deferred tax assets		**7,389**	1,508
Deposits paid for acquisition of property, plant and equipment		**1,051**	–
Deferred contract costs		**2,306**	3,365
		29,962	17,873
Current assets			
Inventories		**77**	93
Trade and other receivables	*9*	**87,045**	87,264
Deferred contract costs		**9,492**	11,182
Amounts due from fellow subsidiaries		**175,933**	283,442
Amounts due from related parties		**206**	6,652
Bank balances and cash		**200,331**	164,373
		473,084	553,006
Current liabilities			
Trade and other payables	*10*	**226,233**	196,500
Contract liabilities		**120,789**	45,078
Amounts due to fellow subsidiaries		**6,659**	152,036
Tax liabilities		**20,538**	65,289
Bank borrowing		**1,779**	–
		375,998	458,903
Net current assets		**97,086**	94,103
Total assets less current liabilities		**127,048**	111,976
Non-current liabilities			
Deferred tax liabilities		**757**	982
Net assets		**126,291**	110,994
Capital and reserves			
Share capital		**–**	–
Reserves		**125,675**	110,489
Equity attributable to owners of the Company		**125,675**	110,489
Non-controlling interests		**616**	505
Total equity		**126,291**	110,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a company with limited liability in the Cayman Islands and with its shares listed on the The Stock Exchange of Hong Kong Limited on 18 March 2019.

The consolidated financial statements are presented in RMB ("**RMB**"), the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (THE "IFRSs")

The Group has consistently applied the IFRSs that are effective for the financial year beginning on 1 January 2018, except that the Group adopted IFRS 9 "Financial Instruments" ("**IFRS 9**") on 1 January 2018 and adopted IAS 39 "Financial Instruments: Recognition and Measurement" ("**IAS 39**") prior to 1 January 2018.

The Group has applied IFRS 9 for the first time in the current year. The effect on the Group's financial performance and position of application of IFRS 9 for the current and prior years and/or disclosures are set out below.

IFRS 9 "Financial Instruments"

During the current year, the Group has applied IFRS 9 which introduces new requirement for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit loss ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39.

Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are continued to measure at amortised cost as were previously measured under IAS 39.

Impairment of financial assets

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed below.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the impairment of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Amortised cost (previously classified as loans and receivables) *RMB'000*	**Retained profits** *RMB'000*
Closing balance at 31 December 2017 – IAS 39	538,985	157,130
Effect arising from initial application of IFRS 9:		
Remeasurement		
– impairment under ECL model	(585)	(585)
– tax effects	–	147
Opening balance at 1 January 2018	538,400	156,692

The Group applies the IFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables (including trade related amounts due from fellow subsidiaries and related parties). To measure the ECL, the trade receivables have been grouped based on shared credit risk characteristics and are assessed collectively using a provision matrix with appropriate groupings and/or assessed individually for debtors with significant balances which include those corporate customers.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, non-trade related amounts due from fellow subsidiaries and related parties and bank balances, are measured on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

For bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is negligible.

For other receivables, the management of the Group make periodic collective assessment on the recoverability based on historical settlement records and past experience. Based on assessment by management of the Group, the ECL for other receivables is not material.

Accordingly, no loss allowance has been recognised for other financial assets as at 1 January 2018.

As at 1 January 2018, the additional loss allowance of RMB585,000 has been recognised against retained profits of RMB157,130,000. The additional loss allowance is charged through a loss allowance account.

Loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	RMB'000
At 31 December 2017 – IAS 39	3,602
Amounts remeasured through opening retained profits	585
At 1 January 2018	4,187

The Group has not early adopted the following new and amendments to IFRSs that have been issued but not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual improvements to IFRS Standards 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after a date to be determined

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Type of services		
Property management services		
Property management services	**305,997**	235,086
Sales assistance services	**98,907**	43,920
Community value-added services	**48,324**	38,927
	453,228	317,933
Commercial operational services		
Commercial operation and management services	**102,577**	49,586
Market positioning and business tenant sourcing services	**63,030**	68,458
	165,607	118,044
Total	**618,835**	435,977
Type of customers		
Property management services		
External customers	**282,561**	207,451
Fellow subsidiaries	**163,961**	101,028
Other related parties	**6,706**	9,454
	453,228	317,933
Commercial operational services		
External customers	**80,836**	70,723
Fellow subsidiaries	**84,771**	47,321
	165,607	118,044
Total	**618,835**	435,977
Timing of revenue recognition		
Over time	**555,805**	367,519
A point in time	**63,030**	68,458
Total	**618,835**	435,977

The Group's operating segments are determined based on information reported to Chief Executive Officer, being the chief operating decision maker ("**CODM**") of the Group for the purposes of resource allocation and assessment of segment performance, focuses on types of services provided.

The Group's operating and reportable segments are as follows:

a. *Property management services*

The Group engaged in the provision of property management services, sales assistance services and community value-added services for both residential and non-residential units to property developers, property owners and residents.

b. *Commercial operational services*

The Group engaged in the provision of market positioning and business tenant sourcing services and commercial operation and management services to commercial property developers and commercial property lessees.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

	Commercial operational services *RMB'000*	**Property management services** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2018			
Segment revenue	**165,607**	**453,228**	**618,835**
Segment results	**30,397**	**111,213**	**141,610**
Net exchange gain			**5,474**
Central administrative costs			**(38,578)**
Finance costs			**(11)**
Profit before tax			**108,495**
Year ended 31 December 2017			
Segment revenue	118,044	317,933	435,977
Segment results	35,125	73,708	108,833
Central administrative costs			(8,427)
Profit before tax			100,406

Other segment information

	Commercial operational services RMB'000	Property management services RMB'000	Unallocated RMB'000	Total RMB'000
Year ended 31 December 2018				
Segment information included in the measure of segment results:				
Depreciation of property, plant and equipment	**742**	**2,062**	**115**	**2,919**
Amortisation of intangible assets	**–**	**898**	**–**	**898**
Amortisation of deferred contract costs	**34,687**	**–**	**–**	**34,687**
Impairment losses on trade receivables recognised in profit or loss	**–**	**987**	**–**	**987**
Year ended 31 December 2017				
Segment information included in the measure of segment results:				
Depreciation of property, plant and equipment	137	1,719	5	1,861
Amortisation of intangible assets	–	459	–	459
Amortisation of deferred contract costs	30,503	–	–	30,503
Impairment losses on trade receivables recognised in profit or loss	–	1,953	–	1,953

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in the PRC, and over 93% of the non-current assets of the Group are located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Fellow subsidiaries *(Note)*	**248,732**	148,349

Note:

The revenue was derived from both property management services and commercial operational services segments. The fellow subsidiaries are the subsidiaries of China Aoyuan Group Limited ("China Aoyuan", formerly known as "China Aoyuan Property Group Limited") (excluding the Group).

4. OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**320**	387
Net exchange gain	**5,474**	–
Others	**835**	375
	6,629	762

5. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**36,199**	31,600
Deferred tax	**(5,959)**	(1,126)
	30,240	30,474

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. PROFIT FOR THE YEAR

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration *(Note)*	**1,880**	–
Directors' emoluments	**2,449**	1,379
Other staff's salaries and other benefits	**238,695**	171,575
Other staff's contributions to retirement benefit scheme	**37,572**	23,456
Other staff's contributions to housing provident funds	**9,402**	6,293
Total staff costs	**288,118**	202,703
Amortisation of deferred contract costs	**34,687**	30,503
Depreciation for property, plant and equipment	**2,919**	1,861
Amortisation of intangible assets (included in cost of services)	**898**	459
Late charge for tax filing (included in other expenses)	**5,293**	3,382
Late charge for retirement benefit scheme and housing provident funds	**518**	212

Note: The auditor' remuneration for the year ended 31 December 2017 was borne by the intermediate holding company of the Company, China Aoyuan.

7. EARNINGS PER SHARE

The calculation of basic earnings per share during both years are based on the assumption that the Group Reorganisation and the capitalisation issue have been effective on 1 January 2017.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Earnings for the purposes of basic earnings per share, as appropriate (Profit for the year attributable to owners of the Company)	**78,144**	69,750

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**472,496,809**	396,375,000

No diluted earnings per share is presented for both years as there is no potential ordinary shares in issue during the years.

8. DIVIDENDS

No dividend was paid or declared by the Company during the year.

Prior to the completion of Group Reorganisation, Aoyuan Commercial Property Management declared a dividend of RMB132,600,000 to China Aoyuan and settled through the current account with its fellow subsidiaries on 1 July 2018.

For dividend declared by the subsidiary, the rate of dividend and the number of shares ranking for the above dividend are not presented as such information is not considered meaningful having regard to the purpose of the consolidated financial statements.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of RMB0.055 per ordinary share, in an aggregate amount of RMB38,500,000, taking into account the 700,000,000 ordinary shares in issue at the reporting date, have been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period have not been recognised as liabilities in these consolidated financial statements.

9. TRADE AND OTHER RECEIVABLES

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Trade receivables		**53,595**	71,829
Less: impairment losses on trade receivables		**(5,174)**	(3,602)
Total trade receivables		**48,421**	68,227
Other receivables:			
Deposits	*(a)*	**10,561**	3,539
Payments on behalf of residents	*(b)*	**15,080**	10,187
Prepayments		**2,019**	1,197
Deferred share issue costs		**5,780**	1,549
Others		**5,184**	2,565
		38,624	19,037
Total trade and other receivables		**87,045**	87,264

Notes:

(a) The balance represented the amount paid to the service providers as deposit.

(b) The balance represented the amount paid on behalf of residential communities and commercial tenants to the utilities service provider for the service provided.

Property management service income under property management service segment and commercial operation and management services under commercial operational service segment are generally required to be settled by property owners and property developers within 60 days upon the issuance of demand note.

Generally, the counter-parties of market positioning and business tenant sourcing services under commercial operational service segment are required to make installment payments in accordance with the payment schedule as set out in contracts. However, depending on market conditions and bargaining power of the counter-parties, credit and payment terms may vary in accordance with the contracts.

The following is an aged analysis of trade receivables, presented based on the date of demand note:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 to 60 days	**16,389**	44,971
61 to 180 days	**13,476**	9,186
181 to 365 days	**11,263**	6,875
1 to 2 years	**6,933**	6,552
2 to 3 years	**3,192**	2,596
Over 3 years	**2,342**	1,649
	53,595	71,829

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB32,087,000 (2017: RMB23,256,000) as at 31 December 2018, which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considers such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

The following table shows the movements in the allowances of loss for trade receivables that has been recognised for trade receivables during the year:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Balance at beginning of the year *(Note)*	**4,187**	1,649
Allowances of loss recognised on trade receivables	**987**	1,953
Balance at end of the year	**5,174**	3,602

Note: The Group has initially applied IFRS 9 at 1 January 2018 and comparative information is not restated.

10. TRADE AND OTHER PAYABLES

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Trade payables		**27,374**	26,243
Other payables:			
Receipts on behalf of residents	*(a)*	**20,729**	8,141
Deposits received	*(b)*	**92,520**	71,003
Accrued staff costs		**34,659**	30,478
Accrued contribution to social insurance and housing provident funds		**12,125**	10,836
Accrued share issue cost/listing expenses		**5,170**	3,229
Other tax payables		**7,107**	17,007
Accrued expenses		**7,509**	8,691
Other payables		**19,040**	20,872
Total other payables		**198,859**	170,257
Total trade and other payables		**226,233**	196,500

Notes:

(a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.

(b) The balances mainly represented by the utility deposits received from the community residents and commercial tenants.

The credit period granted by suppliers to the Group ranges from 30 days to 90 days during the year. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 to 60 days	**15,918**	19,263
61 to 180 days	**8,682**	3,420
181 to 365 days	**2,401**	1,900
1 to 2 years	**332**	1,501
2 to 3 years	**39**	137
Over 3 years	**2**	22
	27,374	26,243

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a renowned property management service and commercial operational service provider in the PRC offering diversified property management services for residential and non-residential properties and a full range of commercial operational services for shopping malls, with a focus on mid to high-end properties and mixed-use property development projects. To implement our business strategy of diversifying our service offering to meet the evolving demands of customers, we offer diversified services such as traditional Chinese medicine and medical beauty services for the properties under management.

For the year ended 31 December 2018, the Group achieved an increase in the GFA under management of 1.8 million sq.m. under the property management service segment and new opening of four shopping malls, of which three were under the commercial operation by the Group, and newly acquired commercial operation contracts with an aggregate contracted GFA of 157,000 sqm.. As at 31 December 2018, our Group provided property management services to 61 properties in 25 cities across 11 provinces, municipalities and autonomous regions in the PRC with a total GFA under management of approximately 10.4 million sq.m.. As at 31 December 2018, the Group provided commercial operational services to nine shopping malls in operation with GFA under management of approximately 424,000 sq.m. in seven cities in the PRC, and contracted to provide commercial operational services to 25 shopping malls with contracted GFA of approximately 1.3 million sq.m., among which our Group contracted to provide commercial operation and management services to 22 shopping malls with contracted GFA of approximately 1.1 million sq.m.. The Group applied diversified services in two ecospheres of "lives in properties and commercial complex" and continuously integrated resources to provide medical beauty services and traditional Chinese medicine services for customers. The Group created a "light medical beauty" concept of "professional medical beauty is around you" for the medical beauty ("**medical beauty**") with the grand opening of the first MS ARORA Wanbo flagship store on 15 March 2019. The Group was dedicated to creating the service mode of "internet + traditional Chinese medicine" for the traditional Chinese medicine service segment, so as to introduce more healthy lifestyle and idea of traditional Chinese medicine to communities, and provide convenient, intelligent and interesting new traditional Chinese medicine services.

The breakdown of shopping malls newly opened during the year is set out in the table below:

Shopping malls	Opening date (Month-Year)	Location	Contract effective date[1]	Contract term (Year)	Contract GFA (sq.m.)	Occupancy rate as at 31 December 2018[2]
Chongqing Chayuan Aoyuan Plaza	June 2018	Chongqing	1 January 2016	20	41,000	96.8%
Zhuhai Aoyuan Plaza	July 2018	Zhuhai	1 June 2016	20	69,000	99.3%
Shishan Aoyuan Plaza	December 2018	Foshan	1 January 2017	20	47,000	93.5%
Kangwei Plaza[3]	September 2018	Guangzhou	6 September 2018	From contract effective date to 30 September 2019	N/A	N/A

(1) Contract effective date represents the date on which we began to provide our commercial operational services pursuant to the relevant commercial operational services contract entered into between us and the property developer or owner.

(2) Occupancy rate is calculated as actual leased area divided by available lease area of a shopping mall as at the end of each relevant period based on our internal record. The occupancy rate may be higher or lower in different periods within one year.

(3) The Group only provides Kangwei Plaza with market positioning and business tenant sourcing services, instead of commercial operation and management services.

O2O Platforms

In response to demands from property developers, property owners, residents and tenants, our Group has made efforts to optimize our business model and improve our service quality. With the help of the Internet and mobile applications, we have built and launched O2O platforms to improve our customer experience and satisfaction in 2017.

Our O2O platforms primarily comprise our "Aoyuejia"（奥悦家）Android and iOS mobile application and WeChat official accounts. Our Group launched "Aoyuejia"（奥悦家）mobile application (previously known as "Jiayuan"（佳園）and "Aoyuan Property"（奧園物業）) in June 2017 which is designed to meet the diversified demands of our residents at the residential communities we manage. As at 31 December 2018, "Aoyuejia"（奥悦家）mobile application covered 56 residential properties managed by us, and had approximately 27,700 registered users.

Diversified Services

Traditional Chinese medicine and medical beauty services

To implement our business strategy of diversifying our service offering to meet the evolving demands of customers, we have set up and maintained two traditional Chinese medicine centres and a medical beauty clinic at our managed properties. We expect that the operation of such centres and clinic will enable us to better understand the demand for traditional Chinese medicine and medical beauty services and consumer preferences at our managed properties, which will allow us to strategise our future plan. The following sets forth certain details of the traditional Chinese medicine centres and medical beauty clinic we have opened:

	Centre	Location	Area (sq.m.)	Opening date	Type of service
1.	A traditional Chinese medicine centre	Guangzhou Panyu Aoyuan Healthcare Plaza	2,719	23 December 2018	Traditional Chinese medicine consultation, complex diseases diagnosis, elderly care services
2.	A traditional Chinese medicine centre	Guangzhou Huangpu Luogang Aoyuan Plaza	260	23 December 2018	Traditional Chinese medicine consultation, complex diseases diagnosis, children and elderly care services
3.	A medical beauty clinic	Guangzhou Wanbo Aoyuan International Centre	1,800	15 March 2019	Skin treatments, micro cosmetics and plastic surgeries

Future Outlook

The Group plans to strengthen our position in the property management service and commercial operational service industries by implementing the following strategies: (i) scale up our commercial operational service business with a focus on cities in the PRC where we can achieve higher profit margins; (ii) expand our property management service portfolio; (iii) diversify our service offering to meet the evolving needs of our customers; (iv) continue to develop and upgrade our O2O platforms to enhance our customers’ experience and facilitate the establishment of a big data analytics platform; and (v) develop intelligent service systems and upgrade our internal IT system to enhance operational efficiency.

(I) Scale up our commercial operational service business with a focus on cities in the PRC where we can achieve higher profit margins

As our asset-light model enables us to replicate our commercial operational services efficiently, we plan to increase our market share of the commercial operational service industry by expanding our total GFA under management in existing and new markets and proactively obtaining new engagements from independent third party property developers. Leveraging on our established brand name and the opportunities brought by rapid urbanisation, growth of emerging cities and rising purchasing power of ordinary households, we plan to put our focus on third and fourth-tier cities in the PRC with high population and growth potentials and to enter into new markets in Zhanjiang, Hezhou, Guilin, Beihai and Loudi. We believe we will be able to benefit from the relatively low operating costs for providing commercial operational services in these cities as compared to first and second-tier cities in the PRC, thereby enabling us to achieve higher profit margins in respect of our commercial operational services. We also believe our strong relationship with various property developers will help us to expand our commercial operational service business expeditiously.

In addition, we also plan to acquire and invest in commercial operational service providers which provide their services in new markets where we can achieve higher profit margins.

(II) Expand our property management service portfolio

We endeavour to expand our property management service portfolio by extending our services to various types of properties. In addition to providing property management services to residential properties, we had provided property management services to various non-residential properties such as serviced apartments, office buildings and kindergartens during the Track Record Period. We seek to continue to expand our property management service portfolio to strengthen our expertise in managing different types of properties. In particular, we target to provide property management services to properties such as serviced apartments, high-end villas, office buildings, business parks, schools and hospitals, for which we will generally be able to charge higher property management fees than for residential properties. We believe that by extending our services to various types of properties, our revenue streams can be diversified and our competitive strength as a diversified service provider can be reinforced. We plan to expand our property management service portfolio through strategic acquisitions and investments and organic growth.

(III) Diversify our service offering to meet the evolving needs of our customers

As our customers' needs are constantly evolving, we should aim to further diversify our service offering on a continuous basis to meet their needs in order to achieve future growth. Building on our existing service offering, we plan to continue to increase the variety of our services that are complementary to our property management and commercial operational services. We believe that a wide variety of services will enhance the experience of property owners, residents and tenants at our management properties, as well as allow us to respond quickly to trends in consumer tastes and demand, thereby benefiting property developers and owners through an increased consumer traffic at our managed shopping malls. Accordingly, we believe our diversified services have great potential to create additional value for our customers and will enable us to capture cooperation opportunities with third-party developers, while broadening our revenue streams in the long run. We also plan to integrate our diversified services into our O2O platforms for property owners, residents, tenants and us to interact efficiently.

To explore opportunities for providing diversified services and assess the feasibility of providing various services such as medical beauty services and enabling access to online consultation service platforms operated by third parties from our O2O platforms, we have entered into various strategic cooperation agreements with our strategic partners. For medical beauty services, in August 2018, we entered into a strategic cooperation agreement with a Korean medical aesthetic service provider with 13 branches under the brand name "PPEUM" in Seoul, Korea focusing on both non-medical beauty services and medical aesthetic services, pursuant to which the service provider will provide us with training on beauty service skills and techniques, and advice on operation and management of medical beauty clinics. For access to online consultation service platforms operated by third parties, in August 2018, we entered into two strategic cooperation agreements with two strategic partners, pursuant to which we will cooperate with them to enable access to their online medical consultation service platforms, namely "Chunyu Yisheng"（春雨醫生）and "Health 160"（健康160）, respectively, from our O2O platforms. In addition to the above initiatives, we also plan to explore opportunities for providing traditional Chinese medicine services, elderly care services and telecommunications services. To this end, we intend to actively explore strategic alliance, investment and acquisition targets which provide various which are complementary to our property management and commercial operational services.

(IV) Continue to develop and upgrade our O2O platforms to enhance our customers' experience and facilitate the establishment of a big data analytics platform

We will therefore continue to develop and upgrade our O2O platforms to expand the user base and introduce innovative functions. We intend to expand the coverage of our mobile application "Aoyuejia" (奥悦家) to all of our managed residential properties and increase the functionalities of such mobile application. For example, we plan to launch a virtual butler function on our mobile application to complement our offline butler services which are available to our residents, and an access function to replace physical access cards with mobile phone access to our managed communities. We also plan to launch a new mobile application for retail customers in shopping malls to which we provide commercial operational services. Such mobile application aims to connect tenants or property owners with retail customers by providing a centralized payment and membership systems and creating a platform for promotional activities. While users benefit from the convenience brought by our O2O platforms, we obtain users' data on a continuous basis which enables us to establish a big data analytics platform, which will in turn allow us to better understand their demand, analyse their behavioural patterns and strategise our future development. The first-hand consumer data collected will become valuable market intelligence for tenants or property owners of our managed shopping malls which can be used to strategise their sales and marketing activities with an aim to increasing consumer traffic flow at our managed shopping malls. Accordingly, our big data analytics platform will serve to create additional value of our commercial operational services for tenants or property owners of our managed shopping malls. In addition, our big data analytics platform will enable us to analyse the behavioural patterns of our residents or property owners at our managed communities, which will in turn allow us to take various initiatives to cater for their demand and enhance the quality of our property management services, thereby cultivating their loyalty and satisfaction with our services.

(V) Develop intelligent service systems and upgrade our internal IT system to enhance operational efficiency

We are committed to using advanced technologies to enhance customers' experience and operational efficiency. We intend to develop intelligent service systems by purchasing or upgrading our equipment and facilities at our managed properties. Such system aims to provide a wide range of flexible secure payment options and convenient payment experience to retail customers, thereby enhancing their satisfaction and loyalty. We also plan to launch intelligent car park management system at our managed properties which is expected to enable various functions such as payment of parking fare by mobile phones, identification of vacant parking slots, video recognition of car plates and grant of parking permits to guests, thereby saving our customers' time and enhancing their parking experience. We will connect such intelligent car park management system with our O2O platforms to maximise the level of convenience. With an aim to reducing dependency on manual labour and lower our operational costs, we plan to install an e-building automation ("**EBA**") system to facilitate remote monitoring of our managed properties. To further enhance our operational efficiency, we plan to upgrade our internal IT system by setting up a customer relationship management ("**CRM**") system and upgrading our enterprise resource planning ("**ERP**") system. Through a CRM system, we will be able to collect, consolidate and analyse customers' data and records to facilitate the management of our relationships with customers. Through an upgraded ERP system, we will be able to maintain a standardised management of our managed properties and facilitate more direct management from our headquarters all the way to each of our managed properties. We will also be able to record all of our contracts in such system to facilitate contract management and enable various functions such as online approval of contracts, monitoring of contract status and automatic reminder of contract expiry dates. In addition, we intend to establish an information management system to support our provision of diversified services in the future.

FINANCIAL REVIEW

Results of Operations

The Group's revenue was mainly derived from property management services and commercial operational services. For the year ended 31 December 2018, the Group's total revenue was approximately RMB618.8 million, representing an increase of approximately RMB182.8 million or approximately 41.9% as compared to that of approximately RMB436.0 million for the year ended 31 December 2017. Revenue generated from property management services and commercial operational services contributed 73.2% and 26.8% to the total revenue, respectively.

The following table sets forth a breakdown of total revenue for the periods indicated by business segment:

	Year ended 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Property management service segment	**453,228**	**73.2**	317,933	72.9
Commercial operational service segment	**165,607**	**26.8**	118,044	27.1
Total	**618,835**	**100.0**	435,977	100.0

Property Management Services

The increase of revenue generated from property management segment was approximately RMB135.3 million, or about 42.6%, of which the revenue generated from property management services was approximately RMB70.9 million or approximately 30.2% and the increase in revenue generated from sales assistance services of approximately RMB55.0 million or approximately 125.3%. The increase of revenue generated from property management services was mainly due to the increase in the GFA under management from 8.6 million sq.m. to 10.4 million sq.m.. The increase of revenue generated from sales assistance services was mainly due to the increase in number of properties we served from 54 for the year ended 31 December 2017 to 93 for the year ended 31 December 2018.

The following table sets forth the breakdown of revenue from the property management service segment by service category for the periods indicated:

	Year ended 31 December			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**305,997**	**67.5**	235,086	73.9
Sales assistance services	**98,907**	**21.8**	43,920	13.8
Community value-added services	**48,324**	**10.7**	38,927	12.3
Total	**453,228**	**100.0**	317,933	100.0

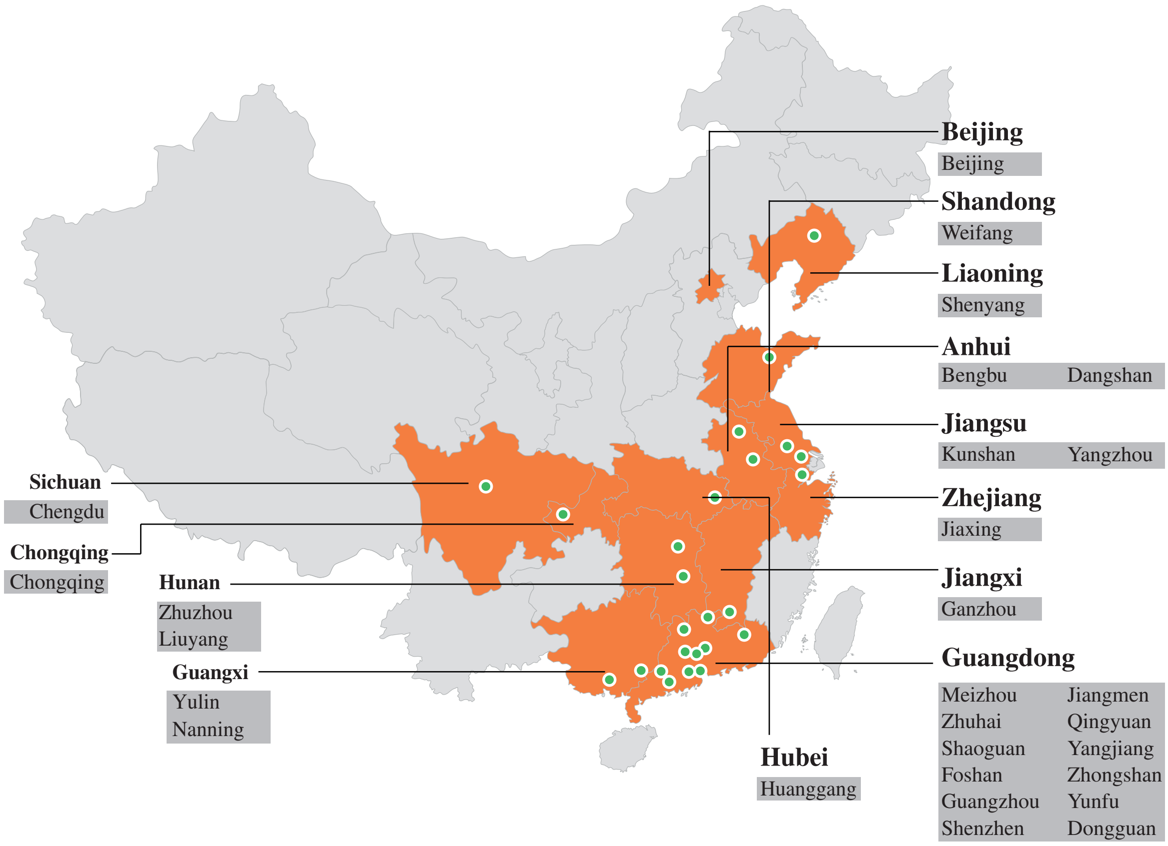
The following table sets forth the breakdown of the GFA under management as at the dates indicated and total revenue for the periods indicated generated from provision of property management services under the property management service segment by type of property developer:

	As at/year ended 31 December					
	2018			2017		
	GFA	**Revenue**	**Revenue**	GFA	Revenue	Revenue
	('000 sq.m.)	***(RMB'000)***	***%***	*('000 sq.m.)*	*(RMB'000)*	*%*
The Parent Group and its related parties *(Note)*	**9,874**	**289,719**	**94.7**	8,175	228,208	97.1
Third-party property developers	**558**	**16,278**	**5.3**	391	6,878	2.9
Total	**10,432**	**305,997**	**100.0**	8,566	235,086	100.0

Note: Related parties of the Parent Group include the Parent Group's fellow subsidiaries, joint ventures and associates.

Geographic Presence

The following map illustrates the location of the properties under our Group's management and properties it contracted to manage as at 31 December 2018:



The following table sets forth the breakdown of the GFA under management as at the dates indicated and total revenue from the property management service segment for the periods indicated by geographic regions:

	As at/year ended 31 December					
	2018			2017		
	GFA (*'000 sq.m.*)	Revenue (*RMB'000*)	Revenue %	GFA (*'000 sq.m.*)	Revenue (*RMB'000*)	Revenue %
South China [(1)]	**5,893**	**302,090**	**66.7**	4,864	212,143	66.8
Southwest China [(2)]	**1,586**	**53,677**	**11.8**	1,284	39,480	12.4
Northeast China [(3)]	**1,197**	**31,257**	**6.9**	1,178	30,853	9.7
East China [(4)]	**1,206**	**40,695**	**9.0**	743	19,866	6.2
Central and North China [(5)]	**550**	**25,509**	**5.6**	497	15,591	4.9
Total	**10,432**	**453,228**	**100.0**	8,566	317,933	100.0

Notes:

(1) South China comprises Guangdong Province and Guangxi Autonomous Region.

(2) Southwest China comprises Chongqing Municipality and Sichuan Province.

(3) Northeast China comprises Liaoning Province.

(4) East China comprises Anhui, Fujian, Jiangsu, Jiangxi, Shandong and Zhejiang Provinces.

(5) Central and North China comprises Hunan Province, Hubei Province and Beijing Municipality.

COMMERCIAL OPERATIONAL SERVICE

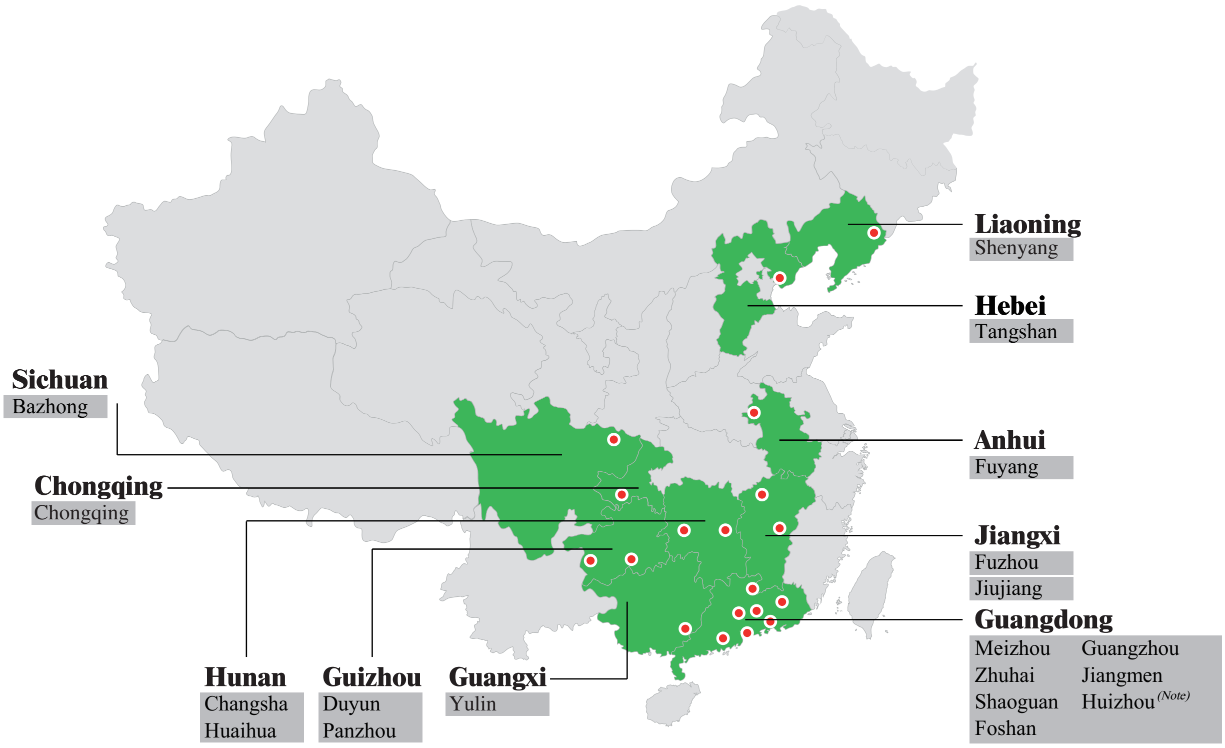
The increase of revenue generated from commercial operational services segment was approximately RMB47.6 million or about 40.3%, mainly due to the increase in revenue generated from commercial operation and management services of approximately RMB53.0 million or approximately 106.9%, partially offset by the decrease in revenue generated from market positioning and business tenant sourcing services of approximately RMB5.4 million or approximately 7.9%. The fluctuation in the revenue generated from commercial operation and management services and market positioning and business tenant sourcing services was primarily driven by the number of shopping mall openings during the respective periods. The increase of revenue generated from commercial operation and management services was mainly due to the increase in number of shopping mall we managed and operated from six for the year ended 31 December 2017 to nine for the year ended 31 December 2018. For the year ended 31 December 2017, the revenue generated from market positioning and business tenant sourcing services was primarily attributable to the opening of Wuhua Aoyuan Plaza (五華奧園廣場), Shaoguan Yinxiang Lingnan Aoyuan Plaza (韶關印象嶺南奧園廣場), Jiangmen Aoyuan Plaza (江門奧園廣場) and Chongqing Panlong No.1 shopping malls (重慶盤龍壹號商場), respectively. For the year ended 31 December 2018, revenue generated from market positioning and business tenant sourcing services was primarily attributable to (i) the opening of Chongqing Chayuan Aoyuan Plaza (重慶茶園奧園廣場), Zhuhai Aoyuan Plaza (珠海奧園廣場), Kangwei Plaza (康威廣場) and Foshan Aoyuan Plaza (佛山奧園廣場); and (ii) the completion of a supplemental services contract for Shenyang Aoyuan Plaza (瀋陽奧園廣場).

The following table sets forth the breakdown of revenue from commercial operational service segment by service category for the periods indicated:

	Year ended 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Commercial operation and management services	**102,577**	**61.9**	49,586	42.0
Market positioning and business tenant sourcing services	**63,030**	**38.1**	68,458	58.0
Total	**165,607**	**100.0**	118,044	100.0

Geographic Presence

The following map illustrates the location of the shopping malls under our Group's management and shopping malls it contracted to manage as at 31 December 2018:



Note: We entered into a termination agreement with the authorised operator of Huizhou Ganghui Star City on 21 January 2019 upon mutual agreement, pursuant to which we agreed to cease to provide commercial operational services to Huizhou Ganghui Star City.

The following table sets forth the breakdown of revenue from the commercial operational service segment for the periods indicated by geographic regions:

	Year ended 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
South China[1]	**126,829**	**76.5**	100,545	85.2
Southwest China[2]	**32,395**	**19.6**	17,116	14.5
Northeast China[3]	**5,435**	**3.3**	383	0.3
East China[4]	**948**	**0.6**	–	–
Total	**165,607**	**100.0**	118,044	100.0

Notes:

(1) South China comprises Guangdong Province and Guangxi Autonomous Region.

(2) Southwest China comprises Chongqing Municipality.

(3) Northeast China comprises Liaoning Province.

(4) East China comprises Jiangxi Province.

COST OF SERVICES

Our cost of services primarily consist of (i) labour costs which arose mainly from the security services, house-keeping services and maintenance services; (ii) cleaning and gardening expenses; (iii) utility expenses; (iv) maintenance costs; (v) marketing and promotion expenses and (vi) materials and consumables.

Our cost of services increased by approximately 42.6% from approximately RMB287.5 million for the year ended 31 December 2017 to approximately RMB410.1 million for the year ended 31 December 2018. This increase was primarily attributable to (i) the increase in labour costs from approximately RMB182.5 million for the year ended 31 December 2017 to approximately RMB252.6 million for the year ended 31 December 2018 as we employed more employees to cope with our business expansion; (ii) the increase in cleaning and gardening expenses from approximately RMB50.5 million for the year ended 31 December 2017 to approximately RMB80.3 million for the year ended 31 December 2018 as a result of our business expansion; and (iii) the increase in maintenance costs from approximately RMB16.1 million for the year ended 31 December 2017 to approximately RMB22.9 million for the year ended 31 December 2018 due to the major maintenance work performed for certain of our property management projects during the year ended 31 December 2018.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2018, the gross profit of the Group was approximately RMB208.8 million, representing an increase of RMB60.3 million or approximately 40.6% as compared to approximately RMB148.5 million for the year ended 31 December 2017. The gross profit margin remained stable at 33.7% for the year ended 31 December 2018 and 34.1% for the year ended 31 December 2017.

SELLING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

Our selling and distribution expenses primarily consist of (i) advertising expenses; (ii) salaries and allowances for our sales personnel; and (iii) office expenses, travelling expenses and business development expenses. The total selling and distribution expenses of the Group for the year ended 31 December 2018 was approximately RMB1.3 million.

Our administrative expenses and other expenses primarily consist of (i) salaries and allowances for our administrative and management personnel in our headquarters; (ii) travelling expenses; (iii) professional fees; (iv) late charge for tax filing; (v) office expenses and (vi) bank charges.

For the year ended 31 December 2018, the administrative expenses and other expenses of the Group was approximately RMB89.0 million, representing an increase of approximately RMB47.1 million or approximately 112.4% as compared to approximately RMB41.9 million for the year ended 31 December 2017. This increase was mainly due to the increase in headcount of our headquarters to cope with our business expansion and the increase in average salaries of our employees.

OTHER INCOME

For the year ended 31 December 2018, other income of the Group amounted to a net revenue of approximately RMB6.6 million, representing a significant increase as compared to that of approximately RMB0.8 million for the year ended 31 December 2017, which was primarily attributable to the net exchange gain of approximately RMB5.5 million arising from the revaluation of our bank balances denominated in Hong Kong dollar.

Income Tax

For the year ended 31 December 2018, the income tax of the Group was approximately RMB30.2 million (2017: RMB30.5 million).

Profit for the Year

For the year ended 31 December 2018, the net profit of the Group was approximately RMB78.3 million, representing an increase of approximately RMB8.4 million or approximately 12.0% as compared to that of approximately RMB69.9 million for the year ended 31 December 2017. For the year ended 31 December 2018, profit attributable to equity Shareholders was approximately RMB78.1 million, representing an increase of 11.9% as compared to that of approximately RMB69.8 million for the year ended 31 December 2017.

FINANCIAL POSITION

As at 31 December 2018, the total assets of the Group was approximately RMB503.0 million (as at 31 December 2017: approximately RMB570.9 million), and the total liabilities was approximately RMB376.8 million (as at 31 December 2017: approximately RMB459.9 million). As at 31 December 2018, the current ratio was 1.26 (as at 31 December 2017: 1.21).

Property, Plant and Equipment

The Group's property, plant and equipment consist of buildings, office equipment, motor vehicles and leasehold improvements. Our property, plant and equipment increased by approximately 127.5% to approximately RMB12.7 million as at 31 December 2018, primarily attributable to the addition of office equipment and the leasehold improvements of the traditional Chinese medicine clinics and medical beauty clinics during the year ended 31 December 2018.

Intangible Assets

Our intangible assets represent the property management contracts we obtained upon the acquisition of Anhui Hanlin and Shenzhen Huazhong during the years ended 31 December 2016 and 2017, respectively. Our intangible assets decreased from approximately RMB3.9 million as at 31 December 2017 to approximately RMB3.0 million as at 31 December 2018, primarily due to the amortisation of the property management contract for the year.

Goodwill

Our goodwill represents the difference between the total consideration for the acquisitions of Anhui Hanlin and Shenzhen Huazhong and their respective total identifiable net assets as at the respective acquisition dates.

Trade and Other Receivables

As at 31 December 2018, the trade and other receivables was approximately RMB87.0 million, which is basically equal to that of approximately RMB87.3 million as at 31 December 2017.

Amounts due from Related Parties and Fellow Subsidiaries

The Group's amounts due from related parties and fellow subsidiaries decreased from approximately RMB290.1 million as at 31 December 2017 to approximately RMB176.1 million as at 31 December 2018, mainly due to the Group's effort to collect the amounts due from related parties and fellow subsidiaries. All the amounts due from related parties and fellow subsidiaries of the Group as at 30 September 2018 were fully settled before the Listing.

Trade and Other Payables

As at 31 December 2018, the trade and other payables was approximately RMB226.2 million, representing an increase of approximately RMB29.7 million or 15.1% as compared to that of approximately RMB196.5 million as at 31 December 2017, mainly due to the increase in GFA under management and more services subcontracted to independent third party service providers.

Borrowings

As at 31 December 2018, we had (i) outstanding bank loans of approximately RMB1.8 million; and (ii) unutilised banking facilities for short term financing of approximately RMB48.2 million. Our bank borrowings were credit loans, repayable within one year from the drawdown date and carried at interest rate of 7% per annum.

Contingent Liabilities

As at 31 December 2018, we did not have any material contingent liabilities.

Liabilities to Assets Ratio

Liabilities to assets ratio is calculated based on the total liabilities divided by the total assets. Liabilities to assets ratio remained stable at 0.81 for the year ended 31 December 2017 and 0.75 for the year ended 31 December 2018.

Asset Pledge

As at 31 December 2018, none of the assets of the Group was pledged.

Proceeds from the Listing

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 March 2019 (the "**Listing**") and issued 175,000,000 new shares. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK$577.0 million (approximately RMB493.1 million). Such proceeds will be applied in the manner consistent with that in the prospectus of the Company dated 28 February 2019:

- approximately 62.0%, will be used to pursue strategic acquisition and investment opportunities to acquire or invest in other commercial operational service and property management service providers to achieve our business strategies of scaling up our commercial operational service business and expanding our property management service portfolio;

- approximately 10.0%, will be used to pursue selective strategic acquisition and investment opportunities to acquire or invest in service providers which provide various services that are complementary to our property management services and commercial operational services, such as traditional Chinese medicine services, medical beauty services, elderly care services and telecommunications services, to achieve our business strategy of diversifying our service offering to meet the evolving needs of our customers;

- approximately 12.0%, will be used to continue to develop and upgrade our O2O platforms;
- approximately 6.0%, will be used to develop intelligent service systems and upgrade our internal IT system;
- approximately 10.0%, will be used for our working capital and general corporate purposes.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2018, the Group had 3,278 employees. The staff cost was approximately RMB288.1 million in 2018. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations in the PRC, the Group provides contributions to social insurance (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance) and housing provident funds for our employees in the PRC.

Significant Acquisitions and Disposals

During the year ended 31 December 2018, the Group did not have any significant acquisitions and disposals.

Significant Investments

As at 31 December 2018, the Group did not have any major investments.

ANNUAL GENERAL MEETING

The 2019 Annual General Meeting (the "**AGM**") will be held on Tuesday, 28 May 2019 and the notice of 2019 AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") in due course.

DIVIDEND

The Directors recommended the declaration of a final dividend at the rate of RMB0.055 per share (equivalent to HK$0.064, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 28 March 2019, i.e. RMB0.85689 equivalent to HK$1.00) amounting to RMB38,500,000 (equivalent to approximately HK$44,800,000) is expected to be paid on Tuesday, 18 June 2019 to all persons registered as holders of shares of the Company on Wednesday, 5 June 2019, subject to the approval of the shareholders at the AGM. The aggregate amount shall be paid out of the Company's share premium account.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 22 May 2019 to Tuesday, 28 May 2019, both days inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 21 May 2019, being the last share registration date.

(b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Monday, 3 June 2019 to Wednesday, 5 June 2019, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 May 2019.

EVENTS AFTER THE REPORTING PERIOD

On 18 March 2019, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited with the global offering of ordinary shares of par value HK$0.01 each of the Company, including, a public offering in Hong Kong of 17,500,000 shares and an international offering of 157,500,000 shares, in each case at a price of HK$3.66 per share (the "**Global Offering**"). The net proceeds from the Global Offering amounting to approximately HK$577.0 million (after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering).

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

As the Company's shares were not listed on the Stock Exchange as at 31 December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Hung Ka Hai Clement as chairman as well as Dr. Li Zijun and Mr. Wang Shao as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2018.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

CORPORATE GOVERNANCE CODE

As the Company was not a listed company during the year ended 31 December 2018, the Corporate Governance Code was not applicable to the Company during that period, but has been applicable to it since 18 March 2019 (the "**Listing Date**"). The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the period between the Listing Date and date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company's shares were not listed on the Stock Exchange as at 31 December 2018, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the year ended 31 December 2018.

The Company has adopted the Model Code by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the Code of Conduct regarding securities transaction by the Directors ("**Codes of Securities Transaction**"). The Company has made specific enquiry to all directors and all directors have confirmed that they have complied with the Model Code and Codes of Securities Transaction from the Listing Date and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoyuanjksh.com). The annual report of the Company for the year ended 31 December 2018 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Miao Sihua and Mr. Tao Yu as executive directors; Mr. Guo Zining and Mr. Chen Zhibin as non-executive directors; and Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao as independent non-executive directors.

By Order of the Board
Aoyuan Healthy Life Group Company Limited
Mr. Guo Zining
Chairman

Hong Kong, 28 March 2019