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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Financial Summary

	Six months ended 30 June		
	2019	2018	**Change**
Revenue *(RMB million)*	**2,241.2**	1,405.7	59.4%
Gross profit *(RMB million)*	**829.5**	510.3	62.6%
Gross profit margin	***37.0%***	*36.3%*	*0.7 percentage point*
Net profit for the Period *(RMB million)*	**568.4**	335.8	69.3%
Net profit margin	***25.4%***	*23.9%*	*1.5 percentage points*
Profit attributable to shareholders of the Company *(RMB million)*	**541.3**	332.3	62.9%
Basic earnings per share *(RMB)*	**0.41**	0.26	57.7%
Cash and cash equivalents *(RMB million)*	**4,349.7***	4,808.0#	-9.5%
Operating cash flow *(RMB million)*	**537.0**	207.1	159.3%

As of 31 December 2018
* As of 30 June 2019

- For the six months ended 30 June 2019, the Group recorded a revenue of RMB2,241.2 million, representing an increase of 59.4% as compared with the corresponding period in 2018. During the Period, revenues attributable to the three major business lines of the Group were: (i) revenue from property management services increased to RMB1,227.5 million, representing an increase of 63.6% as compared with the corresponding period in 2018; (ii) revenue from extended value-added services increased to RMB807.5 million, representing an increase of 40.3% as compared with the corresponding period in 2018; and (iii) revenue from community value-added services increased to RMB206.2 million, representing an increase of 157.9% as compared with the corresponding period in 2018.

- During the Period, the Group recorded (i) gross profit of RMB829.5 million, representing an increase of 62.6% as compared with the corresponding period in 2018, and gross profit margin of 37.0%, representing a year-on-year increase of 0.7 percentage point; (ii) profit attributable to shareholders of the Company of RMB541.3 million, representing an increase of 62.9% as compared with the corresponding period in 2018; (iii) net profit margin of 25.4%, representing a year-on-year increase of 1.5 percentage points; and (iv) basic earnings per share of RMB0.41.

- As of 30 June 2019, the Group's cash and cash equivalents were RMB4,349.7 million, representing a decrease of RMB458.3 million or 9.5% as compared with that as of 31 December 2018. For the six months ended 30 June 2019, operating cash flows were RMB537.0 million, representing an increase of 159.3% as compared with the corresponding period in 2018.

Chairman's Statement

Dear Shareholders,

We are pleased to present the interim results of A-Living Services Co., Ltd. ("**A-Living**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period**").

In the first half of 2019, the "Report on the Work of the Government" further clarified to support meeting people's need for a better life. The government effectively relieved the burden of enterprises, and made the pricing policy more market-oriented, providing a favorable environment for the development of the property management industry. At the same time, the industry consolidation has been accelerated by leveraging on the capital market platform, and the scale advantage of "strong ones becoming stronger" has become increasingly pronounced. Property management companies were setting the trend to pursue quality development, further explore the potential of community economy, and expand through multi-portfolio development. During the Period, the Group focused on enhancing service quality, improving regional and business portfolio layouts, expanding management scale at high speed, optimizing operating efficiency, and improving scale advantages. According to the China Index Academy, the Group ranked the seventh in the "2019 Top 100 Property Management Companies in the PRC", bringing its comprehensive strength to the next level.

Business Review

In the first half of 2019, the Group continued to enhance the synergy among its business lines and further expanded its foothold to comprehensive business portfolio and the whole industry chain layout and a new landscape thus formed with the synergetic development of four major business segments, namely "property management services", "asset management services", "public services" and "community commercial services". The Group continued to maintain rapid growth both in terms of business scale and financial performance.

During the Period, the revenue of the Group was RMB2,241.2 million, representing an increase of 59.4% as compared with the corresponding period of last year. The gross profit was RMB829.5 million, representing a year-on-year increase of 62.6%. The gross profit margin was 37.0%, representing a year-on-year increase of 0.7 percentage point. The net profit was RMB568.4 million, representing a year-on-year increase of 69.3%. Net profit margin was 25.4%, representing a year-on-year increase of 1.5 percentage points. Profit attributable to the shareholders of the Company amounted to RMB541.3 million, representing a year-on-year increase of 62.9%. The basic earnings per share amounted to RMB0.41.

During the Period, supported by its two major 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**"), the Group continued to implement the dual-brand development strategy of "Agile Property Management" and "Greenland Property Services". With the complementarity of two brands' edges and a deep integration of business development in different areas from both sides, the Group managed to improve the efficiency of regional operations, expand business scale, and continued to stably undertake the GFA from these two major shareholders, so as to establish brands and enhance economies of scale in the field of property management services. At the same time, the Group actively accelerated the scale expansion to projects from third-party developers and mergers and acquisitions ("**M&A**"), and further enhanced the coverage and leverage in different regions and business portfolios.

During the Period, the Group acquired Qingdao Huaren Property Co., Ltd. ("**Qingdao Huaren**") and Harbin Jingyang Property Management Co., Ltd. ("**Harbin Jingyang**"), and its business footprint expanded to Shandong Peninsula and Northeast China, filling the regional market gap and further expanding the nationwide business coverage. The Group also completed the acquisition of Lanzhou Chengguan Property Services Group Co., Ltd. ("**Lanzhou Chengguan**") during the Period, laying a solid foundation for its development in Northwest China. Through the acquisition of Guangzhou Yuehua Property Co., Ltd. ("**Guangzhou Yuehua**"), leveraging on Guangzhou Yuehua's brand reputation in the non-residential sector, the Group quickly entered into the market of public buildings management services, implemented its business portfolio development strategy, and established the fourth business segment — the public services, so as to optimize comprehensive business portfolio coverage. In addition, through sharing the resources and advantages to empower the acquired companies, the Group accelerated post-acquisition management and integration, and helped the acquired companies grow rapidly in terms of scale expansion, operational efficiency improvement and management team building.

At the same time, the Group proactively expanded business scale through projects from third-party developers. The Group has set foot in the Central China and North China markets and stepped into the southwest and northwest regions in China, obtaining numerous benchmark projects in these regions while consolidating the existing business in the Greater Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei region, in order to successfully expand geographical coverage and lay a solid foundation for regional development. In addition, the Group deepened its strategic cooperation with third-party developers through various expansion approaches, while further improving the development of comprehensive business portfolio that covers all segments of the property management service market. During the Period, the Group significantly improved the quality of newly obtained projects and achieved growths in both project quantity and property management fee.

In respect of asset management, the Group serves high-end commercial and office buildings through its wholly-owned subsidiary, Johnson Property Management Co., Ltd. ("**Johnson Property Management**"), whose business scope includes early stage planning, operation management, property leasing services and agency services. At present, Johnson Property Management is integrating high-quality resources, accelerating market expansion, establishing a pipeline containing a large number of potential projects with target-focused follow-up. During the Period, the Group identified several landmark projects in different cities and Johnson Property Management successfully won the bid for "Gate of Hangzhou" project, which will be a new landmark of Hangzhou in the future and as one of the supporting buildings for Hangzhou Asian Games, indicating that its strengths were recognized. Based on joint venture cooperation, fully entrusted management, partnership and post-acquisition collaboration, the Group established a leasing and sales center to empower the obtained projects and improve the price premium for products, so as to achieve mutual benefits with business partners and obtain high recognition from customers.

As of 30 June 2019, the GFA under management and contracted GFA of the Group were 211.2 million sq.m. and 324.6 million sq.m. in total, respectively, among which, the contracted GFA from Agile Group and Greenland Holdings amounted to 73.2 million sq.m. and 34.1 million sq.m., respectively, representing an increase of 4.0% and 55.0% respectively as compared with that as of 31 December 2018. The contracted GFA from the two major shareholders accounted for 33.1% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from M&A) amounted to 217.3 million sq.m. in total, representing an increase of 58.1% as compared with that as of 31 December 2018, accounting for 66.9% of the total contracted GFA.

As for value-added services, through operating the community commercial services segment professionally, the Group deeply explored the community economic ecosphere centered on the residents, houses, vehicles and public resources in the communities. The income and profit generated from value-added services hit record high in the first half of the year. During the Period, the Group integrated the community resources, sorted out the needs for value-added services, and matched the needs with professional suppliers, in an effort to realize innovations and synergetic development in the aspects of service quality, living experience, smart community operation and management. In order to precisely meet owners' needs and solve their sore points, the Group focused on household consumption and implemented a business division partnership scheme to nurture small-scaled yet dedicated community value added-services in line with actual needs. By cooperating with well-known enterprises and institutions, the Group innovatively developed new businesses such as community vehicle insurance and pet services. As for community asset management, the Group sorted out and integrated the public resources in the communities in various regions, and substantially reduced the vacancy rate of public resources such as club houses, advertising billboards and temporary parking spaces through communication and intelligent transformation, aiming at increasing the bargaining power with suppliers.

For the property management industry in PRC, 2019 is a "Year of Standard Establishment". Adhering to the philosophy of "quality is the lifeline to business", the Group always gives top priority to the improvement of service quality. During the Period, the Group carried out quality inspection on key projects in all seven regions, covering its self-owned projects and projects obtained from acquired companies. Considering property owners' experience, the Group improved quality management in all aspects, aiming at improving property owners' satisfaction. The Group continued to improve the performance of the 400 Hotline Call Center, EBA monitoring equipment and other integrated management and control platforms, so as to improve the service efficiency and property owners' satisfaction. The Group also conducted nationwide training and assessments on the knowledge of quality standardization to lay a sound foundation for providing high quality service.

During the Period, the Group adjusted and optimized the regional offices in different cities into seven regional companies, to implement centralized management of projects in each region, clearly define duties and expand management scope of each company so as to maximize the economies of scale in the regions. To deliver standardized services and efficient management, the Group planned and set up a large smart communication platform equipped with functions including real-time monitoring, providing reference for decision-making, collaborative operation and risk management in order to ensure that each business decision is supported by multidimensional precaution and analysis and the performance management can be monitored. The Group also established risk control index systems and models to realize automatic information processing.

During the Period, the Group kept receiving recognitions from the market and the industry, thanks to its high-quality services as well as diversified and integrated development. The Group was ranked the seventh out of the "2019 Top 100 Property Management Companies in the PRC", accredited as "TOP 10 of 2019 Top 100 Property Management Companies in the PRC in terms of Growth Potential", "TOP 10 of 2019 Top 100 Property Management Companies in the PRC in terms of Business Performance", "Leading Company among 2019 Top 100 Property Management Companies in the PRC in terms of Service Quality" and "Leading Company among 2019 Top 100 Property Management Companies in the PRC in terms of Customer Satisfaction" and "2019 TOP 5 Listed Property Management Companies" and received many other awards as well.

Prospects and Strategy

Looking forward, the development of urbanization and people's pursuit of a better life imply greater development potential for the property management industry, and market concentration will increase gradually in turn. The Group will boost its comprehensive competitiveness by means of achieving high-quality services, high-speed and sustainable scale expansion as well as high operating efficiency, so as to establish its brand advantages and earnestly further its strategic blueprint for the synergetic development of the four major business segments.

The Group will continue to secure various mid- to high-end projects, enhance its comprehensive strengths via multi-channel expansion and diversified services, so as to achieve economies of scale in different regions, reduce costs and improve efficiency. At the same time, the Group will further increase the conversion rate and profitability of the projects from third-party property developers, attach importance to service quality, and constantly improve the satisfaction rate of the property owners, so as to realize the synchronized growth in scale and quality.

Amid the continuously intensified industry competition, scale expansion remains the essential strategy for property management companies. Capitalizing on the window of opportunity for industry consolidation, the Group will also continue to promote M&A and expansions through third-party developers, actively expand property management portfolios of residential, commercial and public buildings, and optimize the property management services in terms of regions and business portfolios to cover the entire industry chain, so as to consolidate its leading position in the industry. Meanwhile, by adhering to the principle of "in mutual respect, seeking common grounds while holding back differences to achieve inclusive symbiosis" with acquired companies, the Group will share its resources and experience in business scale expansion, branding, operation system and value-added services with the acquired companies to improve the post-acquisition operating efficiency.

To optimize the layout of comprehensive business portfolio, the Group will develop "Johnson Asset Management" brand and position itself as an "expert in high-end commercial and office building management" and strive to establish a national benchmark for providing services to Super Grade A office buildings. By consolidating footholds in the market of high-end commercial and office buildings in the first-tier cities such as Beijing, Shanghai and Guangzhou, and focusing on the new first-tier cities with low vacancy rate and strong appeal, such as Hangzhou, Wuhan and Nanjing, etc., the Group will replicate its services throughout the surrounding cities. Meanwhile, the Group will further expand its presence in the public buildings sector. With its business expanding to government offices, schools, hospitals and other public institutions, as well as infrastructure sectors such as airports and rail transit on a national scale, the Group strives to become a nationwide public buildings management service provider, extensively tapping the huge market potential in the field of public buildings management services.

With the rapid growth of each property management business portfolio, the Group will become an integrator of high-quality services and community resources, furnishing full life-cycle services covering comprehensive business portfolio management and complete life scenarios. The Group will continue to adopt an asset-light operation model, increase the penetration rate of value-added services, accelerate the business model replication to newly obtained projects and explore the potential of value-added services for projects from M&A. Meanwhile, the Group will strive to enhance its innovation capability of the community commercial business, introduce high-quality service providers, reform and incubate new business models, establish an extensive and precise brand line, and constantly improve the one-stop household consumption service platform to improve service quality and user stickiness.

In the future, the Group will wholeheartedly dedicate to the "Lifelong Caring" for property owners, continue to export the "China's Delicate Life" to the whole industry chain, focus on service quality and comprehensively improve its operating efficiency, while refining major business in depth and with strengths, laying a solid foundation for future development with premier quality and high standards. The Group will proceed to enlarge the scale of operations and optimize the revenue structure through multi-channel expansions and offering diversified services on the basis of the synergetic development of four major business segments. While committing to the goal of building lifelong livable homes for property owners, the Group will also target its efforts on operation cost optimization and profitability enhancement, and create better and longer-term returns for its shareholders.

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 contribute to the growth of the Group.

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

Hong Kong, 7 August 2019

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**2,241,228**	1,405,693
Cost of sales		**(1,411,776)**	(895,345)
Gross profit		**829,452**	510,348
Selling and marketing costs		**(18,173)**	(15,702)
Administrative expenses		**(124,737)**	(108,259)
Net impairment losses on financial assets		**(9,833)**	(1,672)
Other income	*5*	**63,356**	25,903
Other gains — net	*6*	**6,503**	14,539
Operating profit		**746,568**	425,157
Finance (expenses)/income — net	*7*	**(1,909)**	15,322
Share of post-tax profits of joint ventures and associates		**5,816**	—
Profit before income tax		**750,475**	440,479
Income tax expenses	*8*	**(182,084)**	(104,708)
Profit and total comprehensive income for the period		**568,391**	335,771
Profit and total comprehensive income attributable to:			
— Shareholders of the Company		**541,314**	332,332
— Non-controlling interests		**27,077**	3,439
		568,391	335,771
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	*9*	**0.41**	0.26

Interim Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2019 (Unaudited) *RMB'000*	As at 31 December 2018 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**162,159**	80,006
Right-of-use assets		**23,628**	—
Other intangible assets	*11*	**412,069**	166,448
Goodwill	*11*	**1,361,906**	1,045,362
Deferred income tax assets		**56,017**	15,629
Investments accounted for using the equity method		**254,658**	422
Financial assets at fair value through profit or loss		**411**	—
		2,270,848	1,307,867
Current assets			
Inventories		**18,182**	15,190
Trade and other receivables	*12*	**1,808,165**	1,164,913
Financial assets at fair value through profit or loss		**238,466**	—
Cash and cash equivalents		**4,349,720**	4,807,993
Restricted cash		**4,247**	586
		6,418,780	5,988,682
Total assets		**8,689,628**	7,296,549

	Notes	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
EQUITY			
Share capital		**1,333,334**	1,333,334
Reserves		**3,248,271**	3,265,887
Retained earnings		**919,870**	823,119
Capital and reserves attributable to the shareholders of the Company		**5,501,475**	5,422,340
Non-controlling interests		**271,208**	87,697
Total equity		**5,772,683**	5,510,037
LIABILITIES			
Non-current liabilities			
Borrowings		**6,600**	—
Lease liabilities		**10,849**	—
Financial liabilities at fair value through profit or loss		**62,179**	—
Other payables		**19,045**	23,656
Deferred income tax liabilities		**90,444**	36,562
		189,117	60,218
Current liabilities			
Borrowings		**40,150**	—
Trade and other payables	*13*	**1,860,062**	1,168,900
Contract liabilities		**515,346**	365,499
Current income tax liabilities		**298,334**	191,895
Lease liabilities		**13,936**	—
		2,727,828	1,726,294
Total liabilities		**2,916,945**	1,786,512
Total equity and liabilities		**8,689,628**	7,296,549

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 ("**Interim Financial Information**") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2018 and any public announcements made by the Group during the interim reporting period.

2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 2(a)) and adoption of new and amended standards as set out below.

(a) Income taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 2(c) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 .

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.75%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	2019 ***RMB'000*** **(Unaudited)**
Operating lease commitments disclosed as at 31 December 2018 (Audited)	**39,344**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**37,317**
Less: short-term leases recognised on a straight-line basis as expense	**(1,501)**
Less: low-value leases recognised on a straight-line basis as expense	**(1,573)**
Less: contracts reassessed as service agreements	**(12,986)**
Lease liabilities recognised as at 1 January 2019	**21,257**
Of which are:	
Current lease liabilities	**15,316**
Non-current lease liabilities	**5,941**
	21,257

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 ***RMB'000*** **(Unaudited)**	1 January 2019 *RMB'000* (Restated)
Properties	**23,270**	21,114
Equipment	**358**	143
Total right-of-use assets	**23,628**	21,257

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB21,257,000
- lease liabilities — increase by RMB21,257,000.

There is no impact on retained earnings on 1 January 2019.

<1> Impact on disclosures and earnings per share

Profit before income tax for the six months ended 30 June 2019 increased by RMB1,174,000, while assets and liabilities as at 30 June 2019 increased by RMB23,628,000 and RMB24,785,000 respectively as a result of the change in accounting policy.

There is no material impact for earnings per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

<2> Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

(ii) The Group's leasing activities and how these are accounted for

The Group leases certain properties and equipment. Rental contracts are typically made for fixed periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate

- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitory and small items of office furniture.

3 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended 30 June 2019 and 2018, the Group was principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance services, 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". Subsequent to the Company's listing on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 9 February 2018, the Group acquired certain property management companies from third parties.

All the acquired subsidiaries were principally engaged in the provision of property management services and related value-added services. After acquisition, management reviews the operating results of the business of the acquired subsidiaries and the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

For the six months ended 30 June 2019, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As at 30 June 2019, all of the assets were located in the PRC except bank deposits of HKD30,440,000 and RMB272,569,000 in Hong Kong.

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 six months ended 30 June 2019 and 2018 was as follows:

		Six months ended 30 June	
		2019	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
	Timing of revenue recognition		
Property management services	over time	**1,227,486**	750,334
Value-added services related to property management			
— Other value-added services	over time	**1,007,585**	629,887
— Sales of goods, parking lots and shops	at a point in time	**6,157**	25,472
		2,241,228	1,405,693

5 Other income

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**49,959**	22,549
Government grants (Note (a))	**8,475**	—
Penalties	**967**	1,166
Miscellaneous	**3,955**	2,188
	63,356	25,903

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

6 Other gains — net

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net investment income relating to financial assets at fair value through profit or loss	**5,661**	—
Fair value gains on financial assets at fair value through profit or loss — net	**1,047**	—
Losses on disposal of property, plant and equipment	**(98)**	(102)
Exchange losses	**(107)**	—
Gains on forward foreign exchange contracts	**—**	14,641
	6,503	14,539

7 Finance (expense)/income — net

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance expenses:		
— Interest expense of amortisation of long-term consideration	**(522)**	—
— Interest expense of bank borrowings	**(668)**	(501)
— Interest expense of lease liabilities	**(719)**	—
	(1,909)	(501)
Finance income:		
— Exchange gains	**—**	15,823
Finance (expense)/income — net	**(1,909)**	15,322

8 Income tax expenses

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	**222,015**	123,776
Deferred income tax		
— PRC corporate income tax	**(39,931)**	(19,068)
	182,084	104,708

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:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before income tax	**750,475**	440,479
Tax charge at effective rate applicable to profits in the respective group entities	**177,907**	104,420
Tax effects of:		
— Expenses not deductible for tax purposes	**5,631**	288
— Associates' and joint ventures' results reported net of tax	**(1,454)**	—
	182,084	104,708

The effective income tax rate was 24% for the six months ended 30 June 2019 (six months ended 30 June 2018: 24%).

9 Earnings per share

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 six months ended 30 June 2019 and 2018.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018. Diluted earnings per share was equal to basic earnings per share.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to Shareholders of the Company (RMB'000)	**541,314**	332,332
Weighted average number of ordinary shares deemed to be in issue (in thousands)	**1,333,334**	1,260,001
Basic earnings per share for profit attributable to the Shareholders of the Company during the period (expressed in RMB per share)	**0.41**	0.26

10 Property, plant and equipment

	Buildings *RMB'000*	Transportation equipment *RMB'000*	Office equipment *RMB'000*	Machinery *RMB'000*	Total *RMB'000*
As at 31 December 2018 (Audited)					
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
Period ended 30 June 2019 (Unaudited)					
Opening net book amount	46,199	6,790	11,507	15,510	80,006
Additions	46	560	959	2,513	4,078
Acquisition of subsidiaries	59,458	4,889	1,135	21,158	86,640
Disposals	—	(113)	(88)	(120)	(321)
Depreciation charge	(1,726)	(1,485)	(1,213)	(3,820)	(8,244)
Closing net book amount	103,977	10,641	12,300	35,241	162,159
As at 30 June 2019 (Unaudited)					
Cost	124,581	22,001	22,151	58,203	226,936
Accumulated depreciation	(20,604)	(11,360)	(9,851)	(22,962)	(64,777)
Net book amount	103,977	10,641	12,300	35,241	162,159

(a) As at 30 June 2019, certain self-used properties with net book value of RMB60,847,000 (31 December 2018: nil) were pledged as collateral for the Group's borrowings.

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 31 December 2018 (Audited)						
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
Period ended 30 June 2019 (Unaudited)						
Opening net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
Additions	5,040	—	—	5,040	—	5,040
Acquisition of subsidiaries (Note (a))	1,363	—	260,815	262,178	316,544	578,722
Amortisation	(1,614)	(2,320)	(17,663)	(21,597)	—	(21,597)
Closing net book amount	26,525	19,987	365,557	412,069	1,361,906	1,773,975
As at 30 June 2019 (Unaudited)						
Cost	34,322	28,400	404,675	467,397	1,361,906	1,829,303
Accumulated amortisation	(7,797)	(8,413)	(39,118)	(55,328)	—	(55,328)
Net book amount	26,525	19,987	365,557	412,069	1,361,906	1,773,975

(a) During the six months ended 30 June 2019, the Group acquired several property management companies. Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB440,678,000, including identified customer relationships of RMB260,815,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

12 Trade and other receivables

	30 June 2019 *RMB'000* (Unaudited)	31 December 2018 *RMB'000* (Audited)
Trade receivables (Note (a))		
— Related parties	**563,373**	507,646
— Third parties	**622,394**	342,766
	1,185,767	850,412
Less: allowance for impairment of trade receivables	**(44,358)**	(21,385)
	1,141,409	829,027
Other receivables		
— Related parties	**42,761**	70,669
— Third parties	**588,388**	232,736
	631,149	303,405
Less: allowance for impairment of other receivables	**(5,190)**	(3,472)
	625,959	299,933
Prepayments		
— Related parties	**478**	—
— Third parties	**40,319**	35,953
	40,797	35,953
	1,808,165	1,164,913

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

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

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

(b) During the six months ended 30 June 2019, impairment provision of RMB8,885,000 and RMB948,000 was made against the gross amount of trade receivables and other receivables, respectively. (six months ended 30 June 2018: RMB(1,243,000) and RMB2,915,000)

(c) As at 30 June 2019 and 31 December 2018, the aging analysis of the trade receivables based on invoice date were as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
0–180 days	**590,444**	556,855
181–365 days	**354,894**	142,015
1 to 2 years	**154,490**	101,565
2 to 3 years	**43,696**	24,557
Over 3 years	**42,243**	25,420
	1,185,767	850,412

13 Trade and other payables

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables (Note (a))		
— Related parties	**2,572**	7,333
— Third parties	**349,285**	306,051
	351,857	313,384
Other payables		
— Related parties	**52,344**	40,755
— Third parties	**648,761**	487,265
	701,105	528,020
Dividends payables	**421,172**	—
Accrued payroll	**290,208**	274,974
Other taxes payables	**114,765**	76,178
	1,879,107	1,192,556
Less: non-current portion of other payables (Note (b))	**(19,045)**	(23,656)
Current portion	**1,860,062**	1,168,900

(a) As at 30 June 2019 and 31 December 2018, the aging analysis of the trade payables (including amounts due to related parties of a trade nature) based on invoice date were as follows:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Trade payables		
Up to 1 year	**332,315**	283,634
1 to 2 years	**12,675**	21,379
2 to 3 years	**295**	2,864
Over 3 years	**6,572**	5,507
	351,857	313,384

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

(b) Non-current portion of trade and other payables primarily represented the consideration payable for the acquisition of Nanjing Zizhu Property Management Services Co., Ltd., Harbin Jingyang and Qingdao Huaren to be settled beyond one year from 30 June 2019.

14 Dividends

The final dividend of RMB0.15 per ordinary share and a special dividend of RMB0.15 per ordinary share (collectively the "**Annual Dividend**") in respect of 2018 were approved by the shareholders at the Annual General Meeting on 28 May 2019. The Annual Dividend has been distributed out of the Company's retained earnings.

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Management Discussion and Analysis

Business Review

The Group is a reputable property management services provider in the PRC focusing on mid- to high-end properties. It has more than 26 years of experience in the property management industry. With the strong support from Agile Group and Greenland Holdings, two leading property developers, the Group upholds the development strategy of "Consolidating footholds in Beijing, Shanghai and Guangzhou, serving the whole PRC", proactively expands our business through projects from third-party property developers and M&A, so as to realize balanced scale expansion and development. The Group's excellent service quality and brand are widely recognized by the market, securing its leadership position in the industry. During the Period, the Group ranked the seventh among the "2019 Top 100 Property Management Companies in the PRC", was awarded as "2019 TOP 5 Listed Property Management Companies" and "2018-2019 Property Management Services Innovation Pioneer Award", and won other awards.

In the first half of 2019, with rapid growth in its business, the Group continuously optimized its income structure and enhanced its operating efficiency. As of 30 June 2019, the GFA under management and contracted GFA reached 211.2 million sq.m. and 324.6 million sq.m. respectively, representing a respective growth of 52.9% and 41.2% as compared with those as at 31 December 2018. During the Period, the Group's revenue amounted to RMB2,241.2 million, representing an increase of 59.4% as compared with RMB1,405.7 million in the corresponding period in 2018. Net profit was RMB568.4 million, representing an increase of 69.3% as compared with RMB335.8 million in the corresponding period in 2018.

Financial Review

Revenue

For the six months ended 30 June 2019, revenue of the Group amounted to RMB2,241.2 million (the corresponding period of 2018: RMB1,405.7 million), representing an increase of 59.4% 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.

	Six months ended 30 June				
	2019	**Percentage of revenue**	2018	Percentage of revenue	Growth rate
	RMB'000	**%**	*RMB'000*	%	%
	(Unaudited)		*(Unaudited)*		
Property management services	**1,227,486**	**54.8%**	750,334	53.4%	63.6%
Extended value-added services	**807,584**	**36.0%**	575,428	40.9%	40.3%
— Sales center property management services	***379,395***	***16.9%***	*296,630*	*21.1%*	*27.9%*
— Other extended value-added services	***428,189***	***19.1%***	*278,798*	*19.8%*	*53.6%*
Community value-added services	**206,158**	**9.2%**	79,931	5.7%	157.9%
Total	**2,241,228**	**100.0%**	1,405,693	100.0%	59.4%

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 Period, revenue from property management services amounted to RMB1,227.5 million (the corresponding period of 2018: RMB750.3 million), representing an increase of 63.6% as compared with the corresponding period in the last year.

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

Project sources	As of 30 June 2019	Percentage of areas	As of 31 December 2018	Percentage of areas	Growth in the first half of 2019	Growth Rate
	('000 sq.m.)	**%**	('000 sq.m.)	%	('000 sq.m.)	%
Agile Group	**50,503**	**23.9%**	48,192	34.9%	2,311	4.8%
Greenland Holdings	**7,829**	**3.7%**	4,729	3.4%	3,100	65.5%
Third-party property developers[1]	**152,857**	**72.4%**	85,200	61.7%	67,657	79.4%
Total	**211,189**	**100.0%**	138,121	100.0%	73,068	52.9%

Note 1: Included the accumulated GFA under management provided by third-party property developers through property management contracts and that of acquired companies.

As of 30 June 2019, the Group's GFA under management was 211.2 million sq.m., representing an increase of 73.1 million sq.m. from 138.1 million sq.m. as of 31 December 2018, with a growth rate of 52.9%. The increase was mainly attributed to: (i) the Group continued to take over the projects developed by Agile Group, with the newly increased GFA under management of 2.3 million sq.m. during the Period; (ii) the newly increased GFA of 3.1 million sq.m. from the projects of Greenland Holdings during the Period; (iii) the GFA contribution from projects developed by third-party property developers and M&A during the Period, including the respective GFA under management of 5.9 million sq.m. and 9.8 million sq.m. from the acquisition of Qingdao Huaren and Harbin Jingyang, the GFA under management of 30.0 million sq.m. resulting from the acquisition of Guangzhou Yuehua, and 17.9 million sq.m. resulting from the acquisition of Lanzhou Chengguan.

Property management fee

For the six months ended 30 June 2019, the median management fee of the residential properties projects provided by Agile Group and Greenland Holdings was RMB3.04/m^2/month (for the year ended 31 December 2018: RMB2.99/m^2/month). During the Period, the median property management fee of the residential projects from third-party property developers (excluding those from M&A) was RMB2.04/m^2/month (for the year ended 31 December 2018: RMB1.86/m^2/month).

The Group believes that the property management market is still fragmented, but consolidation is accelerating with support of capital. At present, scale expansion is still one of the important development strategies of the Group. The Group needs to develop into the areas and projects with potentials to increase the property management fee so as to rapidly enrich the geographic coverage and business portfolios. The Group's bargaining power with third-party developers and the capability to acquire mid- to high-end projects have been constantly improving. During the Period, the average price of the Group's newly acquired projects from third-party developers increased.

In terms of the management of existing projects, adhering to the principle of "quality is the lifeline to business", the Group strives to improve the management quality and efficiency, and precisely meet owners' needs, preparing for the reasonable increase of management fee in the future. During the Period, the Group steadily promoted the price enhancement procedure of some projects and achieved preliminary results.

During the Period, the overall collection rate of the Group's projects was 91.4%.

The project portfolio for GFA under management

As of 30 June 2019, for the GFA under management, the proportion of residential property business accounted for 58.7%, and the proportion of non-residential property business accounted for 41.3%. The increase in the proportion of non-residential property business was mainly due to the relative high proportion of non-residential projects of the newly acquired companies during the Period.

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. Looking forward, the Group will continuously improve its brand awareness in the non-residential sector by adjusting its business structure, optimizing its project portfolio, and expanding its business in the property management of commercial buildings and public buildings.

The geographic coverage for GFA under management

During the Period, the Group's projects under management reached 1,031, covering 25 provinces, municipalities and autonomous regions nationwide, in 83 cities. As of 30 June 2019, among the Group's GFA under management by regions, 37.9% were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 18.7% were located in the Yangtze River Delta city cluster, 12.8% were located in the Lanzhou-Xining city cluster, 6.1% were located in Harbin-Changchun city cluster, and 4.4% were located in Shandong Peninsula city cluster while the remainder spread across other regions in the PRC.

The charging mode

The revenue of the Group from property management services was mainly based on the lump sum contract basis, which accounted for 98.4% of that from property management services (the corresponding period of 2018: accounted for 96.1% of that from property management services). The lump sum contract basis the Group primarily adopted is conducive to improving service quality and operational efficiency.

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

Project Sources	As of 30 June 2019	Percentage of areas	As of 31 December 2018	Percentage of areas	Year-on-year growth in the first half of 2019	Growth rate
	('000 sq.m.)	%	('000 sq.m.)	%	('000 sq.m.)	%
Agile Group	**73,175**	**22.6%**	70,371	30.6%	2,804	4.0%
Greenland Holdings	**34,132**	**10.5%**	22,026	9.6%	12,106	55.0%
Third-party property developers[1]	**217,277**	**66.9%**	137,402	59.8%	79,875	58.1%
Total	**324,584**	**100.0%**	229,799	100.0%	94,785	41.2%

Note 1: Included the accumulated contracted GFA provided by third-party property developers through property management contracts and that of acquired companies.

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 30 June 2019, the contracted GFA reached 324.6 million sq.m., representing an increase of 94.8 million sq.m. or a growth rate of 41.2% as compared with that of 229.8 million sq.m. as of 31 December 2018.

During the Period, the Group obtained newly increased contracted GFA of 2.8 million sq.m. from Agile Group, 12.1 million sq.m. from Greenland Holdings, and 79.9 million sq.m. from third-party property developers.

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 Period, the Group recorded revenue from extended value-added services of RMB807.5 million (the corresponding period of 2018: RMB575.4 million), representing an increase of 40.3% as compared with the corresponding period in 2018, and accounting for approximately 36.0% of the total revenue, including:

(1) The revenue from sales center property management services (accounted for 47.0% of the revenue from the extended value-added services): amounted to RMB379.4 million during the Period, representing an increase of 27.9% as compared with that of RMB296.6 million in the corresponding period of last year. The increase of the revenue from sales center property management services was primarily due to the increase of sales center projects provided by Agile Group, and the increase of the sales center services provided to the third-party property developers.

(2) Other extended value-added services (accounted for 53.0% of the revenue from the extended value-added services): including property agency services and housing inspection services, etc. The revenue amounted to RMB428.1 million during the Period, representing an increase of 53.6% as compared with that of RMB278.8 million in the corresponding period of last year, which was mainly due to the increase in business volume of property agency services, and the increase in the business volume of the housing inspection service brought by the increase of the GFA completed and delivered by Agile Group.

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 Period, the revenue from community value-added services amounted to RMB206.2 million, representing an increase of 157.9% as compared with RMB79.9 million for the corresponding period in 2018 and accounting for approximately 9.2% of total revenue during the Period.

(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 35.4% of the revenue from community value-added services during the Period.

(2) Community asset management services primarily include: club house operation services, 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 42.2% of the revenue from community value-added services during the Period.

(3) Home improvement services primarily include turnkey furnishing services. Such services accounted for approximately 22.4% of the revenue from community value-added services during the Period.

During the Period, the remarkable growth in community value-added services was mainly due to the Group's effort to explore the potential in community resources. Through the renovation of smart parking lots and the centralized management of club houses and advertising resources, the utilization rate of resources was significantly improved. Meanwhile, the Group promoted community living services, including property repair and maintenance, housekeeping and community retail, and launched pilot innovative products of community value-added services.

Cost of sales

The Group's cost of sales primarily consists of employee salaries and benefit expenses, cleaning expenses, security charges, maintenance costs, utilities, greening and gardening expenses, cost of consumables, depreciation and amortisation charges and others.

During the Period, cost of sales of the Group was RMB1,411.8 million (the corresponding period of 2018: RMB895.3 million), representing an increase of 57.7% as compared with that of the corresponding period in 2018, which was primarily due to the increase in relevant 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 made great efforts in developing value-added services with higher gross profit margin, which grew fast and gross profit margin further improved; the Group also conducted the nationwide integration work of various business lines and regionalized operation of property management services, to effectively improve the property management service efficiency and control the costs.

Gross profit and gross profit margin

	For the six months ended 30 June				
	2019		2018		Growth rate
	Gross Profit *(Unaudited)*	**Gross Profit Margin**	Gross Profit *(Unaudited)*	Gross Profit Margin	Changes in Gross Profit Margin
Property management services	**325,916**	**26.6%**	217,746	29.0%	-2.4 percentage points
Extended value-added services	**397,540**	**49.2%**	255,123	44.3%	+4.9 percentage points
Community value-added services	**105,996**	**51.4%**	37,479	46.9%	+4.5 percentage points
Total	**829,452**	**37.0%**	510,348	36.3%	+0.7 percentage point

During the Period, the Group's gross profit amounted to RMB829.5 million, representing an increase of 62.6% as compared with that of RMB510.3 million for the corresponding period in 2018. The Group's gross profit margin increased by 0.7 percentage point to 37.0% from 36.3% for the corresponding period in 2018.

The gross profit margin of property management services was 26.6% (the corresponding period of 2018: 29.0%), representing a decrease of 2.4 percentage points as compared with that of the corresponding period in 2018, primarily due to (i) during the Period, the Group actively undertook projects from third-party developers with relatively low gross profit margin, caused by investment in the early stage; (ii) synergy effects of post-acquisition integration need time to be enhanced gradually.

The gross profit margin of extended value-added services was 49.2% (the corresponding period of 2018: 44.3%), representing an increase of 4.9 percentage points as compared with that of the corresponding period in 2018, primarily due to (i) previous investment in market expansion bringing about economies of scale in property agency business and sales center property management business, which effectively improved gross profit; (ii) during the Period, the Group internally integrated its service teams to reduce costs and improve efficiency.

The gross profit margin of community value-added services was 51.4% (the corresponding period of 2018: 46.9%), representing an increase of 4.5 percentage points as compared with that of the corresponding period in 2018, primarily due to continuously enriching types of value-added services of the Group. While continuing to actively develop living services, community asset management, turnkey furnishing and community-based economy services, the Group gradually commenced to cooperate with distributors in launching new services such as community insurance and community new retail, to build an ecosystem of community value-added services. With the early-stage investment and the economies of scale effect formed during the Period, the overall gross profit margin increased.

Selling and marketing expenses

During the Period, the Group's selling and marketing expenses amounted to RMB18.2 million, representing an increase of 15.9% as compared with that of RMB15.7 million for the corresponding period in 2018. It accounted for 0.8% of the revenue, representing a decrease of 0.3 percentage point as compared with that of the corresponding period in 2018, primarily due to the remarkable brand effect brought by the substantial brand promotion in 2018. "Agile Property Management" and "Greenland Property Services" have established their coverage and leverage in different regions and business portfolios through dual-brand development strategy, enabling the Group to transform from general distribution to precise positioning in brand promotion, which effectively reduced market promotion expenses.

Administrative expenses

During the Period, the Group's administrative expenses amounted to RMB124.7 million, representing an increase of 15.1% as compared with that of RMB108.3 million for the corresponding period in 2018. It accounted for 5.6% of the revenue, representing a decrease of 2.1 percentage points as compared with that of the corresponding period in 2018. The increase in the daily administrative expenses was mainly attributable to the rapid business development of the Group. However, the regional integration of the property management service and the cost control partially offset the impacts brought by the increase in administrative expenses.

Other income

During the Period, other income of the Group amounted to RMB63.4 million (the corresponding period of 2018: RMB25.9 million), representing an increase of 144.8% as compared with that of the corresponding period in 2018. The aforementioned increase primarily resulted from the income from the capital raised from its listing and its operating cash, as well as the government grants.

Income tax

During the Period, the Group's income tax expense was RMB182.1 million (the corresponding period of 2018: RMB104.7 million). The income tax rate was 24.3% (the corresponding period of 2018: 23.8%). The income tax rate during the Period basically maintained flat year-on-year. Some subsidiaries of the Group continuously enjoyed a preferential enterprise income tax rate.

Profits

During the Period, the Group's net profit was RMB568.4 million, representing an increase of 69.3% as compared with that of RMB335.8 million for the corresponding period in 2018. Net profit margin was 25.4%, representing an increase of 1.5 percentage points as compared with that of 23.9% for the corresponding period in 2018, due to the rapid development of the Group's business, and the costs and management fees were effectively controlled benefiting from economies of scale. During the Period, profit attributable to shareholders of the Company was RMB541.3 million, representing an increase of 62.9% as compared with that of RMB332.3 million for the corresponding period in 2018. Basic earnings per share amounted to RMB0.41.

Current assets, reserves and capital structure

During the Period, the Group maintained a sound financial position. As of 30 June 2019, current assets amounted to RMB6,418.8 million (as of 31 December 2018: RMB5,988.7 million), representing an increase of 7.2% as compared with that as of 31 December 2018. Cash and cash equivalents of the Group amounted to RMB4,349.7 million, representing a decrease of 9.5% as compared with that of RMB4,808.0 million as of 31 December 2018, primarily because of the payment of the consideration for the acquired companies.

As of 30 June 2019, the Group's total equity was RMB5,772.7 million, representing an increase of RMB262.7 million or 4.8% as compared with RMB5,510.0 million as of 31 December 2018, which was primarily due to (i) the impact of the increase in the net assets brought by the acquired companies; and (ii) the significant increase of the profit before tax of the Group.

Property, plant and equipment

The Group's property, plant and equipment primarily comprise buildings, office equipment, machinery equipment and other fixed assets. As of 30 June 2019, the Group's net property, plant and equipment amounted to RMB162.2 million, representing an increase of 102.8% as compared with RMB80.0 million as of 31 December 2018, which was primarily due to (i) the new addition of property, plant and equipment by the acquired companies; (ii) the increase of the purchasing of office equipment and machinery, etc. to meet the needs of the Group's business development, which was partly offset by the depreciation for the current Period.

Other intangible assets

As of 30 June 2019, the net book amount of other intangible assets of the Group was RMB412.1 million, representing an increase of 147.7% as compared with RMB166.4 million as of 31 December 2018. The Group's other intangible assets primarily included (i) RMB28.4 million from the trademark value of acquired companies; (ii) RMB404.7 million generated from customer relations as confirmed by acquired companies; (iii) the softwares developed and purchased by the Group; and (iv) 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 30 June 2019, the Group recorded goodwill of RMB1,361.9 million, representing an increase of 30.3% as compared with RMB1,045.4 million as of 31 December 2018. The increase in goodwill of the Group primarily included RMB316.5 million in relation to the goodwill from the acquisition of Guangzhou Yuehua, Qingdao Huaren, Harbin Jingyang and Lanzhou Chengguan. 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.

The management confirmed that no significant goodwill impairment risk had been incurred as at 30 June 2019.

Trade and other receivables

As of 30 June 2019, trade and other receivables amounted to RMB1,808.2 million, representing an increase of 55.2% as compared with that of RMB1,164.9 million as of 31 December 2018, which was primarily attributable to (i) conversion of newly undertaken projects and development of diversified business, leading to an increase of the trade receivables; (ii) the newly increased trade receivables brought by the acquired companies; and (iii) with the scale expansion of acquired companies and the Group, the year-on-year increase of deposit, margin, imprest and account current with business partners in daily operation.

Trade and other payables

As of 30 June 2019, trade and other payables amounted to RMB1,879.1 million, representing an increase of 57.6% as compared with that of RMB1,192.6 million as of 31 December 2018, which was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to independent third-party service providers so as to enhance professionalism; (ii) stage consideration payable for acquired companies; (iii) the increase of trade and other payables brought by the acquired companies.

Borrowings

As of 30 June 2019, the Group had borrowings of RMB40.2 million with a term of less than one year and RMB6.6 million with a term of more than one year.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, and the sum of long-term and short-term interest-bearing bank loans and other loans as of the corresponding date divided by the total equity as of the same date. As of 30 June 2019, the gearing ratio was 0.8%.

Current and deferred income tax liabilities

As of 30 June 2019, current income tax of the Group amounted to RMB298.3 million, representing an increase of 55.4% as compared with that of RMB191.9 million as of 31 December 2018, which was primarily attributable to the significant increase of the profit before tax of the Group. Deferred income tax liabilities increased from RMB36.6 million as of 31 December 2018 to RMB90.4 million as of 30 June 2019, which was primarily due to the impact brought by the increased value incurred from the intangible assets valuation against the acquired companies.

Proceeds from the Listing

The Company's H Shares were listed on the main board of Hong Kong Stock Exchange on 9 February 2018 (the "**Listing**"), with a total of 333,334,000 new H Shares issued. After deducting the underwriting fees and relevant expenses, net 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 of 30 June 2019, approximately HK$30.4 million and RMB272.6 million of bank deposits were in Hong Kong.

As of 30 June 2019, the Group has used approximately RMB1,033.9 million of the proceeds, of which: RMB717.5 million was used for strategic investments and acquisitions; approximately RMB11.9 million was used for the development of management digitalization, service specialization, procedure standardization and operation automation; and approximately RMB304.5 million was used for working capital and general corporate purposes. Such used proceeds were allocated 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 pursue selective 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 purpose.

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 30 June 2019, the Group had pledged certain properties of its subsidiary in Chengguan District, Lanzhou City for its loan guarantee.

Major acquisitions

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. The Company had completed the acquisition of such shares in the first half of 2019. Qingdao Huaren is currently a direct non-wholly owned subsidiary of the Company.

The acquisition of Qingdao Huaren further expanded the Group's business scale and coverage, and enhanced the Group's leverage and competitiveness in Shandong Peninsula. After the completion of acquisition, the Group can share its resources and advantages in brand, technology, management and expansion capability with Qingdao Huaren, assisting Qingdao Huaren to achieve balanced development in business scale and project quality.

Acquisition of equity interest in Harbin Jingyang

On 26 February 2019, the Company entered into an equity interest transfer agreement to acquire 60% equity interest of Harbin Jingyang at a consideration of approximately RMB113.9 million. The consideration for the acquisition under the equity interest 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. The Company had completed the acquisition of such equities in the first half of 2019, and Harbin Jingyang is currently a direct non-wholly owned subsidiary of the Company.

The Group expanded its business into Northeast China after the acquisition of Harbin Jingyang, which further enhanced its coverage and competitiveness in the market of Northeast China and offered strong support in improving its regional layout, rapidly expanding and enhancing its business.

Acquisition of equity interest in Guangzhou Yuehua

On 28 March 2019, the Company entered into an equity interest transfer agreement to acquire 51% equity interest of Guangzhou Yuehua at a consideration of approximately RMB195.3 million. The consideration for the acquisition under the equity interest transfer agreement was determined after arm's length negotiation with reference to the audited net profit after deducting non-recurring profit and loss of Guangzhou Yuehua for the year ended 31 December 2018. The Company had completed the acquisition of such equities in the first half of 2019, and Guangzhou Yuehua is currently an indirect non-wholly owned subsidiary of the Company.

The acquisition of Guangzhou Yuehua filled the business gap of the Group in the public building property management market of South China, further diversified the Group's business portfolio, and assisted the Group to develop its whole industry chain layout covering mid- to high-end residential properties as the principal portfolio, and high-end commercial buildings and public buildings as the complementary. By leveraging A-Living's brand and scale advantages and its nationwide market network, the Group will empower Guangzhou Yuehua to develop the nationwide business coverage so as to become a national leading public building property management enterprise from a regional player. After the acquisition, the Group established the fourth business segment — the public services, with Guangzhou Yuehua as the major entity, and will horizontally expand to the public building property management market in the PRC with huge potential and increasing openness through building a flagship brand of the Group.

Acquisition of equity interest in Lanzhou Chengguan

On 11 July 2018, the Company entered into an equity transfer agreement to acquire 51% equity interest of Lanzhou Chengguan at a consideration of RMB147.9 million. The Company had completed the acquisition of such equities in the first half of 2019, and Lanzhou Chengguan is currently a direct non-wholly owned subsidiary of the Company.

Major disposals

During the Period, the Group had no major disposals of subsidiaries and associated companies.

Major investment

During the Period, the Group held no major investment.

Contingent liabilities

As of 30 June 2019, the Group had no significant contingent liabilities.

Foreign exchange risk

In 2018, the Company has exchanged most of the proceeds from the Listing into Renminbi in tranches. As of 30 June 2019, the Group had no significant exchange rate risk.

Employees and remuneration policies

As of 30 June 2019, the Group had 30,129 employees, representing an increase of 59.8% as compared with 18,859 employees as of 31 December 2018. Total staff cost amounted to RMB965.6 million, representing an increase of 58.5% as compared with that of RMB609.2 million for the corresponding period in 2018. The increase of staff costs was mainly due to (i) the increase brought by the acquired companies; (ii) the rapid development of the community value-added services, the expansion of the GFA to projects from the third-party developers etc., leading to a significant increase in employee remuneration; (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 as well as employees' performance 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.

Subsequent events

The Group had no subsequent event after 30 June 2019 and up to the date of this announcement.

Interim Dividend

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Review of Interim Results

The Company's audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019.

The interim results of the Group for the six months ended 30 June 2019 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they have complied with the Securities Dealing Code during the six months ended 30 June 2019.

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 during the six months ended 30 June 2019.

Compliance with the Corporate Governance Code

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 during the six months ended 30 June 2019 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 separate 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 chief executive officer and general manager of the Company, 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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Changes in Board Composition

References are made to the announcements dated 28 May 2019 of the Company. Mr. Huang Fengchao has been appointed as the chief executive officer and general manager of the Company and Ms. Yue Yuan has been appointed as a non-executive Director with effect from 28 May 2019.

Publication of Interim Results and Interim Report on the Websites of the Company and the Hong Kong Stock Exchange

This announcement is published on the respective websites of the Company at www.agileliving.com.cn and the Hong Kong Stock Exchange at www.hkex.com.hk. The interim report of the Company for the six months ended 30 June 2019 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

Board of Directors

As at the date of this announcement, the Board comprises eight members, being Mr. Chan Cheuk Hung^ (Co-chairman), Mr. Huang Fengchao^ (Co-chairman, Chief Executive Officer and General Manager), Mr. Feng Xin^, Mr. Wei Xianzhong^^, Ms. Yue Yuan^^, Mr. Wan Kam To^^^, Mr. Wan Sai Cheong, Joseph^^^ and Mr. Wang Peng^^^.

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

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

Hong Kong, 7 August 2019

Any discrepancy 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*