A-LIVING SMART CITY SERVICES CO., LTD. *
雅生活智慧城市服務股份有限公司

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL SUMMARY

	For the year ended 31 December		
	2020	2019	Change
Revenue *(RMB million)*	**10,026.1**	5,127.3	95.5%
Gross profit *(RMB million)*	**2,973.0**	1,882.9	57.9%
Gross profit margin	***29.7%***	*36.7%*	*-7.0 percentage points*
*Core gross profit margin^*	***30.8%^***	*37.6%^*	*-6.8 percentage points*
Net profit *(RMB million)*	**1,972.7**	1,291.6	52.7%
Net profit margin	***19.7%***	*25.2%*	*-5.5 percentage points*
*Core net profit margin^*	***20.5%^***	*25.9%^*	*-5.4 percentage points*
Profit attributable to shareholders of the Company *(RMB million)*	**1,754.4**	1,230.8	42.5%
Core profit attributable to shareholders of the Company^ *(RMB million)*	**1,800.0^**	1,254.7^	43.5%
Basic earnings per share *(RMB)*	**1.32**	0.92	43.5%
Cash and cash equivalents *(RMB million)*	**5,057.0**	4,207.3	20.2%
Operating cash flow *(RMB million)*	**2,620.5**	1,600.1	63.8%
Proposed Annual Dividend per share *(RMB)*	**0.52**	0.45	15.6%
Proposed dividend payout ratio (including final and special dividends)	**39.5%**	48.7%	-9.2 percentage points
Total proposed Annual Dividend *(RMB million)*	**693.3**	600.0	15.6%

^ Excluding the effect of the amortisation of intangible assets and depreciation of appraised appreciation of fixed assets due to the M&A

- For the year ended 31 December 2020, the Group recorded a revenue of RMB10,026.1 million, representing an increase of 95.5% as compared with the corresponding period of last year. During the Year, the revenue contributed by the three major business lines of the Group was as follows: (i) the revenue from property management services increased by 129.1% to RMB6,482.1 million as compared with the corresponding period of last year; (ii) the revenue from extended value-added services increased by 37.5% to RMB2,491.3 million as compared with the corresponding period of last year; and (iii) the revenue from value-added services to property owners increased by 116.9% to RMB1,052.7 million as compared with the same period last year.

- During the Year, the Group recorded (i) a gross profit of RMB2,973.0 million, representing an increase of 57.9% as compared with the corresponding period of last year, and a gross profit margin of 29.7%, representing a year-on-year decrease of 7.0 percentage points. If excluding the effect of the amortisation of intangible assets due to the M&A, the core gross profit margin was 30.8%; (ii) a profit attributable to the shareholders of the Company amounting to RMB1,754.4 million, representing an increase of 42.5% as compared with the corresponding period of last year; (iii) a net profit margin of 19.7%, representing a year-on-year decrease of 5.5 percentage points. If excluding the effect of the amortisation of intangible assets and depreciation of appraised appreciation of fixed assets due to the M&A, the core net profit margin was 20.5%; and (iv) basic earnings per share of RMB1.32.

- As at 31 December 2020, the Group's cash and cash equivalents amounted to RMB5,057.0 million, representing an increase of RMB849.7 million, or an increase of 20.2%, as compared with 31 December 2019. For the year ended 31 December 2020, the operating cash inflow was RMB2,620.5 million, representing a year-on-year increase of 63.8%.

- Taking into account the Group's business development needs and the Shareholders' investment returns, the Board proposed a final dividend of RMB0.33 per share (before tax) and a special dividend of RMB0.19 per share (before tax) for the year of 2020, bringing the total Annual Dividend to RMB0.52 per share, representing a year-on-year increase of 15.6% and a dividend payout ratio of 39.5%.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	3	**10,026,147**	5,127,293
Cost of sales		**(7,053,112)**	(3,244,433)
Gross profit		**2,973,035**	1,882,860
Selling and marketing expenses		**(77,139)**	(43,103)
Administrative expenses		**(548,295)**	(294,976)
Impairment losses on financial assets		**(97,406)**	(12,236)
Other income	4	**198,515**	131,126
Other gains – net	5	**17,136**	24,484
Operating profit		**2,465,846**	1,688,155
Finance costs	6	**(40,358)**	(16,348)
Share of post-tax profits of joint ventures and associates		**62,261**	22,635
Profit before income tax		**2,487,749**	1,694,442
Income tax expenses	7	**(515,015)**	(402,854)
Profit for the year		**1,972,734**	1,291,588
Profit attributable to:			
– Shareholders of the Company		**1,754,411**	1,230,764
– Non-controlling interests		**218,323**	60,824
		1,972,734	1,291,588
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	8	**1.32**	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**1,972,734**	1,291,588
Other comprehensive income		
Item that will not be reclassified to profit or loss		
– changes in fair value of financial assets at fair value through other comprehensive income, net of tax	**931**	–
Total comprehensive income for the year	**1,973,665**	1,291,588
Attributable to:		
– Shareholders of the Company	**1,754,970**	1,230,764
– Non-controlling interests	**218,695**	60,824
	1,973,665	1,291,588

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	**2020**	2019
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment ("PPE")	*9*	**254,971**	159,306
Right-of-use assets	*9*	**35,119**	24,620
Other intangible assets	*10*	**961,241**	384,456
Goodwill	*10*	**2,181,967**	1,370,928
Deferred income tax assets		**50,304**	9,836
Investment accounted for using the equity method		**1,105,391**	583,634
Prepayments	*11*	**253,722**	30,998
Financial assets at fair value through other comprehensive income ("FVOCI")		**29,122**	–
Financial assets at fair value through profit or loss ("FVPL")		**2,991**	170
		4,874,828	2,563,948
Current assets			
Trade and other receivables and prepayments	*11*	**3,405,566**	2,158,349
Inventories		**18,850**	12,364
Financial assets at fair value through profit or loss		**591,161**	440,211
Restricted cash		**27,572**	5,383
Cash and cash equivalents		**5,056,976**	4,207,260
		9,100,125	6,823,567
Total assets		**13,974,953**	9,387,515

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Equity			
Equity attributable to shareholders of the Company			
Share capital	*12*	**1,333,334**	1,333,334
Reserves	*13*	**3,402,511**	3,271,410
Retained earnings		**2,618,957**	1,586,100
		7,354,802	6,190,844
Non-controlling interests		**1,302,598**	314,841
Total equity		**8,657,400**	6,505,685
Liabilities			
Non-current liabilities			
Other payables	*14*	**51,046**	18,524
Contract liabilities	*3(a)*	**75,271**	–
Borrowings		**9,197**	5,400
Lease liabilities		**16,288**	13,344
Deferred income tax liabilities		**225,348**	83,974
Financial liabilities for put option written on non-controlling interests		**75,233**	70,436
		452,383	191,678
Current liabilities			
Trade and other payables	*14*	**3,370,856**	1,738,456
Borrowings		**224,539**	15,900
Contract liabilities	*3(a)*	**804,134**	614,005
Current income tax liabilities		**425,299**	309,600
Lease liabilities		**20,800**	12,191
Financial liabilities for put option written on non-controlling interests		**19,542**	–
		4,865,170	2,690,152
Total liabilities		**5,317,553**	2,881,830
Total equity and liabilities		**13,974,953**	9,387,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance (HKCO) Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020 and there is no material impact on the Group's consolidated financial statement:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7

- Revised Conceptual Framework for Financial Reporting

- Covid-19-Related Rent Concessions – amendments to HKFRS 16

(d) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretation have been published but will only become effective for accounting period beginning on or after 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The adoption of the new and amended standards and interpretation is not expected to have a material impact on the consolidated financial statements of the Group.

3 REVENUE

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2020 and 2019 is as follows:

	Timing of revenue recognition	Year ended 31 December **2020** ***RMB'000***	 2019 *RMB'000*
Property management services	over time	**6,482,133**	2,829,662
Value-added services related to property management			
– Other value-added services	over time	**3,420,536**	2,286,452
– Sales of goods	at a point in time	**123,478**	11,179
		10,026,147	5,127,293

(a) Contract liabilities

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

	As at 31 December **2020** ***RMB'000***	 2019 *RMB'000*
Contract liabilities		
–Property management services	**773,651**	532,750
–Value-added services related to property management	**105,754**	81,255
	879,405	614,005

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property management services. Contract liabilities has increased by 43% as a result of the acquisition of CMIG Futurelife Property Management Limited ("CMIG PM").

(ii) Revenue recognised in relation to contract liabilities

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

Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	Year ended 31 December **2020** ***RMB'000***	 2019 *RMB'000*
Property management services	**532,750**	316,971
Value-added services related to property management	**81,255**	3,477
	614,005	320,448

(iii) Unsatisfied performance obligations

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

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

(b) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2020, there was no significant incremental costs to obtain a contract (31 December 2019: same).

4 OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest income		
– from deposits and loans to third parties	**90,015**	103,347
– from loans to related parties	**10,860**	–
Government grants *(Note (a))*	**63,805**	9,922
Tax incentives *(Note (b))*	**27,221**	12,988
Late payment charges	**3,611**	2,526
Miscellaneous	**3,003**	2,343
	198,515	131,126

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

(b) Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

5 OTHER GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Gains on disposal of financial assets at FVPL	**29,720**	18,503
Fair value gains/(losses) on financial assets at FVPL – net	**4,457**	(969)
Exchange gains	**1,037**	6,506
Gains from disposal of subsidiaries	**5,829**	–
Losses from disposal of investments accounted for using the equity method	**(10,719)**	–
Fair value losses on put options written on non-controlling interests	**(8,214)**	–
(Losses)/gains on disposal of PPE	**(4,974)**	444
	17,136	24,484

6 FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest expense of borrowings	**17,258**	2,160
Unwinding of discount on financial liabilities for put option written on non-controlling interests	**16,125**	8,257
Interest expense of long-term consideration payables	**4,994**	4,275
Interest and finance charges paid/payable for lease liabilities	**1,981**	1,656
	40,358	16,348

7 INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
–PRC corporate income tax	**573,403**	403,090
Deferred income tax		
– PRC corporate income tax	**(58,388)**	(236)
	515,015	402,854

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**2,487,749**	1,694,442
Tax charge at effective rate applicable to profits in the respective group entities	**514,689**	398,540
Tax effects of:		
– Expenses not deductible for tax purposes	**7,613**	3,701
– Reversal of deferred tax assets recognised for tax losses in prior years	**2,574**	2,974
– Associates' and joint ventures' results reported net of tax	**(16,376)**	(3,805)
– Tax losses for which no deferred income tax asset was recognised	**7,116**	1,983
– Additional tax deduction for research and development costs	**(601)**	(539)
	515,015	402,854

The effective income tax rate was 21% for the year ended 31 December 2020 (2019: 24%).

PRC corporate income tax

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

The corporate income tax rate applicable to the group entities located in Mainland China is 25% (2019: 25%) according to the Corporate Income Tax Law of the PRC.

In 2020, Guangzhou Yatian Network Technology Co., Ltd. ("Guangzhou Yatian") renewed the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. According to the Corporate Income Tax Law of the PRC, corporations which obtain the Certificate of High and New Technology Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to Guangzhou Yatian during the year ended 31 December 2020 was 15% (2019: 15%).

Zhuhai Hengqin Yaheng Engineering Consultancy Co., Ltd. has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2020 (2019: 15%). Certain subsidiaries of the Group in the PRC are located in western cities and subject to a preferential income tax rate of 15% for certain years. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income. Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% during the year ended 31 December 2020 (2019: 25%).

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2020. There were two subsidiaries incorporated in Hong Kong. No Hong Kong profits tax was provided for those two Hong Kong subsidiaries as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2020 (2019: Nil).

8 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 in issue during the years ended 31 December 2020 and 2019.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to shareholders of the Company *(RMB'000)*	**1,754,411**	1,230,764
Weighted average number of ordinary shares in issue (in thousands)	**1,333,334**	1,333,334
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**1.32**	0.92

9 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

	Buildings *RMB'000*	Transportation equipment *RMB'000*	Office equipment *RMB'000*	Machinery *RMB'000*	Subtotal *RMB'000*	Right-of-use asset *RMB'000*	Total *RMB'000*
As at 1 January 2019							
Cost	65,101	17,484	20,252	35,253	138,090	21,257	159,347
Accumulated depreciation	(18,902)	(10,694)	(8,745)	(19,743)	(58,084)	–	(58,084)
Net book amount	46,199	6,790	11,507	15,510	80,006	21,257	101,263
Year ended 31 December 2019							
Opening net book amount	46,199	6,790	11,507	15,510	80,006	21,257	101,263
Additions	88	3,586	1,756	9,232	14,662	25,214	39,876
Acquisition of subsidiaries	59,704	4,639	354	21,943	86,640	–	86,640
Disposals	–	(529)	(564)	(1,668)	(2,761)	–	(2,761)
Depreciation charge	(4,067)	(3,590)	(2,752)	(8,832)	(19,241)	(21,851)	(41,092)
Closing net book amount	101,924	10,896	10,301	36,185	159,306	24,620	183,926
As at 31 December 2019							
Cost	124,868	23,914	21,625	62,368	232,775	46,471	279,246
Accumulated depreciation	(22,944)	(13,018)	(11,324)	(26,183)	(73,469)	(21,851)	(95,320)
Net book amount	101,924	10,896	10,301	36,185	159,306	24,620	183,926
Year ended 31 December 2020							
Opening net book amount	101,924	10,896	10,301	36,185	159,306	24,620	183,926
Additions	248	31,682	5,402	16,846	54,178	19,738	73,916
Acquisition of subsidiaries	26,003	46,309	8,719	11,478	92,509	13,622	106,131
Disposals	(65)	(4,532)	(928)	(2,101)	(7,626)	–	(7,626)
Depreciation charge	(7,839)	(15,444)	(4,967)	(15,146)	(43,396)	(22,861)	(66,257)
Closing net book amount	120,271	68,911	18,527	47,262	254,971	35,119	290,090
As at 31 December 2020							
Cost	151,711	84,039	32,216	88,103	356,069	79,831	435,900
Accumulated depreciation	(31,440)	(15,128)	(13,689)	(40,841)	(101,098)	(44,712)	(145,810)
Net book amount	120,271	68,911	18,527	47,262	254,971	35,119	290,090

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of sales	**41,600**	25,924
Selling and marketing expenses	**1,039**	604
Administrative expenses	**23,618**	14,564
	66,257	41,092

As at 31 December 2020, certain self-used PPE with net book value of RMB78,407,000 (31 December 2019: RMB56,764,000) were pledged as collateral for the Group's borrowings.

10 INTANGIBLE ASSETS

	Computer software *RMB'000*	Trademarks *RMB'000*	Customer relationship *RMB'000*	Subtotal *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2019						
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
Year ended 31 December 2019						
Opening net book amount	21,736	22,307	122,405	166,448	1,045,362	1,211,810
Additions	4,087	–	–	4,087	–	4,087
Acquisition of subsidiaries	1,364	–	260,990	262,354	325,566	587,920
Amortisation	(3,121)	(4,641)	(40,671)	(48,433)	–	(48,433)
Closing net book amount	24,066	17,666	342,724	384,456	1,370,928	1,755,384
As at 31 December 2019						
Cost	33,370	28,400	404,850	466,620	1,370,928	1,837,548
Accumulated amortisation	(9,304)	(10,734)	(62,126)	(82,164)	–	(82,164)
Net book amount	24,066	17,666	342,724	384,456	1,370,928	1,755,384
Year ended 31 December 2020						
Opening net book amount	24,066	17,666	342,724	384,456	1,370,928	1,755,384
Additions	8,811	–	–	8,811	–	8,811
Acquisition of subsidiaries *(Note (a))*	1,815	–	701,819	703,634	816,010	1,519,644
Disposals of subsidiaries	(178)	–	(20,394)	(20,572)	(4,971)	(25,543)
Amortisation	(4,731)	(4,640)	(105,717)	(115,088)	–	(115,088)
Closing net book amount	29,783	13,026	918,432	961,241	2,181,967	3,143,208
As at 31 December 2020						
Cost	44,751	28,400	1,079,719	1,152,870	2,181,967	3,334,837
Accumulated amortisation	(14,968)	(15,374)	(161,287)	(191,629)	–	(191,629)
Net book amount	29,783	13,026	918,432	961,241	2,181,967	3,143,208

Amortisation of intangible assets has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of sales	**108,933**	46,618
Selling and marketing expenses	**2,471**	25
Administrative expenses	**3,684**	1,790
	115,088	48,433

(a) During the year ended 31 December 2020, the Group acquired several property management companies. Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB1,764,175,000, including identified customer relationships of RMB701,819,000 recognised by the Group.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**844,924**	708,447
– Third parties	**1,561,635**	612,246
	2,406,559	1,320,693
Less: allowance for impairment of trade receivables	**(155,095)**	(44,169)
	2,251,464	1,276,524
Other receivables		
– Related parties	**90,329**	79,874
– Third parties	**914,021**	301,205
	1,004,350	381,079
Less: allowance for impairment of other receivables	**(23,683)**	(7,502)
	980,667	373,577
Dividend receivables	**–**	15,867
Prepayments		
– Related parties	**8,739**	436
– Third parties *(Note (b))*	**418,418**	522,943
	427,157	523,379
Subtotal	**3,659,288**	2,189,347
Less: non-current portion of prepayment	**(253,722)**	(30,998)
	3,405,566	2,158,349

(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.

As at 31 December 2020 and 2019, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
0-180 days	**1,246,625**	774,828
181-365 days	**605,658**	285,351
1 to 2 years	**339,526**	166,593
2 to 3 years	**104,485**	56,132
Over 3 years	**110,265**	37,789
	2,406,559	1,320,693

As at 31 December 2020, trade and other receivables were all of denominated in RMB and the fair values of trade and other receivables approximated their carrying amounts.

(b) As at 31 December 2020, the prepayments to third parties mainly included a prepayment of RMB103,275,000 for the acquisition of 60% equity interest in Minrui Property Management (Shanghai) Co., Ltd. ("New CMIG PM") (民瑞物業服務(上海)有限公司) and a prepayment of RMB210,023,000 for the acquisition of 51% equity interest in an environment sanitation company.

12 SHARE CAPITAL

	As at 31 December 2020 and 2019	
	Number of shares	*RMB'000*
Issued and fully paid	1,333,334,000	1,333,334

13 RESERVES

	Share premium	Statutory reserve	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	3,138,053	59,859	67,975	3,265,887
Appropriation of statutory reserves *(Note (a))*	–	67,783	–	67,783
Transactions with NCI	–	–	(81)	(81)
Put options granted during the acquisition of subsidiaries	–	–	(62,179)	(62,179)
As at 31 December 2019	3,138,053	127,642	5,715	3,271,410
Appropriation of statutory reserves *(Note (a))*	–	121,554	–	121,554
Other transaction with NCI	–	–	8,988	8,988
Other comprehensive income	–	–	559	559
As at 31 December 2020	**3,138,053**	**249,196**	**15,262**	**3,402,511**

(a) PRC statutory reserve

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

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables *(Note (a))*		
– Related parties	**69,119**	5,766
– Third parties	**1,094,867**	493,826
	1,163,986	499,592
Other payables		
– Related parties	**82,140**	55,443
– Third parties	**1,126,377**	706,499
	1,208,517	761,942
Dividends payables	**91,224**	–
Accrued payroll	**781,800**	384,102
Other taxes payables	**176,375**	111,344
	3,421,902	1,756,980
Less: non-current portion of other payables	**(51,046)**	(18,524)
Current portion	**3,370,856**	1,738,456

(a) As at 31 December 2020 and 2019, the aging analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Up to 1 year	**1,116,044**	455,734
1 to 2 years	**17,853**	32,709
2 to 3 years	**14,742**	3,996
Over 3 years	**15,347**	7,153
	1,163,986	499,592

As at 31 December 2020, trade and other payable were all denominated in RMB and the fair values of trade and other payable approximated their carrying amounts (31 December 2019: same).

15 DIVIDENDS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Proposed Annual Dividend comprised of a final dividend of RMB0.330 (2019: RMB0.225) per ordinary share and a special dividend of RMB0.190 (2019: RMB0.225) per ordinary share *(Note (a))*	**693,334**	600,000

(a) A final dividend of RMB0.330 per share and a special dividend of RMB0.190 per share for the year ended 31 December 2020 (collectively the "2020 Annual Dividend"), totalling RMB693,334,000 have been proposed by the Board of the Company and are subject to the approval of the forthcoming annual general meeting to be held on 25 May 2021. The 2020 Annual Dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected the 2020 Annual Dividend payable.

A final dividend of RMB0.225 per share and a special dividend of RMB0.225 per share for the year ended 31 December 2019 (collectively the "2019 Annual Dividend"), totalling RMB600,000,000 were declared at the annual general meeting held on 15 May 2020. These 2019 Annual Dividend have been distributed out of the Company's retained earnings and paid in cash.

CHAIRMAN'S STATEMENT

Dear Shareholders,

We are pleased to present the audited consolidated results of A-Living Smart City Services Co., Ltd. ("**A-Living**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Year**").

In 2020, the outbreak of Coronavirus Disease 2019 ("**COVID-19**") brought severe challenges to all walks of life. With the epidemic situation well under control in the second half of the Year as well as gradually stabilized political and economic environment in China, social production and the economy have recovered rapidly. During the epidemic, property management companies bravely took the social responsibilities and made great contributions to epidemic prevention and control works, therefore receiving high recognition from the government and the public. 50,000 employees of the Group worked hard together and went to the front-line of epidemic prevention and control against all odds, taking concrete actions to protect the lives and health of all the property owners.

2020 also marked the peak of the industry's capitalization with property management companies proactively embracing capital market. During the Year, a total of 18 property management companies were listed, and the total market capitalization of the Hong Kong-listed property management companies exceeded HK$700 billion. Backed by capital, the industry witnessed a surge in consolidation and cross-sector cooperation. The property management industry was moving fast while breaking through its business boundaries in all aspects. The development of the industry can be described as changing with each passing day. While growing in scale, the leading companies actively extended the industrial chain layout to secure new growth drivers and create differentiated advantages. The market for merger and acquisition ("**M&A**") activities in property management industry is unprecedentedly active and the industry players are heading toward intelligent and technological transformation.

During the Year, the Group forged ahead to seize the trend of industry upgrading and transformation, and comprehensively upgraded itself to a smart city service platform. The Company officially changed its company name to "A-Living Smart City Services Co., Ltd." with an aim to break through the service boundaries and establish a strong foothold in the blue ocean market with a market size exceeding trillions of yuan. During the Year, the Group completed a sizable acquisition in the industry, following which, the Group's contracted gross floor area ("**GFA**") approximated to 680 million sq.m. and the GFA under management exceeded 500 million sq.m., demonstrating that its management scale has reached a new level. The Group has developed a comprehensive business portfolio layout covering mid-to high-end residential properties, public services, commercial and office buildings, city services and consolidated competitive advantages in the non-residential market. With its comprehensive strengths and brand influence, the Group leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and was included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the Year.

Business Review

2020 marked the first year of the Group's new three-year plan. The Group adhered to the original intention of quality service, and the satisfaction rate of property owners has increased for three consecutive years. Five major business segments, seven regional offices and acquired companies obtained a number of landmark projects through active expansion into third-party markets. The Group deeply explored the needs of property owners to provide them with diversified value-added services, and its capability for organic growth has been significantly improved. During the Year, the Group overcame the adversities brought by the epidemic, achieved considerable growth in its operating results, continued to expand its management scale and improve its profitability and became one of the first batch of property management companies in the industry with annual revenue exceeding RMB10 billion, further consolidating its leading position as a leading player in the industry.

During the Year, the revenue of the Group was RMB10,026.1 million, representing a significant increase of 95.5% as compared with the corresponding period of last year, and the revenue mix was further optimized. Gross profit was RMB2,973.0 million, representing a year-on-year increase of 57.9%, and gross profit margin was 29.7%. Net profit was RMB1,972.7 million, representing a year-on-year increase of 52.7%, and net profit margin was 19.7%. Profit attributable to the shareholders of the Company (the "**Shareholders**") amounted to RMB1,754.4 million, representing a year-on-year increase of 42.5%. The basic earnings per share amounted to RMB1.32.

During the Year, the Group completed the acquisition of equity interest in CMIG Futurelife Property Management Limited*(中民未來物業服務有限公司)("**CMIG PM**"), which significantly expanded Group's scale and improved its capabilities on market expansion. The Group has further optimized its comprehensive business portfolio layout and nationwide business coverage with a number of influential leading brands under its umbrella. While undertaking the mid-to high-end residential property and quality commercial and office building projects developed by Shareholders, the Group flexibly accelerated its expansion into the third-party markets and made breakthroughs in terms of business portfolio and geographical presence. As a result, the newly obtained annualized contract value through market expansion reached a record high. Leveraging its advantages of scale and experience in the non-residential property management sector, the Group has obtained a number of large-scale landmark projects in certain cities since joining the race in various featured niche markets.

As at 31 December 2020, the GFA under management and contracted GFA of the Group (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m., respectively. Among which, the contracted GFA from 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**") amounted to 82.1 million sq.m. and 53.1 million sq.m., respectively, representing an increase of 6.5% and 32.5% respectively as compared with that as at 31 December 2019. The contracted GFA from third-party projects amounted to 387.4 million sq.m.. The newly obtained contracted GFA exceeded 205.7 million sq.m., representing a significant increase of 113.2% compared with that as at 31 December 2019, and accounting for 74.1% of the total contracted GFA. The proportion of the contracted GFA from third-party projects increased significantly.

The Group started its market-oriented development in 2017. With its influential brands, especially its first-mover advantages in the non-residential and public building management sectors, the Group has made continuous progress in market expansion through flexible approaches including developing long-term customers, seeking cooperation through joint ventures and participating in the mixed-ownership reform of state-owned enterprises ("**SOE**"). During the Year, the Group newly entered into 74 cities, realizing a full coverage of all provincial-level administrative regions in China. In terms of the business portfolio, the Group made breakthroughs in the expansion into niche markets such as military logistics, highway, cultural and sports venues, etc., and successively obtained a number of large-scale landmark projects. Meanwhile, both the quality and scale of the projects obtained through market expansion have been improved. There were approximately 30 newly obtained projects, each with an annualized contract value of over RMB10 million, including a featured industrial park in Shenzhen, and more than 10 rail transits in Shanghai, Nanjing, Hefei, Xi'an and other cities, as well as large-scale government office buildings and medical institution projects. During the Year, the Group joined hands with an enterprise under Stated-owned Assets Supervision and Administration Commission of Zhuzhou People's Government to establish Hunan Zhuzhou Agile Shuimu Property Services Co., Ltd.*（湖南株洲市雅居樂水木物業服務有限公司）through mixed-ownership reform, which was the first subsidiary of the Group through mixed-ownership reform of SOE. During the Year, the Group completed a number of projects related to the mixed-ownership reform of SOEs, which fully demonstrated the trust and recognition of local governments and SOEs in the Group.

The Group is committed to becoming a professional service provider in managing high-rise commercial office buildings. During the Year, the Group obtained a number of super high-rise projects, including Xi'an Greenland Energy International Finance Center, a super high-rise high-end commercial office building with a height of over 300 meters, Xi'an Greenland Silk Road Global Trade Port, and Luohe Greenland Central Plaza, etc. With the gradual establishment of a professional team during the Year and joint market expansion with acquired companies, the Group successfully secured a number of potential projects, and significantly improved its expansion capabilities in third-party markets. The Group won the bid for the R&D Center of Agricultural Bank of China in Shanghai, South Tower of Guangzhou International Commerce Place, a 5A Grade office building, Shanghai Bijiang Commerce Plaza, a large-scale open space commercial complex, and other projects.

In terms of value-added services for property owners, the Group innovated and launched diversified value-added services and products by leveraging its advantages in resources and convenience in offline services. As for new retail in communities, the Group cooperated with JD Alliance, Xiaomi Youpin and other E-commerce platforms as well as well-known brands in different industries such as Wuliangye, Vinda and China Unicom Guangzhou branch to integrate online and offline marketing channels and resources. The cross-sector cooperation enabled the Group to develop a variety of products designed for community group buying, successfully developing a number of products with sales amount of over millions or even tens of millions yuan, such as distinctive fresh produce and smart electronic door locks. During the Year, the Group incubated divisions such as housekeeping, maintenance and gardening, formulated service standards, launched various distinctive service products, and successfully brought its professional services such as cleaning, disinfection and maintenance outside the communities. As for the home improvement services, the Group selected quality brands as its suppliers to form a supplier matrix for home improvement business, and developed services such as house rehabbing, wall renovation, and group purchase of furniture and home appliances through asset-light model. As for new business lines, the Group introduced well-known nursery service brands through an asset-light model and launched 10 community nursery service centers. The Group also cooperated with leading insurance companies to develop insurance products designed for property owners and provide supporting offline services in the communities. As for the value-added services for business enterprises, the Group actively explored the needs of property owners and offered customized value-added services to government authorities and business enterprises, especially in the fields of catering, commuting, conference affairs, logistics management and space operations.

The Group has established the city services segment, its fifth major business segment, which focuses on the comprehensive city service market with a market size of trillions of yuan to provide intelligent and comprehensive services to cities. In 2020, the Group obtained a number of national-level qualifications and business licenses within a short period of time, including seven professional qualifications in the cleaning industry, such as the national Level 1 qualification certificate for cleaning industry, license for road transport operation and qualification for providing cleaning and maintenance service (waste sorting and transportation) for urban environment, and obtained ISO 9001 certification, environmental management system certificate, etc. During the Year, the Group also made breakthroughs in the market expansion in city services. By securing projects such as the operation and maintenance of small public restrooms in Shenzhen and the ecological restoration of Dingtang River, the Group successfully made its foray into eco-environmental protection and city services. During the Year, the Group strategically invested in ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd.*（中航美麗城鄉環衛集團有限公司）, one of the top 10 urban sanitation service companies in China, to further implement its business layout of city services.

After the outbreak of COVID-19 epidemic, the Group immediately initiated an emergency plan and established a three-level prevention and control mechanism, and took the lead in compiling the TCPMI 004 - "Operation Guidelines for the Prevention and Control of COVID-19 in the Residential Property Management Area" issued by China Property Management Institute, the very first guideline in the industry for epidemic prevention and control which sets standards and provides important reference for epidemic prevention and control for the industry. Against the backdrop of the occasional recurrence of COVID-19 cases, the Group continued to improve its service quality, normalized the epidemic prevention and control work and established a solid defence line by adopting group-wide prevention measures in an effort to guard the health and life safety of property owners. At the same time, to lessen the inconvenience in the daily life of property owners, the Group provided services such as fresh grocery delivery and other delivery services. Due to the outstanding contribution to the epidemic prevention, the Group won the "2020 Special Contribution Award of Property Management Industry in Guangdong".

The Group upheld its original vision of "lifelong caring for property owners", put quality first and continued to improve service standards to meet property owners' needs for higher quality and more personalized services in an effort to create "heart-warming communities". According to a survey conducted by China Index Academy, a third-party authority, the property owners' satisfaction rate of the Group increased for the third consecutive year to 91.1% in 2020, representing an increase of 0.6 percentage point as compared with that in 2019. The overall satisfaction rate was 14.5% higher than the average level of the industry, 7.8% higher than the average of the top 20 enterprises and 1.8% higher than the benchmark level of the industry, demonstrating that the Group's service quality was highly recognized by the property owners. During the Year, the Group's 400 Customer Service Hotline was fully upgraded, and the functions of customer service counters nationwide were integrated into one command center. The center answers calls from property owners nationwide, responds to their requests and addresses their problems in a timely manner, and realizes real-time monitoring of service quality powered by big data, with the resolution rate reaching 97.8%.

In terms of digital transformation, the Group has planned in four aspects. On the F-side (Infrastructure), the Group started to implement an integrated architecture that has holistic cloud service with multi-terminals and empower multi-terminals. On the G-side (Group), the Group started to build synergetic and shared capabilities of finance, human resources and organization covering various business portfolios and the entire business chain. On the B-side (Business), the Group will build an enterprise-level IT service architecture in two years, which can be used to output standardized management with high replicability to meet the growth needs of rapid expansion in multiple industries and business portfolios. On the C-side (Customer), the Group reached a strategic cooperation with Huawei in terms of smart homes, 5G technology applications, Internet of Things (IoT) and incubation of innovative projects, etc., to develop value-added services and platforms that can connect private and public domain traffic, so as to provide the property owners with more convenient, flexible, and intelligent user experience.

During the Year, the Group continued to improve its efficiency and integrated business operation and financial analysis through a BI (Business Intelligence) visual data system that provides strong support for decision-making in operation management. The Group also achieved efficient operation management in human efficiency, cost control, cash collection, performance appraisal and other aspects, establishing an intelligent operation management system featuring "business + finance". Through intelligent and lean management, the Group was able to monitor entire operational processes of each project, provided early alert and implemented targeted management and control over each project in a goal-oriented manner. The operation efficiency of projects was significantly improved.

In terms of the post-acquisition integration and empowerment of acquired companies, the Group established a post-acquisition evaluation system during the year, improving standardized work procedures, talent flow mechanisms, and incentive mechanisms, to promote development momentum of acquired companies. Regarding the construction of informatization platform, the Group's business systems, including a cash collection system and a centralized procurement system, realized output to the acquired companies. Therefore, the capital and cost control capabilities of the Group as a whole have been strengthened. At the same time, the Group further integrated branding and marketing resources to achieve collaborative market expansion and ensure the long-term and sustainable development of acquired companies.

The Group actively participated in the innovation and reform of the capital market, becoming the first batch of companies in the market to complete H Share full circulation. During the Year, the Company converted a total of 900,000,000 domestic shares and unlisted foreign shares into overseas listed shares, and such shares have been listed on the Hong Kong Stock Exchange. H Share full circulation can strengthen the foundation for the long-term development of the Company, make it possible to implement a long-term incentive scheme to enhance the motivation of senior management and staff team, and promote the value enhancement and sustainable development of the Company, which is in line with the long-term interests of the Shareholders.

With its leading scale and comprehensive strength, the Group continued its steady climb up the rankings in the industry. The Group ranked fourth among the "2020 Top 100 Property Management Companies in China", among which its seven major brands were also listed. Meanwhile, according to the "2020 Property Services Enterprise Brand Valuation Report", the brand value of A-Living hit a record high of RMB9.796 billion. With its advantages in terms of scale and brand strength in public building services, the Group was awarded the "2020 Leading Specialized Property Management Company in China-A Leading Brand in the Provision of Comprehensive Public Building Services".

Prospects and Strategy

In January 2021, ten government departments including the Ministry of Housing and Urban-Rural Development (MoHURD) jointly issued the "Notice on Strengthening and Improving Residential Property Management" (the "**Notice**"), which fully recognizes the contribution of property management companies to governance at the primary level and shows the government's support for the long-term and quality growth of the industry, bringing a significant favorable policy to large-scale property management companies. The Notice optimizes the governance structure of the property owners' committee, regulates the use of funds and strives to improve the level of property services. It also supports the formulation of a market-oriented pricing mechanism with service fees consistent with service quality and the establishment of an industry credit management system. The Notice shows support for the acquisition and integration of property management companies, fueling a "survival of the fittest" contest in the industry. At the same time, the Notice promotes the development of the living service industry, advocates strengthening the capabilities of smart property services and improving the level of intelligent services, and encourages the development of value-added services such as elderly care, childcare and housekeeping and the exploration of the model of "property services + living services". Boosted by capital and policy tailwind, the industry is expected to step up the consolidation and differentiation, and front runners in the industry with high service quality and diversified business portfolio will maintain a relatively high growth rate. The industry is poised to see a huge amount of opportunities for consolidation and extension of the value chain.

The scale of an enterprise determines its position in the industry and the stability of its long-term development in the future, and the trend that the leading players are dominating the property management industry will become more prominent. After three years of leap-frog development since its listing, the Group has become one of the largest property management enterprises that own the most comprehensive business portfolio. The Group will give full play to its scale and brand strengths, break through the current scope of services and upgrade services in an all-round way, seek and cultivate business from upstream and downstream along the industry value chain, striving to build itself into a smart service platform enterprise that serves various living scenarios in the cities.

Market expansion ability is one of the keys to the long-term sustainable development of an enterprise. The Group has formed a balanced business portfolio layout and strong expansion capabilities covering residential properties, commercial and office buildings, industrial parks, public buildings, city services and various niche markets. With excellent brands and team, the Group has established the first-mover advantage of marketization. In the future, the Group will integrate market resources, further develop the collaborative expansion system, cultivate long-term partners and obtain more third-party high-quality projects of diversified business portfolio through the flexible approaches of expansion including mixed-ownership reform of SOEs and business or equity cooperation. The Group is currently one of the largest non-residential property management enterprises. It will further streamline the non-residential business lines and optimize the strategic integration of brands by integrating the brands and resources to create a public building service business platform and achieve product standardization and customization. Meanwhile, the Group will cultivate specialized service teams, provide service products, seize market-oriented development opportunities, and consolidate its leading position in scale.

City services covers all aspects of living services in the cities, and the upgrade of services from basic municipal sanitation to comprehensive management with wider range requires more advanced city governance methods as well as lean, professional and intelligent services. The Group will seize the window of opportunity created by market-oriented development of city services industry, strive to provide cities with all-scenario services, and carry out professional expansion and operation through city services, its fifth major business segment. The Group will give full play to the existing advantages of resources and experience in the field of large-scale and public buildings, and at the same time, quickly complement experience and professional capabilities, select and obtain high-quality projects through M&A, government-enterprise cooperation and other methods to build the city services sector into an important driver of the Group's business growth.

The Group upholds its original aspiration, always puts quality first, focuses on quality improvement and promotes service standardization to build a property management brand benchmark. With further standardization of laws and regulations and concentrated consolidation and intensified competition in the industry, new challenges will be posed against the service capabilities and innovation capabilities of enterprises. Property management enterprises with high standards, high quality and good reputation will have a brighter prospect for development. The Group will continue to strengthen its service foundation to meet the diversified and personalized needs of property owners, improve their satisfaction level, and encourage property owners to participate in supervision and management in communities. The Group will enhance its professional service capabilities and actively participate in the formulation of national industry standards. It plans to set up dedicated and professional teams for different businesses and corresponding service standards, break through the boundary of projects and expand its business to surrounding communities and projects.

The Group serves over one million households and is one of the largest property management platforms in the industry. It owns extensive GFA under management and enjoys significant benefits from demographic dividend. The Group will actively respond to national policies, conform to industry development trends, explore extensively the possibility of value-added services in communities and business enterprises, cooperate with leading companies in different industries to create value-added service platform with focus on housekeeping, elderly care and other "property services + living services" industries encouraged by national policies. The Group will give full play to its scale advantages, channel resources and offline service capabilities to create value-added service products that are beyond the GFA under management by innovative investment and joint venture cooperation model, build trust with quality, drive business with scale, and break through boundaries with brand.

At the same time, the Group will also attached great importance to intelligence, make great efforts to promote digitalization construction to realize intelligent upgrade and management service output capabilities. In terms of data, the Group will work with its strategic partners of cloud service to sort and upgrade the underlying data structure, improve the efficiency of information infrastructure applications, and strengthen collection and analysis capabilities of big data. In terms of management, the Group will establish financial, budget, expense and human resource management systems to strengthen the empowerment of the systems and its capabilities in providing management service, and truly and effectively solve business pain points. In terms of business, the Group will improve intelligent management level of facilities and equipment, enhance the efficiency of on-site services with IoT and AI technology to build an intelligent service and management platform.

The Group has established a brand and market development center, and will comprehensively upgrade the brand matrix strategy, deepen market synergy, strengthen the positioning of distinctive brands and enhance brand influence, and build all of its brands into industry benchmarks. The Group will share platform resources and experience advantages, deepen the big market system, set foot in each of the key areas and business portfolios, quickly participate in the competition in commercial buildings, highway services, scenic spots and renovation of old communities and other characteristic fields, so as to consolidate its leading advantages of strong business portfolios such as public services and commercial and office buildings, and expand aggressively to acquire more market share.

The property management industry has gone through a stage of rapid scale expansion, and the key to future development lies in the ability to build an integrated platform of multiple business portfolios and industries. The Group has accumulated rich experience in post-acquisition integration, and is committed to leading the platform-based transformation in the industry and building a service system based on algorithms. With a standardized process for integration and empowerment in human resources, operation and digitalization to be established, coupled with market-oriented talent incentive mechanism, the Group is committed to becoming a platform enterprise featured by "co-creation, co-construction and sharing" with strong industrial integration capabilities.

With the original intention of "creating a better life for every city and every person", the Group will live up to the mission of "lifelong caring" to take the lead in the evolution of the industry, redefine future community and commercial services to formulate a blueprint for all-scenario services, and strive to become a smart city service provider with high quality, strong brands and diversified business portfolio. With a scale of ten-billion-yuan level and new target of reaching hundred-billion-yuan level to pursue, the Group will start from such ten-billion-yuan scale to cultivate a hundred-billion-yuan level business in property management industry in China under the model of "talent + technology + capital", earnestly serve the property owners and give back to society by creating long-term and sustainable value.

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 all greatly contributed to the growth of the Group.

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

Hong Kong, 22 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2020, the COVID-19 epidemic continued its spread worldwide. Communities became the frontline of epidemic control and prevention in China, and the property management industry, where the Group operates, fully assumed corporate social responsibilities in the areas of community disease prevention and control, emergency response, diversified services and so on, contributing to the periodical victory secured by China in its efforts dedicated to epidemic prevention and control. With the social value of the property management industry being widely recognized, the Group, being an excellent service provider with 28 years of experience in the field, will benefit from the state's policy support to strengthen and improve residential property management and promote property management enterprises to upgrade to high quality and diversification.

During the Year, the Group successfully completed the acquisition of CMIG PM, strengthened its capabilities for organic growth with its dominant business layout featuring nationwide coverage and diversified business portfolio, further exploited the potential of value-added services for property owners and explored digital construction and operation. The Group also developed the business segment of city services to upgrade and transform itself into an integrated smart city services operator, and maintained rapid growth in its comprehensive profitability during the Year. Revenue of the Group amounted to RMB10,026.1 million, representing an increase of 95.5% as compared with RMB5,127.3 million in 2019. Net profit was RMB1,972.7 million, representing an increase of 52.7% as compared with RMB1,291.6 million in the corresponding period of last year.

During the Year, with the continuous support of its two major shareholders, the Group further conducted third-party expansion in a number of niche markets through its seven regional offices and acquired companies, whereby it experienced continuous expansion of its scope of business. As at 31 December 2020, the GFA under management and contracted GFA of the Group (excluding GFA of consultant projects and its associates) reached 374.8 million sq.m. and 522.6 million sq.m., respectively, representing a respective growth of 112.3% and 74.9% as compared with those of last year. If including the contracted GFA of consultant projects and its associates, the Group's total contracted GFA approximated to 680 million sq.m. as at 31 December 2020.

Given its leading service quality, ever-expanding scale, mature management capabilities and multi-brand operational capabilities, the Group experienced continuous enhancements in its comprehensive strength, brand reputation and influence. During the Year, the Group leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and received several authoritative awards including the 1st of the "2020 Top 100 Leading Property Management Companies in terms of Growth Potential in China", the 2nd of the "2020 Listed Property Management Company in terms of Comprehensive Strength in China", "2020 Leading Specialized Property Management Company in China – A Leading Brand in the Provision of Comprehensive Public Building Services" and "2020 Top 100 Blue Chip Property Management Companies". It has also been included in the Hang Seng Composite Index and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc., demonstrating the industry and capital market's full recognition of the Group's comprehensive strength.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, revenue of the Group amounted to RMB10,026.1 million (2019: RMB5,127.3 million), representing an increase of 95.5% as compared with the corresponding period of last year.

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

	For the year ended 31 December				
	2020	**Percentage of revenue**	2019	Percentage of revenue	**Growth rate**
	(RMB million)	*%*	*(RMB million)*	*%*	*%*
Property management services	**6,482.1**	**64.7%**	2,829.7	55.2%	129.1%
– Residential property projects	**2,792.8**	**27.9%**	1,727.2	33.7%	61.7%
– Non-residential property projects	**3,689.3**	**36.8%**	1,102.5	21.5%	234.6%
Extended value-added services	**2,491.3**	**24.8%**	1,812.3	35.3%	37.5%
– Sales center property management services	**990.9**	**9.9%**	701.8	13.7%	41.2%
– Other extended value-added services	**1,500.4**	**14.9%**	1,110.5	21.6%	35.1%
Property owners value-added services	**1,052.7**	**10.5%**	485.3	9.5%	116.9%
Total	**10,026.1**	**100.0%**	5,127.3	100.0%	95.5%

Property Management Services

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

During the Year, revenue from property management services amounted to RMB6,482.1 million (2019: RMB2,829.7 million), representing an increase of 129.1% as compared with the corresponding period of last year. Among which, revenue from residential property projects amounted to RMB2,792.8 million (2019: RMB1,727.2 million), representing an increase of 61.7% as compared to the corresponding period of last year; revenue from non-residential property projects amounted to RMB3,689.3 million (2019: RMB1,102.5 million), representing an increase of 234.6% as compared to the corresponding period of last year.

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

Project sources	As at 31 December 2020 (*'000 sq.m.*)	Percentage of areas %	As at 31 December 2019 (*'000 sq.m.*)	Percentage of areas %	Growth (*'000 sq.m.*)	Growth rate %
Agile Group	**59,797**	**16.0%**	53,826	30.5%	5,971	11.1%
Greenland Holdings	**13,922**	**3.7%**	8,558	4.8%	5,364	62.7%
Third-party property developers[1]	**301,070**	**80.3%**	114,178	64.7%	186,892	163.7%
Total	**374,789**	**100.0%**	176,562	100.0%	198,227	112.3%

Note 1: Including the GFA under management provided by the Group and third-party property developers through property management contracts and the GFA under management contributed by the projects from acquired companies, but excluding the GFA under management of the consultant projects and its associates.

As at 31 December 2020, the Group's total GFA under management (excluding GFA of the consultant projects and its associates) was 374.8 million sq.m., representing an increase of 198.2 million sq.m. from 176.6 million sq.m. as at 31 December 2019, with a growth rate of 112.3%. The increase was mainly attributable to: (i) the Group's continuous effort to take over the projects developed by Agile Group, with a newly increased GFA under management of approximately 6.0 million sq.m. during the Year; (ii) the newly increased GFA of 5.4 million sq.m. from the projects of Greenland Holdings during the Year; (iii) the newly increased GFA of 186.9 million sq.m. from third-party expansion, in which 158.9 million sq.m. of GFA under management was incorporated from CMIG PM at the time of the acquisition and 28.0 million sq.m. of newly increased GFA under management was obtained through third-party expansion.

If including the GFA under management of consultant projects and its associates, the Group's total GFA under management amounted to approximately 530 million sq.m. as at 31 December 2020.

During the Year, the Group continued to focus on improving its service quality and constantly enhanced the staff team's service capability by strengthening the standardization of service, centralization of management and informatization of operation. Against the backdrop of the recurrence of the COVID-19 epidemic, the Group proactively implemented epidemic prevention and control measures and endeavoured to safeguard the health and life safety of property owners. Meanwhile, the Group continued to provide a wide range of convenient value-added services to property owners, which helped increase the loyalty and satisfaction of property owners. During the Year, the satisfaction rate of property owners in respect of our epidemic management and control measures reached 93.5% and the overall satisfaction rate of the Group's property management services was 91.1%, representing an increase of 0.6 percentage point as compared with 2019.

During the Year, the overall collection rate of the Group's residential property projects reached 94.1% (2019: 94.9%).

The project portfolio for GFA under management

The property management industry is still at the peak of intensive integration and is gradually expanding the diversity of business portfolios, among which the non-residential property sector has taken the center stage. Reaching the turning point of the industry, the Group is well-positioned to ride the wave of industrial transformation. The Group has actively engaged in the expansion of its business portfolio by penetrating into non-residential property business portfolio such as public buildings and commercial and office buildings to achieve a more diversified business portfolio.

As at 31 December 2020, for the GFA under management of the Group, the proportion of residential property business portfolio accounted for 40.4% (as at 31 December 2019, 58.9%) and the proportion of non-residential property business portfolio accounted for 59.6% (as at 31 December 2019, 41.1%) (public buildings accounted for 46.5%, commercial buildings and complex accounted for 13.1%). The increase in the proportion of non-residential property business portfolio was mainly due to a higher proportion of public building projects brought by the acquisition of CMIG PM.

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 3,296, covering 31 provinces, municipalities and autonomous regions nationwide, in 167 cities.

As at 31 December 2020, among the Group's GFA under management by regions, 35.7% were located in the Yangtze River Delta Region, 25.0% were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.5% were located in the Chengyu city cluster, 8.1% were located in the Lanzhou-Xining city cluster while the remaining spread across other regions in the PRC.

The charging mode

The revenue from property management services of the Group was mainly based on a lump sum contract basis, which accounted for 99.4% (2019: 97.8%) of revenue 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 at 31 December 2020 *('000 sq.m.)*	Percentage of areas *%*	As at 31 December 2019 *('000 sq.m.)*	Percentage of areas *%*	Growth *('000 sq.m.)*	Growth rate *%*
Agile Group	**82,085**	**15.7%**	77,053	25.8%	5,032	6.5%
Greenland Holdings	**53,089**	**10.2%**	40,076	13.4%	13,013	32.5%
Third-party property developers	**387,421**	**74.1%**	181,684	60.8%	205,737	113.2%
Total	**522,595**	**100.0%**	298,813	100.0%	223,782	74.9%

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers for providing property management services, includes delivered and to-be-delivered GFA, and the to-be-delivered (reserved) GFA will become the Group's GFA under management and enlarge the source of the Group's revenue in the future.

As at 31 December 2020, the contracted GFA (excluding GFA of the consultant projects and its associates) reached 522.6 million sq.m., representing an increase of 223.8 million sq.m. or a growth rate of 74.9% as compared with 298.8 million sq.m. as at 31 December 2019, which was mainly due to (i) contracted GFA of 160.1 million sq.m. incorporated from CMIG PM at the time of the acquisition; and (ii) the Group's continuous efforts in strengthening its market expansion strategy, with seven regional offices in cooperation with M&A to identify quality projects, which has achieved a steady growth in projects of independent third-party property developers. If including the contracted GFA of consultant projects and its associates, the Group's total contracted GFA approximated to 680 million sq.m. as at 31 December 2020.

During the Year, the Group obtained newly increased contracted GFA of 5.0 million sq.m. from Agile Group, 13.0 million sq.m. from Greenland Holdings, and 205.7 million sq.m. from third-party property developers, in which 160.1 million sq.m. was contracted GFA incorporated from CMIG PM at the time of the acquisition and 45.6 million sq.m. of newly increased contracted GFA was obtained through third-party expansion.

Extended value-added services

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

During the Year, the Group recorded revenue from extended value-added services of RMB2,491.3 million (2019: RMB1,812.3 million), representing an increase of 37.5% from the corresponding period of last year, and accounting for approximately 24.8% of the total revenue, including:

(1) The revenue from sales center property management services (accounting for 39.8% of the revenue from the extended value-added services): amounted to RMB990.9 million during the Year, representing an increase of 41.2% as compared with RMB701.8 million in 2019. The increase of revenue from sales center property management services was primarily due to the increase of sales center property management services for third-party property developers and the increase of the disinfection and hygiene services, which effectively offset the delay of some new sales centers' opening.

(2) Other extended value-added services (accounting for 60.2% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Year amounted to RMB1,500.4 million, representing an increase of 35.1% as compared with RMB1,110.5 million in 2019, mainly due to the increase in commission rate of property agency service, and the accelerated development of smart community construction services.

Property owners value-added services

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

During the Year, revenue from property owners value-added services amounted to RMB1,052.7 million, representing an increase of 116.9% as compared with RMB485.3 million in 2019, and accounting for approximately 10.5% of the total revenue.

(1) Living and comprehensive services include: property maintenance, housekeeping, courtyard gardening, community group buying, express delivery, and comprehensive consulting services, etc. During the Year, the Group further developed community new retail business, implemented innovation of service models as well as models of cooperation in sales channels, and joined forces with renowned brands such as JD Alliance, Vinda Group, Wuliangye to launch hot-selling products and targeted services. Meanwhile, with the focus on household services in post-epidemic era, the Group explored several business lines of homecare services such as maintenance and parcel pickup services, implemented a pilot of flexible staffing mechanism and expanded the business coverage to outside of communities, therefore enhancing the platform revenue of professional household services. During the Year, revenue from living and comprehensive services amounted to approximately RMB394.9 million, representing an increase of 130.8% as compared with RMB171.1 million in 2019. It accounted for approximately 37.5% of revenue from property owners value-added services.

(2) Community asset management services primarily include: club house operation services, property lease services, community-based advertising, parking lot management services, community asset operation and agency services of second-hand property and parking space. During the Year, focusing on the demands for community consumption and promotion, the Group proactively introduced quality suppliers such as China Unicom Guangzhou Branch, developed online and offline promotion channels, carried out integrated product marketing and sales activities, and continued to explore asset value-added businesses, with a view to implementing new business such as second-hand property lease and sales services and community nursery services under an asset-light model, thus liquidating the idle resources. During the Year, revenue from community asset management services amounted to approximately RMB303.0 million, representing an increase of 38.4% as compared with RMB219.0 million in 2019. It accounted for approximately 28.8% of revenue from property owners value-added services.

(3) Home improvement services primarily include: decoration, turnkey furnishing and community renewal services. During the Year, the Group upgraded its service chains by consolidating decoration business into the full life cycle of houses. Developing an innovative model for integrated marketing, the Group refined categories of suppliers, and reached strategic alliances with leading home improvement companies such as Suofeiya Home Collection and Royale Home to specifically cater to the needs of property owners. During the Year, revenue from home improvement services amounted to approximately RMB118.3 million, representing an increase of 24.3% as compared with RMB95.2 million in 2019. It accounted for approximately 11.2% of revenue from property owners value-added services.

(4) Value-added services for non-residential projects include: featured value-added services for public buildings such as catering, commuting services and material procurement services, as well as featured value-added services for commercial and office buildings such as customized services for enterprises, conferencing services, car after-sales services, etc, so as to further expand the range of value-added services. During the Year, revenue from value-added services for non-residential projects amounted to approximately RMB236.5 million, accounting for approximately 22.5% of revenue from property owners value-added services.

During the Year, the remarkable growth in property owners value-added services was mainly due to the specialized operation, service channels upgrading, comprehensive utilization of community public resources, introduction of quality suppliers, as well as value-added services revenue from acquired companies.

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 Year, cost of sales of the Group was RMB7,053.1 million (2019: RMB3,244.4 million), representing an increase of 117.4% year-on-year, which was primarily due to the increase in relevant costs in response to an increase in turnover with the rapid growth of the Group's businesses. Overall, the Group's growth of the cost of sales was higher than that of revenue, primarily because the gross profit margin of the acquired companies was at the market level due to their adoption of market-oriented development strategies and the effect of amortisation of intangible assets such as customer relationship attributable to M&A purchase price allocation was recorded with an amount of RMB110.4 million.

Gross profit and gross profit margin

	For the year ended 31 December				
	2020		2019		
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	**Changes in gross profit margin**
	(RMB million)	*%*	*(RMB million)*	*%*	*Percentage points*
Property management services	**1,414.0**	**21.8%**	715.4	25.3%	-3.5 Percentage points
Extended value-added services	**999.2**	**40.1%**	903.2	49.8%	-9.7 Percentage points
Property owners value-added services	**559.8**	**53.2%**	264.3	54.4%	-1.2 Percentage point
Total	**2,973.0**	**29.7%**	1,882.9	36.7%	-7.0 Percentage points

During the Year, the Group's gross profit amounted to RMB2,973.0 million, representing an increase of 57.9% as compared with that of RMB1,882.9 million in 2019. Gross profit margin decreased by 7.0 percentage points to 29.7% from 36.7% in 2019.

– The gross profit margin of property management services was 21.8% (2019: 25.3%), representing a decrease of 3.5 percentage points as compared with that of 2019, which was mainly due to a higher proportion of projects from third-party property developers with more efforts made by the Group on expansion, and the gross profit margin of the acquired companies being at the market level due to their adoption of market-oriented development strategies. If excluding the effect of amortisation of intangible assets due to the M&A, the core gross profit was RMB1,524.4 million and core gross profit margin was 23.5% (2019: 26.9%), which is in the leading level of the industry.

– The gross profit margin of extended value-added services was 40.1% (2019: 49.8%), representing a decrease of 9.7 percentage points as compared with that of 2019, which was mainly due to an increase in cost for the prevention and control of the COVID -19 and the improvement of service quality.

– The gross profit margin of property owners value-added services was 53.2% (2019: 54.4%), representing a decrease of 1.2 percentage point as compared with that of 2019, which was mainly due to the Group's continuous endeavours to diversify the types of value-added services and explore featured value-added services for non-residential projects. At the same time, the Group kept conducting community living services and community asset management services to achieve economies of scale, which offset the effect of gross profit margin brought by the initial investment of new types of featured value-added services.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB77.1 million (2019: RMB43.1 million), accounting for 0.8% of the revenue, which is almost the same as compared with that of 2019.

Administrative expenses

During the Year, the Group's administrative expenses amounted to RMB548.3 million, representing an increase of 85.9% as compared with that of RMB295.0 million in 2019, and accounting for 5.5% of the revenue, a decrease of 0.3 percentage points as compared with that in 2019, which was mainly due to the reduction in unnecessary costs and improvement of management efficiency through measures adopted by the Group such as the implementation of regional centralized management, stringent control over expenses, proactive resources synergies with acquired companies and centralized procurement, which offset the increase in the administrative expenses from the consolidation of CMIG PM during the Year.

Other income

During the Year, other income of the Group amounted to RMB198.5 million (2019: RMB131.1 million), representing an increase of 51.4% as compared with that of 2019. The increase was mainly resulted from the government subsidies received, tax rebates and the additional deduction of input value-added tax.

Income tax

During the Year, the Group's income tax expense was RMB515.0 million (2019: RMB402.9 million). The income tax rate was 20.7% (2019: 23.8%). The income tax rate for the Year represented a year-on-year decrease of 3.1 percentage points, which was mainly because (i) certain of the subsidiaries of the Group enjoyed the 15% preferential enterprise income tax rate for High-Tech Corporation; (ii) certain of the Group's subsidiaries enjoyed the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and were eligible to have their tax calculated based on 25% or 50% of their taxable income; (iii) certain of the subsidiaries in the western region enjoyed the 15% preferential enterprise income tax rate under the "Great Western Development Strategy"; and (iv) certain of the subsidiaries in Hainan enjoyed the preferential income tax in "Hainan Free Trade Port".

Profit

During the Year, the Group's net profit was RMB1,972.7million, representing an increase of 52.7% as compared with that of RMB1,291.6 million in 2019, which was mainly attributable to (i) the increase of profit brought by the consolidation of CMIG PM during the Year; (ii) economies of scale achieved by the overall business expansion of the Group, and the rapid development of the community value-added services. Net profit margin was 19.7%, representing a decrease of 5.5 percentage points as compared with that of 25.2% in 2019. If excluding the effect of the amortisation of intangible assets and depreciation of appraised appreciation of fixed assets due to the M&A, the core net profit margin was 20.5%. Profit attributable to the equity Shareholders of the Company for the Year was RMB1,754.4 million, representing an increase of 42.5% as compared with RMB1,230.8 million in the corresponding period of last year. Basic earnings per share were RMB1.32.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. As at 31 December 2020, current assets amounted to RMB9,100.1 million, representing an increase of 33.4% from RMB6,823.6 million as at 31 December 2019. Cash and cash equivalents of the Group amounted to RMB5,057.0 million, representing an increase of 20.2% as compared with that of RMB4,207.3 million as at 31 December 2019, primarily because of the year-on-year increase of operating cash inflow resulting from enhanced cash collection of the Group. As at 31 December 2020, the Group's cash and cash equivalents were mainly held in Renminbi and Hong Kong dollars.

As at 31 December 2020, the Group's total equity was RMB8,657.4 million, representing an increase of RMB2,151.7 million or 33.1% as compared with RMB6,505.7 million as at 31 December 2019, which was primarily due to a significant increase of the profit after tax of the Group.

Property, plant and equipment

The Group's property, plant and equipment mainly comprised buildings, office equipment, machinery equipment and other fixed assets. As at 31 December 2020, the net value of the Group's property, plant and equipment amounted to RMB255.0 million, representing an increase of 60.1% as compared with RMB159.3 million as at 31 December 2019, which was primarily due to the new addition of property, plant and equipment from the acquisition of CMIG PM, which was partially offset by the depreciation for the Year.

Other intangible assets

As at 31 December 2020, the book value of intangible assets of the Group was RMB961.2 million, representing an increase of 150.0% as compared with RMB384.5 million as at 31 December 2019. Intangible assets of the Group mainly included (i) RMB28.4 million from the trademark value of acquired companies; (ii) RMB1,079.7 million generated from customer relationship attributable to acquired companies; (iii) the software developed and purchased by the Group; and (iv) partially offset by amortisation of trademarks, customer relationships and software. Trademarks, customer relationship and software have a specific validity period and are carried at cost less accumulated amortization.

Goodwill

As at 31 December 2020, the Group recorded goodwill of RMB2,182.0 million, representing an increase of 59.2% as compared with RMB1,370.9 million as at 31 December 2019. The increase of goodwill for the Year was mainly due to the goodwill of RMB762.2 million from the acquisition of CMIG PM. The goodwill was primarily derived from the expected future business developments of the acquired companies, expansion of market coverage, diversification of service portfolio, integration of value-added services and improvement of management efficiency.

The management confirmed that there was no significant goodwill impairment risk as at 31 December 2020.

Trade and other receivables

As at 31 December 2020, trade and other receivables (including current and non-current portions) amounted to RMB3,659.3 million, representing an increase of 67.1% from RMB2,189.3 million as at 31 December 2019. It was mainly due to the effect of the consolidation of CMIG PM and the increase of business scale and improvement of cash collection of the Group at the same time.

Trade and other payables

As at 31 December 2020, trade and other payables (including current and non-current portions) amounted to RMB3,421.9 million, representing an increase of 94.8% as compared with RMB1,757.0 million as at 31 December 2019. It was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to third-party service providers so as to enhance professional level; and (ii) the increase of trade and other payables brought by acquired companies.

Borrowings

As at 31 December 2020, the Group had short-term borrowings of RMB224.5 million with a term of less than one year and borrowings of RMB9.2 million with a term of more than one year. The short-term borrowings mainly include Asset-backed securities ("**ABS**") amounted to RMB206.0 million. The ABS was repayable in ten biannual instalments from 3 January 2017 to 3 July 2021 bearing fixed interest rate of 5.4%.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, which is the sum of long-term and short-term interest bearing bank loans and other loans as at the corresponding date divided by the total equity as at the same date. As at 31 December 2020, the gearing ratio was 2.7%.

Current and deferred income tax liabilities

As at 31 December 2020, the current income tax liabilities of the Group amounted to RMB425.3 million, representing an increase of 37.4% as compared with RMB309.6 million as at 31 December 2019, which was primarily attributable to the increase of profit before tax of the Group. Deferred income tax liabilities increased to RMB225.3 million from RMB84.0 million as at 31 December 2019, which was primarily attributable to the deferred income tax recognised on temporary differences arising from the M&A.

Proceeds from the Listing

The Company's H Shares were listed on the Main Board of the 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).

The intended uses of the net proceeds as set out in the prospectus of the Company dated 29 January 2018 (the "**Prospectus**") were allocated in the following manner:

- 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 purposes.

As set out in the announcement of change in use of proceeds from the global offering dated 15 August 2019 (the "**2019 Announcement**"), the Group adjusted the intended use and allocation of the net proceeds on 15 August 2019 as follows:

- approximately 85% will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic alliances – inject capital into subsidiary companies, acquire (including injecting capital into subsidiary companies for acquisitions) other property management companies and other companies in related businesses and invest in property management industry funds jointly with our business partners;

- approximately 5% will be used to further develop the one-stop service platform of the Group and develop the "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and

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

Subsequently, as set out in the further announcement of change in use of proceeds from the global offering dated 18 December 2020 (the "**2020 Announcement**"), the Group further adjusted the intended use and allocation of the net proceeds on 18 December 2020 as follows:

- approximately 82.35% will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic alliances – inject capital into subsidiary companies, acquire (including injecting capital into subsidiary companies for acquisitions) other property management companies and other companies in related businesses and invest in property management industry funds jointly with our business partners;

- approximately 0.46% will be used to further develop the one-stop service platform of the Group and develop the "management digitalization, service specialization, procedure standardization and operation automation" of the Group; and

- approximately 17.19% will be used for working capital and general corporate purposes.

Use of the net proceeds	**Percentage of the revised allocation as stated in the 2020 Announcement** *%*	**Revised allocation as stated in the 2020 Announcement** *RMB million*	**Used amount as at 31 December 2020**[(1)] *RMB million*	**Remaining balance as at 31 December 2020** *RMB million*	**Expected timeline for utilising the remaining unused net proceeds**[(2)] *Day/month/year*
• Pursue selective strategic investment and acquisition opportunities and further develop strategic alliances – *Inject capital into subsidiary companies, acquire (including injecting capital into subsidiary companies for acquisitions) other property management companies and other companies in related businesses and invest in property management industry funds jointly with our business partners*	82.35%	2,634.65	2,634.65[(3)]	0	–
• Further develop the one-stop service platform of the Group and develop "management digitalization, service specialization, procedure standardization and operation automation" of the Group	0.46%	14.6	14.6	0	–
• Working capital and general corporate purposes	17.19%	550.05	304.8	245.25	On or before 31 December 2022
Total	100%	3,199.30	2,954.05	245.25	

(1) Such used proceeds were allocated in accordance with the purposes set out in the Prospectus, the 2019 Announcement and the 2020 Announcement.

(2) The expected timeline for utilising the remaining unused proceeds is based on the best estimation of the present and future business market conditions in the PRC made by the Board. It will be subject to change based on the current and future development of the market conditions.

(3) As at 31 December 2020, the Group has used approximately RMB2,634.65 million to pursue selective strategic investment and acquisition opportunities and further develop strategic alliances, including RMB1,800.00 million for injecting capital into subsidiaries, RMB594.65 million for acquiring other property management companies and other companies in related businesses and RMB240.00 million for investing in property management industry funds jointly with our business partners.

The Directors are not aware of any material change to the planned use of net proceeds as at the date of this announcement. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the 2020 Announcement. The unutilised net proceeds are currently held as bank deposits and will be used according to the distribution as set out in the 2020 Announcement.

Pledge of assets

As at 31 December 2020, the Group had pledged certain property, plant and equipment of its subsidiaries for its loan guarantee. Details of the Group's pledge of assets as at 31 December 2020 are set out in note 9 to the annual financial information contained in this announcement.

Major acquisitions

On 25 September 2019, the Company entered into an equity transfer agreement in relation to, inter alia, the acquisition of the 60% equity interest in CMIG PM at a consideration of approximately RMB1.56 billion. On 12 December 2019, the Group entered into an equity transfer agreement (as supplemented on 30 November 2020 and 22 February 2021, respectively) to conditionally acquire 60% equity interest in New CMIG PM at the final consideration of RMB344,250,000 from Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership). The consideration for these acquisitions was determined after arm's length negotiations between the parties, with reference to 12.5 times of the net profit guarantee set out in the relevant agreements, and was funded in instalments by internal resources of the Group. Upon completion of the acquisition of equity interest in CMIG PM by the Company in the first half of 2020, CMIG PM has now become a non-wholly owned subsidiary of the Group. As set out in the notice of the 2021 first extraordinary general meeting dated 26 February 2021, an extraordinary general meeting will be held and convened on 13 April 2021 to approve the equity transfer agreement of New CMIG PM (as supplemented). Upon completion of the acquisition, New CMIG PM will become a non-wholly owned subsidiary of the Group.

CMIG PM and New CMIG PM have established an extensive presence in economically developed city clusters across the country, covering a wide range of business portfolios such as public buildings, commercial offices and residential properties. They have several leading brands in the niche property markets to manage numerous city landmark projects, and have leading market shares and strong brand reputation in public buildings and other niche markets in different regions nationwide. Upon completion of these acquisitions, CMIG PM and New CMIG PM can effectively complement the Group's existing businesses and geographical presence, consolidate its leading position and create synergies. In addition, these acquisitions can effectively enhance the management scale, profitability and brand competitiveness of the Group, thereby strengthening the Group's position as a leading property management service enterprise with nationwide layout, comprehensive business portfolio and reputable brands.

Major disposals

During the Year, the Group had no material disposals of subsidiaries and associated companies.

Major investment

During the Year, the Group held no major investment.

Contingent liabilities

As at 31 December 2020, the Group had no significant contingent liabilities (2019: Nil).

Foreign exchange risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value. As at 31 December 2020, the Group had no significant exchange rate risk.

Employees and remuneration policies

As at 31 December 2020, the Group had 55,888 employees, representing an increase of 94.3% as compared with 28,771 employees as at 31 December 2019. Total staff costs amounted to RMB4,064.1 million, representing an increase of 88.1% as compared with that of RMB2,160.7 million in 2019. The increase in 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

Acquisition of equity interest in New CMIG PM

On 12 December 2019, the Group entered into an equity transfer agreement (as supplemented on 30 November 2020 and 22 February 2021, respectively) to conditionally acquire 60% equity interest in New CMIG PM at the final consideration of RMB344,250,000 from Guangdong Fengxin Yinglong Equity Investment Partnership (Limited Partnership). The circular had been despatched to the Shareholders on 26 February 2021. Upon completion of such acquisition, New CMIG PM will become a non-wholly owned subsidiary of the Group.

Acquisition of equity interest in Shaanxi Mingtang Sanitation Co., Ltd.*

On 12 March 2021, the Group entered into an equity transfer agreement to acquire 60% equity interest in Shaanxi Mingtang Sanitation Co., Ltd.* (陝西明堂環衛有限公司) at a total consideration of RMB144,000,000 from Zhengzhou Huangda Decoration Co., Ltd.* (鄭州煌達裝飾有限公司). Upon completion of such acquisition, Shaanxi Mingtang Sanitation Co., Ltd.* will become a non-wholly owned subsidiary of the Group.

ANNUAL DIVIDEND

The Board proposed the distribution of a final dividend of RMB0.33 per share (before tax) and a special dividend of RMB0.19 per share (before tax) for the year ended 31 December 2020 (collectively the "**Annual Dividend**"), the dividend payout ratio will be equivalent to 39.5%, and the amount of which will be subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 25 May 2021 ("**2020 AGM**"). Annual Dividend payable to the shareholders of Domestic Shares will be paid in Renminbi, whereas Annual Dividend payable to the shareholders of H Shares will be declared in Renminbi and paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets ("**Shenzhen-Hong Kong Stock Connect**"), whose Annual Dividend will be paid in Renminbi), the exchange rate of which will be calculated based on the average exchange rate of RMB against Hong Kong dollars published by The People's Bank of China five business days prior to the 2020 AGM. Subject to the approval of the 2020 AGM, the Annual Dividend will be paid on or about Friday, 2 July 2021.

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

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

Annual Dividend for Investors of Shenzhen-Hong Kong Stock Connect

For investors (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading with China Securities Depository and Clearing Corporation Limited, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee holder of H Shares for the investors of Shenzhen-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of Shenzhen-Hong Kong Stock Connect through its depository and clearing system. The cash dividends of the investors of Shenzhen-Hong Kong Stock Connect will be distributed in Renminbi.

According to the provisions of the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號)), the income tax implications on dividends and bonuses received by Mainland individual investors, Mainland enterprise investors and Mainland securities investment funds are as follows:

(i) for Mainland individual investors, H share companies shall withhold the individual income tax for these investors at the tax rate of 20% on dividends and bonuses received by them from investing in H Shares listed on the Hong Kong Stock Exchange via Shenzhen-Hong Kong Stock Connect;

(ii) for dividends and bonuses received by Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange via Shenzhen-Hong Kong Stock Connect, the individual income tax shall be levied in accordance with the above provisions; and

(iii) for dividends and bonuses received by Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange via Shenzhen-Hong Kong Stock Connect, the income tax on the Mainland enterprises shall not be withheld by the H share companies. The tax payable shall be declared and paid by the enterprises.

For dividends and bonuses received by the Mainland resident enterprises after holding the H shares for 12 months continuously, the enterprise income tax will be exempted according to laws.

The record date and the date of distribution of cash dividends and other time arrangements for the investors of Shenzhen-Hong Kong Stock Connect will be the same as those for the shareholders of H Shares.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2020 AGM

The 2020 AGM will be held on Tuesday, 25 May 2021 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Saturday, 24 April 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2020 AGM, shareholders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 23 April 2021.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ANNUAL DIVIDEND

Upon obtaining approval of the Shareholders at the forthcoming 2020 AGM, the Annual Dividend will be payable to Shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 3 June 2021. For the purpose of determining the entitlement of shareholders of H Shares to the Annual Dividend, the H Share register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of H Shares will be registered. In order for shareholders of H Shares to qualify for the proposed Annual Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 May 2021.

NOTICE OF ANNUAL GENERAL MEETING

Notice of 2020 AGM will be published on the respective websites of the Company at www.agileliving.com.cn and the Hong Kong Stock Exchange at www.hkex.com.hk and will be despatched to the Shareholders within the prescribed time and in such manner as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

REVIEW OF ACCOUNTS

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 and reviewed with the management of the Group the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Mr. Wan Kam To, Ms. Wong Chui Ping Cassie and Mr. Wang Peng who are independent non-executive Directors.

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

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

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the year ended 31 December 2020.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms 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 with the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2020.

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 for the year ended 31 December 2020 save for code provision A.2.1 of the CG Code.

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. Prior to 21 July 2020, in view of the then 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, Mr. Huang Fengchao had been the co-chairman, president (general manager) and chief executive officer of the Company to provide strong and consistent leadership for the development of the Group.

The Group has been dedicated to enhancing corporate governance and continuously optimized the corporate structure. With effect from 21 July 2020, the roles of the co-chairman of the Board have been assumed by Mr. Chan Cheuk Hung and Mr. Huang Fengchao while the president (general manager) and chief executive officer of the Company has been assumed by Mr. Li Dalong. All applicable code provisions set out in the CG Code have been in full compliance since 21 July 2020.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, for the year ended 31 December 2020 and as at the date of this announcement, the Company had maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 annual report of the Company for the year ended 31 December 2020 containing all the information required under the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eight members, being Mr. Chan Cheuk Hung[^] (Co-chairman), Mr. Huang Fengchao[^] (Co-chairman), Mr. Li Dalong[^] (President (General Manager) and Chief Executive Officer), Mr. Wei Xianzhong[^^], Ms. Yue Yuan[^^], Mr. Wan Kam To[^^^], Ms. Wong Chui Ping Cassie[^^^] and Mr. Wang Peng[^^^].

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

By Order of the Board
A-Living Smart City Services Co., Ltd.
CHAN Cheuk Hung/HUANG Fengchao
Co-chairman

Hong Kong, 22 March 2021

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

Any discrepancy 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*