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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL SUMMARY

	For the year ended 31 December		
	2021 (unaudited)	2020 (audited)	Change
Revenue *(RMB million)*	**14,080.1**	10,026.1	40.4%
Gross profit *(RMB million)*	**3,868.7**	2,973.0	30.1%
Gross profit margin	***27.5%***	*29.7%*	*-2.2 percentage points*
Net profit *(RMB million)*	**2,565.6**	1,972.7	30.1%
Net profit margin	***18.2%***	*19.7%*	*-1.5 percentage points*
Profit attributable to shareholders of the Company *(RMB million)*	**2,308.5**	1,754.4	31.6%
Basic earnings per share *(RMB)*	**1.67**	1.32	26.5%
Cash generated from operating activities *(RMB million)*	**2,679.3**	2,620.5	2.2%

Based on the unaudited financial information:

- For the year ended 31 December 2021, the Group recorded revenue of RMB14,080.1 million, representing an increase of 40.4% as compared with the corresponding period of last year. During the Year, the revenue attributable to the four major business lines of the Group was as follows: revenue from (i) the property management services increased by 33.6% to RMB8,658.4 million as compared with the corresponding period of last year; (ii) the property owners value-added services increased by 77.3% to RMB1,866.6 million as compared with the corresponding period of last year; (iii) the city services was RMB698.1 million; and (iv) the extended value-added services increased by 14.7% to RMB2,857.0 million as compared with the corresponding period of last year.

- During the Year, the Group recorded (i) a gross profit of RMB3,868.7 million, representing an increase of 30.1% as compared with the corresponding period of last year, a gross profit margin of 27.5%, representing a year-on-year decrease of 2.2 percentage points, and a gross profit margin after excluding the effect of the amortisation of intangible assets due to the merger and acquisition ("**M&A**") of 28.7%; (ii) a profit attributable to the Shareholders of RMB2,308.5 million, representing an increase of 31.6% as compared with the corresponding period of last year; (iii) a net profit margin of 18.2%, representing a year-on-year decrease of 1.5 percentage points, and a net profit margin after excluding the effect of the amortisation of intangible assets and depreciation of appraised appreciation of fixed assets due to the M&A of 19.1%; and (iv) basic earnings per share of RMB1.67.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December **2021** *RMB'000* **(unaudited)**	2020 *RMB'000* (audited)
Revenue	*3*	**14,080,089**	10,026,147
Cost of sales		**(10,211,343)**	(7,053,112)
Gross profit		**3,868,746**	2,973,035
Selling and marketing expenses		**(141,635)**	(77,139)
Administrative expenses		**(778,131)**	(548,295)
Net impairment losses on financial assets		**(160,181)**	(97,406)
Other income		**178,059**	198,515
Other gains – net		**102,070**	17,136
Operating profit		**3,068,928**	2,465,846
Finance costs		**(24,888)**	(40,358)
Share of post-tax profits of joint ventures and associates		**31,534**	62,261
Profit before income tax		**3,075,574**	2,487,749
Income tax expenses	*4*	**(510,005)**	(515,015)
Profit for the year		**2,565,569**	1,972,734
Profit attributable to:			
– Shareholders of the Company		**2,308,458**	1,754,411
– Non-controlling interests		**257,111**	218,323
		2,565,569	1,972,734
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*5*	**1.67**	1.32

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the year	**2,565,569**	1,972,734
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	**3,764**	931
Total comprehensive income for the year	**2,569,333**	1,973,665
Attributable to:		
– Shareholders of the Company	**2,310,717**	1,754,970
– Non-controlling interests	**258,616**	218,695
	2,569,333	1,973,665

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2021** ***RMB'000*** **(unaudited)**	 2020 *RMB'000* (audited)
Assets			
Non-current assets			
Property, plant and equipment ("PPE")	*6*	**506,831**	254,971
Right-of-use assets	*6*	**73,868**	35,119
Investment properties		**88,916**	–
Other intangible assets	*7*	**1,350,661**	961,241
Goodwill	*7*	**3,123,231**	2,181,967
Deferred income tax assets		**137,701**	50,304
Investment accounted for using the equity method		**1,111,141**	1,105,391
Prepayments	*8*	**350,952**	253,722
Financial assets at fair value through other comprehensive income ("FVOCI")		**23,868**	29,122
Financial assets at fair value through profit or loss ("FVPL")		**3,249**	2,991
		6,770,418	4,874,828
Current assets			
Trade and other receivables and prepayments	*8*	**5,105,345**	3,405,566
Inventories		**38,533**	18,850
Financial assets at fair value through profit or loss		**527,043**	591,161
Restricted cash	*9(b)*	**3,349,493**	27,572
Cash and cash equivalents	*9(a)*	**4,390,545**	5,056,976
		13,410,959	9,100,125
Total assets		**20,181,377**	13,974,953

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 31 December 2021 RMB'000 (unaudited)	2020 RMB'000 (audited)
Equity			
Equity attributable to shareholders of the Company			
Share capital	*10*	**1,420,001**	1,333,334
Other reserves	*11*	**5,614,759**	3,402,511
Retained earnings		**4,156,348**	2,618,957
		11,191,108	7,354,802
Non-controlling interests		**1,719,820**	1,302,598
Total equity		**12,910,928**	8,657,400
Liabilities			
Non-current liabilities			
Other payables	*12*	**35,190**	51,046
Contract liabilities		**84,344**	75,271
Borrowings		**12,445**	9,197
Lease liabilities		**30,590**	16,288
Deferred income tax liabilities		**351,060**	225,348
Financial liabilities for put option written on non-controlling interests		**–**	75,233
		513,629	452,383
Current liabilities			
Trade and other payables	*12*	**4,808,002**	3,370,856
Contract liabilities		**1,180,991**	804,134
Current income tax liabilities		**547,217**	425,299
Borrowings		**66,084**	224,539
Lease liabilities		**47,168**	20,800
Financial liabilities for put option written on non-controlling interests		**107,358**	19,542
		6,756,820	4,865,170
Total liabilities		**7,270,449**	5,317,553
Total equity and liabilities		**20,181,377**	13,974,953

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

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, related value-added services and city sanitation and cleaning services in the PRC.

The outbreak of the 2019 Novel Coronavirus (the "COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of property management. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the unaudited consolidated financial information is authorised for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

These unaudited 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 unaudited 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 unaudited 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 unaudited consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties 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 2021 and there is no material impact on the Group's unaudited consolidated financial statement:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and 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 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
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 unaudited consolidated financial statements of the Group.

3 REVENUE

Revenue mainly comprises proceeds from property management services, related value-added services and city sanitation and cleaning services. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 is as follows:

	Timing of revenue recognition	Year ended 31 December	
		2021	2020
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Property management services	over time	**8,658,423**	6,482,133
Value-added services related to property management			
– Other value-added services	over time	**4,395,219**	3,420,536
– Sales of goods	at a point in time	**328,345**	123,478
City sanitation and cleaning services	over time	**698,102**	–
		14,080,089	10,026,147

4 INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current income tax		
– PRC corporate income tax	**672,184**	573,403
– Adjustments for current tax – change in the tax rate of the Company	**(56,777)**	–
	615,407	573,403
Deferred income tax		
– PRC corporate income tax	**(105,402)**	(58,388)
	510,005	515,015

The effective income tax rate was 17% for the year ended 31 December 2021 (2020: 21%). In April 2021, the Company obtained the Certificate of High and New Technology Enterprise before annual tax filing of 2020 with three-year valid period from 2020 to 2022. Accordingly, the income tax rate applicable to the Company for 2020 to 2022 is 15%. The impact of the change in the applicable tax rate was credited to the income tax expenses in the year ended 31 December 2021.

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% (2020: 25%) according to the Corporate Income Tax Law of the PRC.

In 2020, Guangzhou Yatian Network Technology Co., Ltd. ("**Guangzhou Yatian**") obtained the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. In April 2021, the Company obtained the Certificate of High and New Technology Enterprise before annual tax filing of 2020 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 2021 was 15% (2020: 15%). The tax rate applicable to the Company during the year ended 31 December 2021 was 15% (2020: 25%).

Certain subsidiary of the Group in the PRC is in Zhuhai Hengqin (Free Trade Area) and subject to a preferential income tax rate of 15% during the year ended 31 December 2021 (2020: 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 2021 (2020: 15%).

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2021. 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 2021 (2020: nil).

5 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 2021 and 2020.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2021 and 2020. Diluted earnings per share was equal to basic earnings per share.

	Year ended 31 December	
	2021	2020
	(unaudited)	(audited)
Profit attributable to shareholders of the Company *(RMB'000)*	**2,308,458**	1,754,411
Weighted average number of ordinary shares in issue (in thousands)	**1,383,435**	1,333,334
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**1.67**	1.32

6 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings *RMB'000*	Transportation equipment *RMB'000*	Office equipment *RMB'000*	Machinery *RMB'000*	Subtotal *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
As at 1 January 2020 (audited)							
Cost	124,868	23,914	21,625	62,368	232,775	46,471	279,246
Accumulated depreciation and amortisation	(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 (audited)							
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 and amortisation 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 (audited)							
Cost	151,711	84,039	32,216	88,103	356,069	79,831	435,900
Accumulated depreciation and amortisation	(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
Year ended 31 December 2021 (unaudited)							
Opening net book amount	120,271	68,911	18,527	47,262	254,971	35,119	290,090
Additions	220	27,884	7,402	47,915	83,421	43,969	127,390
Acquisition of subsidiaries	80,465	26,953	6,501	207,613	321,532	34,636	356,168
Disposals	(632)	(3,111)	(682)	(2,213)	(6,638)	(70)	(6,708)
Disposal of subsidiaries	(57,591)	(3,528)	(314)	(16,183)	(77,616)	(25)	(77,641)
Depreciation and amortisation charge	(9,491)	(22,464)	(6,684)	(30,200)	(68,839)	(39,761)	(108,600)
Closing net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
As at 31 December 2021 (unaudited)							
Cost	163,887	121,582	42,353	303,724	631,546	157,479	789,025
Accumulated depreciation and amortisation	(30,645)	(26,937)	(17,603)	(49,530)	(124,715)	(83,611)	(208,326)
Net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of sales	**64,421**	41,600
Selling and marketing expenses	**958**	1,039
Administrative expenses	**43,221**	23,618
	108,600	66,257

As at 31 December 2021, certain self-used PPE with net book value of RMB55,039,000 (31 December 2020: RMB78,407,000) were pledged as collateral for the Group's borrowings.

7 INTANGIBLE ASSETS

	Computer software RMB'000	Trademarks RMB'000	Customer relationship and backlogs RMB'000	Subtotal RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2020 (audited)						
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 (audited)						
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	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 (audited)						
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
Year ended 31 December 2021 (unaudited)						
Opening net book amount	29,783	13,026	918,432	961,241	2,181,967	3,143,208
Additions	3,968	–	–	3,968	–	3,968
Disposals	(128)	–	–	(128)	–	(128)
Acquisition of subsidiaries *(Note (a))*	3,556	34,942	577,518	616,016	1,027,350	1,643,366
Disposals of subsidiaries	(127)	–	(56,784)	(56,911)	(86,086)	(142,997)
Amortisation	(5,015)	(5,610)	(162,900)	(173,525)	–	(173,525)
Closing net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892
As at 31 December 2021 (unaudited)						
Cost	49,694	63,342	1,592,110	1,705,146	3,123,231	4,828,377
Accumulated amortisation	(17,657)	(20,984)	(315,844)	(354,485)	–	(354,485)
Net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of sales	**169,850**	108,933
Selling and marketing expenses	**38**	2,471
Administrative expenses	**3,637**	3,684
	173,525	115,088

(a) During the year ended 31 December 2021, the Group acquired several companies. Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted to RMB1,036,136,000, including identified customer relationships, backlogs and trademarks of RMB612,460,000 recognised by the Group.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables *(Note (a))*		
– Related parties	**1,524,003**	844,924
– Third parties	**2,423,908**	1,561,635
	3,947,911	2,406,559
Less: allowance for impairment of trade receivables	**(329,312)**	(155,095)
	3,618,599	2,251,464
Other receivables		
– Related parties	**278,178**	90,329
– Third parties	**1,059,295**	914,021
	1,337,473	1,004,350
Less: allowance for impairment of other receivables	**(24,024)**	(23,683)
	1,313,449	980,667
Prepayments		
– Related parties	**288,788**	8,739
– Third parties	**235,461**	418,418
	524,249	427,157
Subtotal	**5,456,297**	3,659,288
Less: non-current portion of prepayments	**(350,952)**	(253,722)
Current portion of trade and other receivables and prepayments	**5,105,345**	3,405,566

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

Property management services income, value-added service income and city sanitation and cleaning 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 2021 and 2020, the aging analysis of the trade receivables based on recognition date were as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-180 days	**2,504,546**	1,246,625
181-365 days	**657,041**	605,658
1 to 2 years	**429,257**	339,526
2 to 3 years	**188,457**	104,485
Over 3 years	**168,610**	110,265
	3,947,911	2,406,559

As at 31 December 2021, trade and other receivables were denominated in RMB and US$ and the fair values of trade and other receivables approximated their carrying amounts (31 December 2020: same).

9 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a)

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cash at bank and in hand:		
– Denominated in RMB	**4,359,709**	5,052,159
– Denominated in HK$	**30,166**	4,817
– Denominated in US$	**670**	–
	4,390,545	5,056,976

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

(b) Restricted cash as at 31 December 2021 mainly comprised 1-year fixed deposits with banks in the PRC. Deposits totalling RMB3,300.2 million were pledged as collateral for bank borrowings or facilities extended to certain business development partners of the Company. Such pledged deposits are in the process of being released. Up to the date of this announcement, pledged deposits with total amount of RMB1,000.2 million have been released and the remaining pledged deposits of RMB2,300.0 million will be released before 30 April 2022. No financial exposure is expected to be arisen from these pledge arrangements.

10 SHARE CAPITAL

	Number of shares		Share capital	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
			RMB'000	*RMB'000*
			(unaudited)	(audited)
Issued and fully paid *(Note(a))*	**1,420,000,800**	1,333,334,000	**1,420,001**	1,333,334

(a) Movements in share capital

	Note	Number of shares	Share capital
			RMB'000
Details			
As at 1 January 2021 (audited)		1,333,334,000	1,333,334
Placing of new H Shares	*(i)*	86,666,800	86,667
As at 31 December 2021 (unaudited)		1,420,000,800	1,420,001

(i) On 28 May 2021, the Company entered into a placing agreement to procure placees for an aggregate of 86,666,800 new H Shares at the HK$37.60 per H Share (the "Placing"). On 4 June 2021, the Company received net proceeds amounted to HK$3,242,127,000 (equivalent to RMB2,677,511,000) from the Placing after deducting related fees and expenses, among of which, RMB86,667,000 was recorded as share capital and RMB2,590,844,000 was recorded as share premium.

11 OTHER RESERVES

	Share premium *RMB'000*	Statutory reserve *RMB'000*	Financial assets at FVOCI *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2020 (audited)	3,138,053	127,642	–	5,715	3,271,410
Revaluation – gross	–	–	745	–	745
Deferred tax	–	–	(186)	–	(186)
Other comprehensive income	–	–	559	–	559
Appropriation of statutory reserves *(Note (a))*	–	121,554	–	–	121,554
Other transaction with non-controlling interests ("**NCI**")	–	–	–	8,988	8,988
As at 31 December 2020 (audited)	3,138,053	249,196	559	14,703	3,402,511
Revaluation – gross	–	–	3,012	–	3,012
Deferred tax	–	–	(753)	–	(753)
Other comprehensive income	–	–	2,259	–	2,259
Transfer to retained earnings	–	–	(178)	–	(178)
Deferred tax	–	–	44	–	44
Net amount transferred	–	–	(134)	–	(134)
Appropriation of statutory reserves *(Note (a))*	–	77,956	–	–	77,956
Placing of new H Shares	2,590,844	–	–	–	2,590,844
Other transaction with NCI *(Note (b))*	–	–	–	(458,677)	(458,677)
As at 31 December 2021 (unaudited)	5,728,897	327,152	2,684	(443,974)	5,614,759

(a) PRC statutory reserve

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

(b) During the year ended 31 December 2021, the Group further acquired some equity interests of certain subsidiaries from NCI at an aggregate consideration of RMB534,998,000, of which, RMB524,595,000 was consideration for acquiring further 32% equity interests in Guangzhou Yuehua Property Co., Ltd. ("Guangzhou Yuehua"). The difference of RMB452,974,000 between the carrying value of the NCI of Guangzhou Yuehua and the consideration paid was recorded as other reserve.

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables *(Note (a))*		
– Related parties	**66,818**	69,119
– Third parties	**1,691,101**	1,094,867
	1,757,919	1,163,986
Other payables		
– Related parties	**107,235**	82,140
– Third parties	**1,676,774**	1,126,377
	1,784,009	1,208,517
Dividends payables	**127,309**	91,224
Accrued payroll	**1,039,706**	781,800
Other taxes payables	**134,249**	176,375
	4,843,192	3,421,902
Less: non-current portion of other payables	**(35,190)**	(51,046)
Current portion	**4,808,002**	3,370,856

(a) As at 31 December 2021 and 2020, 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	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Up to 1 year	**1,656,020**	1,116,044
1 to 2 years	**79,110**	17,853
2 to 3 years	**10,711**	14,742
Over 3 years	**12,078**	15,347
	1,757,919	1,163,986

As at 31 December 2021, trade and other payables were all denominated in RMB and the fair values of trade and other payables approximated their carrying amounts (31 December 2020: same).

13 DIVIDENDS

(a) A final dividend of RMB0.33 per share and a special dividend of RMB0.19 per share for the year ended 31 December 2020, totalling RMB693,334,000 were declared at the annual general meeting held on 25 May 2021. These dividends have been distributed out of the Company's retained earnings and paid in cash.

(b) The Board will consider the proposal of an annual dividend, if any, for the year ended 31 December 2021 upon completion of the auditing process and the audited annual results of the Group for the year ended 31 December 2021 is made available. The annual dividend, if proposed, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

For the reasons explained below under the section headed "Review of Unaudited Annual Results", the auditing process for the annual results of A-Living Smart City Services Co., Ltd. ("**A-Living**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") has not been completed. In the meantime, we are pleased to present the unaudited consolidated results of the Group for the year ended 31 December 2021 (the "**Year**").

In 2021, the property management industry was better regulated with higher-quality development and more diversified businesses. The government of the People's Republic of China (the "**PRC**") enacted plans and policies to guide and support the industry's well-regulated and sustainable development. Ten government departments of PRC, including the Ministry of Housing and Urban-Rural Development, jointly issued the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (the "**Notice**") in the Year. Both the Notice and China's 14th Five-Year Plan affirmed property management enterprises' role as the backbone of urban governance and living services. In the future, the PRC government will support property management enterprises to provide residents with more convenient and diverse living services, practically improve the service quality and increase the degree of intelligentization and standardization of property management. Throughout the Year, to cope with the recurring COVID-19 pandemic and various natural catastrophes, property management enterprises resolutely shouldered their social responsibilities and did their best to safeguard property owners' lives and properties, which won them high praises widely from the society.

In the second half of 2021, the PRC government further tightened regulatory policies relating to the real estate industry, heightening the liquidity risks of some property developers. This also impacted and posed challenges to the property management industry, leading to a valuation adjustment of the sector. Property management enterprises are developing in a way that makes themselves more independent of real estate developers. Property management enterprises continued to expand their management scale and speed up development through a market-oriented approach and by building strong brands. They also further expanded their management portfolios, enhanced their professional service capabilities and developed differentiating features. However, the large property management enterprises' advantages of immense management scale and strong brands are increasingly manifested, resulting in intensified market differentiation. Leading enterprises are further solidifying their dominating position in terms of market shares and brand influence. Meanwhile, bolstered by policy tailwinds and growing demands, property management enterprises kept seeking new opportunities in the value-added services along the value chain of the industry, so as to provide property owners with personalized and convenient services and address their real needs.

The Group continues to serve property owners with high-quality services, contribute to community management and help promote urban development. Adhering to a market-oriented development strategy and focusing on the development of core businesses, the Group continuously extended the scenarios to which its services can be applied, actively developed businesses along the whole value chain of the industry, and innovatively explored the value-added service ecosystem. The Group scaled new heights in terms of management scale and brand strength and continuously ranked among Top 4 in the "2021 Top 100 Property Management Companies in China", demonstrating the wide recognition of its status as an industry leader.

Business Review

2021 marked the beginning of the 14th Five-Year Plan of the Group. Facing the cyclical fluctuations in the property industry, the Group actively coped with the market changes. By leveraging its leading market expansion capabilities and rich experience in integrating the businesses along the value chain of the industry to diversify its growth drivers, the Group achieved stable growth in both management scale and results. During the Year, the Group's property management business topped the industry in terms of expansion into the third-party markets, winning over 50 project contracts each with annualized contract amount of more than RMB10 million. The Group stood out in open market bidding and won a number of major benchmark projects such as a venue management project for Beijing Winter Olympics, demonstrating its good reputation for and strength in the non-residential sector. The Group further consolidated the fundamentals of its property management services, accelerated the development of its city services and innovatively explored the value-added services to property owners. The Group's revenue and profit structures has been optimized and the proportion of non-cyclical business segments has increased significantly, laying a foundation for high-quality and sustainable development in the future.

Based on the unaudited financial information, during the Year, the revenue of the Group was RMB14,080.1 million, representing an increase of 40.4% as compared with the corresponding period of last year. Gross profit was RMB3,868.7 million, representing a year-on-year increase of 30.1%, and gross profit margin was 27.5%. Net profit was RMB2,565.6 million, representing a year-on-year increase of 30.1%, and net profit margin was 18.2%. Profit attributable to the shareholders of the Company (the "**Shareholders**") amounted to RMB2,308.5 million, representing a year-on-year increase of 31.6%. The basic earnings per share amounted to RMB1.67. Excluding the impact from extended value-added service businesses, total profit attributable to Shareholders in respect of the Group's property management services, value-added services to property owners and city services recorded a significant year-on-year growth of 50.6% in the Year.

As at 31 December 2021, the GFA under management and contracted GFA of the Group were 488.9 million sq.m. and 663.1 million sq.m., respectively. Among which, the accumulated 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**") was 87.1 million sq.m. and 60.8 million sq.m., respectively. Thanks to the rapid market expansion and consolidation of the industry, the contracted GFA (including those contributed by the acquired companies) from third-party projects reached 515.2 million sq.m., representing a significant increase of 33.0% compared with that as at 31 December 2020, and accounting for 77.7% of the total contracted GFA. The third-party projects have become a major growth driver of the Group's management scale.

The Group further implemented the "Prosperous City Plan". Through the flexible multi-channel expansion approach, which was tailor-made for each city, the Group deepened its penetration in regional markets and diversified its business portfolio to actively take on the challenges of market competition. During the Year, the Group achieved remarkable results in market expansion, with newly increased contracted GFA of approximately 70.0 million sq.m. from third-party expansion (excluding M&A), maintained its top position in authoritative rankings such as "2021 TOP 50 Property Services Enterprises in China in terms of Third-party Market Expansion" and topped the list of "Listed Property Services Company in China for Market Expansion Capability". In terms of public buildings, the Group further strengthened its leading strengths in managing government office buildings, public venues, transportation hubs and tourist attractions and other niche markets, and obtained an array of benchmark projects such as Shanghai Planetarium, Credit Reference Center of the People's Bank of China, Shenzhen East Lake Park, and a number of rail transportation projects in Shanghai and Nanjing. Leveraging its rich experience in managing public venues and serving large-scale international conferences and the combined capabilities of its flagship public building service brands and regional operation forces, the Group won the bid for providing service to Taizicheng Snow Town in Chongli, a supporting venue for the Beijing 2022 Winter Olympic Games, thus providing high-quality services that contributed to the success of the Winter Olympics while demonstrating the strength of a Chinese property management company. In residential segment, the Group leveraged its brand advantages to broaden the source of growth and accelerated the expansion in existing market of residential projects. It obtained a number of large, existing residential projects in Guangzhou and Zhengzhou and other cities, each with an annualized contract value of over RMB10 million. In commercial and office buildings as well as corporate services, the Group further enhanced its standardized service capability and competitiveness, and obtained projects such as the four logistics parks from RRS of Haier Group in different regions across the country. During the Year, the Group extended its strategic cooperation with Greenland Holdings to 2025, for which the Group, as a strategic priority partner, will continue to provide high-quality services and actively explore the opportunities for diversified cooperation. During the Year, the Group also obtained the contracts to manage "Greenland Heart" commercial building in Xi'an High-speed Railway New Town (西安高鐵新城綠地之心), and other super-high-rise urban landmark projects.

The Group has improved its geographical coverage and business portfolio through mergers and acquisitions by seizing the opportunities of industry consolidation, and retained high-quality resources and long-term strategic customers through joint venture cooperation, active participation in the mixed ownership reform of state-owned enterprises and strategic cooperation. During the Year, the Group completed the acquisition of the equity interest in Minrui Property Management (Shanghai) Co., Ltd. ("**New CMIG PM**"), and increased its shareholding in Shandong Hongtai Property Development Company Limited* (山東宏泰物業發展有限公司) ("**Shandong Hongtai**"), a previous associates of the Group, so as to deepen its presence in providing campus services and further shore up the weakness in its businesses. The Group has a well-established post-investment mechanism for integration and empowerment. During the Year, the Group focused on establishing its business and operation platforms, cultivated flagship brands in various regions and business portfolios, and deeply integrated its service capabilities. By further integrating the experience and advantages in niche markets, the Group formed a strong synergy in market expansion. During the Year, the Group cooperated with its regional operations and its member companies, and jointly won the bids for dozens of projects. The newly obtained projects through joint forces had a total annualized contract value of more than RMB50 million. Through the joint effort of the Group and its regional operations and its member companies, the Group will be able to provide consistent, high-standard services to a property owner who has a nationwide presence.

The Group actively implemented the "property services + living services" model, further rationalized its business lines and operational structure, gave full play to the advantages of its resource, as well as analyzed and estimated trends in the demand, so as to provide the most caring and convenient services to property owners and maximize the value on top of its property management business. In terms of operation management, the management model has been optimized to improve professionalism and standardization. The Group has set up business divisions to directly manage various value-added services in different regions. Specialized companies were also set up to coordinate the resources and undertake business development. Bolstered by its high-quality services, the Group took advantages of the resources it has accumulated in the projects under management and impeccably matched the demand of property owners to allow them to experience the one-stop, closed-loop system for value-added services and products and bring brand-new service experience to property owners. During the Year, the Group retained high-quality and market-oriented partners through joint venture and M&A, and focused on developing the childcare business and the housekeeping business, including the cooperation with the high-end housekeeping service provider "51 Home Service" and the establishment of nearly 50 "Happy Whale" childcare centres. With advantage in management, the Group has achieved rapid business development and a nationwide presence.

The Group has been comprehensively upgraded to a comprehensive smart city service platform. During the Year, the Group successfully integrated a number of national and regional leading city service enterprises, and thus forming a preliminary nationwide presence, rapidly establishing its market expansion capability, and leading the industry in terms of the annualized contract value of newly obtained projects. By giving full play to its experience and advantages in public services and broad customer base and leveraging the brand and service capabilities acquired through the business development, the Group has rapidly built up its operation platform and independent capability for market expansion. Therefore, the Group was able to obtain the integrated sanitation projects in Yingzhou Town, Lingshui, Hainan and the road sanitation projects in Qujiang district, Xi'an, Shaanxi, thus further consolidating its advantages in regional markets. In the niche markets of city services, the Group made breakthroughs in marine sanitation, water body conservation and integrated urban improvement, and horizontally extended the scope of business from basic sanitation service to the personalized services to meet the clients' needs. The Group also set the standards and benchmarks for these projects and accumulated rich experience in operating the integrated service platform.

The Group firmly believes that quality and reputation are the foundation of any business development. In the light of rapid urban development and property owners' ever higher requirements for the services, the Group has been improving the standardization, intelligence and personalization of its services and strove for excellence in service quality to become a preeminent quality service provider in China. Facing the sporadic recurring COVID-19 pandemic across the country and the challenges brought by natural catastrophes, including rainstorms, typhoons and snowstorms at the locations of the projects under its management, the Group remained committed to the mission of "lifelong caring", and preserved in providing property services at the front line to guard the life and properties of property owners, winning wide acclaim from the society and property owners. During the Year, the Group stepped up efforts in quality control and strove to thoroughly resolve the remaining quality issues through quality inspections and online supervision, etc., and revamped its service image by launching a "5-star Campaign" to keep polishing and improving the quality of its service. During the Year, various business portfolios of the Group set respective service models and established 16 benchmark projects to promote their service standards and share their experience nationwide. This, in turn, contributed to the Group's market expansion and penetration and helped improve its service standards. Thanks to excellent service quality and word of mouth of the property owners, the Group was awarded the titles of "2021 Top 100 Leading Property Management Companies in terms of Service Quality in China", "2021 Top 100 Leading Property Management Companies in terms of Customer Satisfaction in China", "Contract-abiding and Trustworthy Enterprises in Guangdong Province", etc.

During the Year, the Group further adjusted and optimized its structure under the principle of flat organization and efficient management to match its market-oriented strategy and the rapid diversification and development of the industry. The Group vertically simplified and consolidated the management levels, and horizontally integrated the operation, post-investment and value-added service platforms. It also set up the operation and management center and centralized marketing center of the Group to combine its management and expansion capabilities as one so as to fully serve and support business operations and match strategic development needs. In terms of market team building, the Group cultivated a "wolf culture" and focused on improving per capita efficiency. During 2021, the year of brand building in China's property management industry, the Group revamped its brand image, integrated the brand advantages of its member companies, kept up with the times and the country's development, and came up with a new brand mission, vision and values.

In terms of intelligent services and technology upgrades, the Group accelerated the building of smart community and smart city service platform during the Year. Together with its partners in building the technology ecosystem, the Group upgraded more than 400 service scenarios in terms of hardware, software, technology and services. The moves were aim at effectively improving operational efficiency, management standards and service quality. During the Year, the Group reached strategic cooperation with Alibaba Cloud to build a technical base for digital upgrading and a standard system for digitalization of the property management industry for full informatization of business operation by combining the technical advantages of Alibaba Cloud and the Group's experience in professional service. During the Year, the Group also had strategic or in-depth cooperation with Alipay, DingTalk, LongShine Technology and Gemeite, achieving comprehensive improvement in information management system, operational quality control, contract and capital management, resource management and client service etc.

The Group maintained its industry leadership in terms of overall strength and ranked 4th continuously in the "2021 Top 100 Property Management Companies in China" and 4th in the "2021 Top 500 Property Management Companies in terms of Comprehensive Strength in China", respectively. The brand value of A-Living rose again and amounted to RMB14.8 billion, according to third-party assessment. The accolades won by the Group such as the "2021 Leading Brand of High-end Property Services in China", the "2021 Excellent Brand of Public Building Property Services in China", the "2021 Outstanding Brand of Education Property Services in China" and the "2021 Leading Enterprise of Smart City Services in China" testified to the Group's brand leadership in various niche markets.

Prospects and Strategy

In the past three decades, the property management industry has gone through stages of rapid growth in scale, market-oriented development and business diversification. Under the guidance of national policies and regulations, the property management industry has returned to the essence of service, promising healthier and more robust development in the future. There is a growing trend for the strong players to become stronger and for the property management market to become more concentrated at a faster pace. Only property management companies with high-quality and reputable brands, differentiating features and comprehensive service capabilities can keep ahead in the benign competition. Considering the changing competitive environment, the cyclical fluctuations in the real estate market, with continuously increasing GFA under management of the Group, the keys to long-term development lie in the ability to provide consistent services to property owners and to seek opportunities for sustainable growth along the value chain of the industry.

The year 2022 marks A-Living's 30th year of providing services to property owners. The Group will live up to the expectations of society and the times to show its gratitude for the trust and support of three million property owners, and undertake the mission of "lifelong caring for you, heartwarming service to city". The Group will adhere to long-termism and preserve with its efforts to enhance integration of its core businesses. It will also focus on high-quality development of its core businesses with quality as its lifeline, bring market-oriented level to a higher extend, increase its brand influence, strengthen its capability to expand and develop business independently, fully unleash its potentials, create values, and combine its capabilities of managing different portfolios and running various businesses with the aim of shaping A-Living's model for developing high-quality, intelligent service.

After nearly 30 years' development, the Group has gradually evolved from a residential property management arm of a property developer in the past into a market-oriented integrated property service provider with capability to expand independently. In the future, the Group will adhere to the market-oriented approach to ensure its market leadership in respect of its talents, standards, technologies and innovation. The Group will further build up its strong team for business development and combines it with a flexible mechanism for business expansion so that the Group's level of market orientation can sustain its long-term and sustainable growth in management scale. The Group will hone its industry-leading expertise and rich experience in managing various types of properties, set a benchmark for property services in the industry, cultivate and maintain key and long-term customers, and strive to improve service standards. At the same time, in respect of the existing projects in the market, the Group will step up its market expansion, allocate more resources to support such move and adopt a word-of-mouth marketing strategy to increase number of projects in each city where it has presence. Leveraging its experience and advantage in industry consolidation and the development of the ecosystem of its businesses, the Group will actively seek opportunities for growth in value in various service scenarios under its asset-light strategy. This will enable the Group to maintain its status as a leading player in terms of management scale and comprehensive strength.

Along with its expanding management scale, the Group will actively explore the business opportunities along the value chain of value-added services to property owners that have a strong synergistic relationship with its service scenarios. It will also incubate innovative businesses in its own ecosystem with a light-asset approach so as to create the second curve for long-term growth in the future. While further expanding the range of its value-added services and increasing their penetration in the projects under management, the Group will expand the coverage of its value-added services and provide more products, seek growth not only restricted within the GFA under management and cultivate its capability to develop independently. For the existing well-developed and convenient value-added services, the Group will focus on enhancing its professional capabilities to create the best experience of "property services + living services" for the property owners. In terms of innovative value-added service businesses, the Group will make efforts to build strategically significant businesses that serve as benchmarks in new sectors based on its platform operation and the scale of its operation. This will enable the Group to further develop housekeeping, nursery and other businesses and expand market for them, thus increasing both the user traffic and revenue scale.

The Group's city services business is still in its preliminary stage of development. In the future, the Group will fully leverage its experience and resources in managing public buildings, position itself as a mid- to high-end provider of integrated urban services in the value chain of the industry, further improve its service offerings and develop efficient solutions for assistance in urban administration and governance. Moreover, exploiting technologies to constantly improve the quality of its services, the Group will build a smart city operation and service management platform and build benchmark projects to enhance its brand awareness and influence. In the meantime, the Group will leverage the advantages of its platform management and pool together resources from governments, professional service providers and technology solution providers to create a platform-based, organized operation mechanism to address the pain points of city services. Besides, it will develop synergy among its regional operations by combining the strengths of its member companies so as to solidify the foundation for its platform-based development.

Service quality is, in every sense, a core competency and the cornerstone of development of the Group. Quality service has been and will always be the original aspiration across the Group. It will develop a regular and professional mechanism for quality management with the help of information technology, and will strive to set up industry-leading standards of property management in various segments of its business portfolio. The Group will further deepen the integration of its member companies and business segments, and maintain a relatively flat organization and a flexible mechanism to delegate authority. The Group will develop the support and sharing of resources by means of organizational integration and the synergy in management and give full play to its brand strengths. This will enable the Group to achieve synergy in management in the short term, form a combined force for business development in the medium term, and ultimately realize development for mutual benefit in the long term. Also, the Group will adopt the most market-oriented talent recruitment mechanism to meet the need of its development strategy. It will continue to attract talents, nurture the backbone of the personnel and build up teams so as to remain competitive in terms of its talents and recruitment mechanism.

To keep pace with the trend of intelligent upgrading of the industry, the Group will harness such core technologies as mobile internet, Internet of Things, big data and artificial intelligence to develop a standardization system of smart services across the whole business portfolio, the whole value chain of the industry and the nationwide operations, while stepping up efforts in the interconnection among organizations and cross-platform customers, as well as facilities and equipment. Such move is consistent with the strategic development of the Company, serves as an all-out support to the rapid development of the Group's business and optimizes operational efficiency constantly. In the future, the Group will join hands with intelligent technology partners to realize 100% cloud management of the Group's business, and create three platforms, namely, organizational workflow sharing platform, technological operation platform and smart city platform. The Group will foster four core capabilities, namely, contract management, personnel management, fee collection and payment management and quality management, throughout the entire life cycle of the projects. The development of such capabilities can comprehensively enhance the Group's efficiency in coordinating and managing the cross-organization communication, digitalized-operation capability and business innovation capability.

The property management industry is developing by leaps and bounds. Therefore, the Group has to adhere to its strategy unswervingly, pursue long-termism in its development, innovate and get ready to change proactively in order to stay ahead of other industry players in the fierce competition. The Group will continue to enhance its five core capabilities, namely service capability, market expansion, technology operation, integration and consolidation, and organizational efficiency. It will strive to be the most preferred service provider of property owners, enterprises and cities, promote urban development with refined management, and achieve a better life for property owners with quality services. Under its 14th Five-Year Plan, the Group will focus on enhancing its capability, accelerating its business integration, and make faster progress towards the goal of becoming an outstanding quality service provider valued over "a hundred billion yuan" in China.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2021, the property management industry was faced with both opportunities and challenges. The PRC government issued policies such as the "Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》)" and "Opinions on Promoting the Construction of Quarter of an Hour Convenient Living Circle in the Cities (《關於推進城市一刻鐘便民生活圈建設的意見》)" to promote the standardization and market-oriented development of the industry and encourage the development of living services and construction of intelligent infrastructure. Meanwhile, against the external backdrop of a fluctuant real estate market and recurrent epidemic outbreaks, the property management companies, including the Group, insisted on prioritizing service quality, actively explored diversified businesses such as value-added services and city services, thereby driving the industry towards high-quality, diversified and intelligent development.

During the Year, the Group geared itself up by optimizing the market-oriented development system, strengthening its industrial chain coverage, accelerating the implementation of innovative value-added services and developing city services. It also speeded up the market expansion by integrating resources across all regional offices and subsidiaries. Thus, the Group has managed to sustain the steady growth of its profitability and business scale. Based on the unaudited financial information, in 2021, the Group recorded a revenue of RMB14,080.1 million, representing a year-on-year increase of 40.4%. Profit attributable to the Shareholders amounted to RMB2,308.5 million, representing a year-on-year increase of 31.6%. The basic earnings per share amounted to RMB1.67. As at 31 December 2021, the GFA under management and contracted GFA of the Group reached 488.9 million sq.m. and 663.1 million sq.m., respectively.

The Group continues to maintain high service quality and management efficiency. The Group took measures such as building a digital operation system, strengthening post-acquisition management, empowering the acquired companies, and putting effort into talent system and brand building to solidify the foundation of corporate development and achieve long-term development. During the Year, the Group continued to hold the 4th spot of in "2021 Top 100 Property Management Companies in China" with its leading overall strength and received numerous recognitions from the society and the industry.

FINANCIAL REVIEW

Revenue

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

Based on the unaudited financial information, for the year ended 31 December 2021, the revenue of the Group amounted to RMB14,080.1 million (2020: RMB10,026.1 million), representing an increase of 40.4% as compared with the corresponding period of last year.

Among which, for the year ended 31 December 2021, revenue from property management services, property owners value-added services and city services businesses of the Group totaled RMB11,223.1 million, representing a year-on-year increase of 49.0%, with an increase in the respective proportion of revenue to 79.7% from 75.2% in 2020.

	For the year ended 31 December				
	2021	**Percentage of revenue**	2020	Percentage of revenue	**Growth rate**
	(RMB million)	***%***	*(RMB million)*	*%*	*%*
Property management	**8,658.4**	**61.5%**	6,482.1	64.7%	33.6%
– Residential property projects	**3,667.6**	**26.1%**	2,792.8	27.9%	31.3%
– Non-residential property projects	**4,990.8**	**35.4%**	3,689.3	36.8%	35.3%
Property owners value-added services	**1,866.6**	**13.2%**	1,052.7	10.5%	77.3%
City services	**698.1**	**5.0%**	–	–	–
Subtotal	**11,223.1**	**79.7%**	7,534.8	75.2%	49.0%
Extended value-added services	**2,857.0**	**20.3%**	2,491.3	24.8%	14.7%
– Sales centre property management services	**1,232.6**	**8.8%**	990.9	9.9%	24.4%
– Other extended value-added services	**1,624.4**	**11.5%**	1,500.4	14.9%	8.3%
Total	**14,080.1**	**100.0%**	10,026.1	100.0%	40.4%

Property management services

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

Based on the unaudited financial information, during the Year, revenue from property management services amounted to RMB8,658.4 million (2020: RMB6,482.1 million), representing an increase of 33.6% as compared with the corresponding period of last year. Among which, revenue from residential property projects amounted to RMB3,667.6 million (2020: RMB2,792.8 million), representing an increase of 31.3% as compared to the corresponding period of last year; revenue from non-residential property projects amounted to RMB4,990.8 million (2020: RMB3,689.3 million), representing an increase of 35.3% as compared to the corresponding period of last year.

Property management services are as among the core business segments of the Group, the excellent quality of which is the foundation of the Group. With the corporate vision of becoming "the preeminent quality service provider in China", the Group constantly improves its service quality and operational efficiency. During the year, the Group focused on customer experience, operational efficiency and synergy of resources with "quality, products and operations" as its three cores. In terms of quality, the Group selected a slew of benchmark projects across its management portfolio, reinforced quality inspection, promoted the centralized operation of 400 Hotline Centre and carried out special rectification in response to the detected problems or feedback from property owners. Besides, the Group has strengthened the professional training for practitioners and enhanced its digitalized management capabilities to improve service quality. In terms of products, the Group further implemented standardization, created and continuously upgraded its product systems for different business portfolios while actively participated in the formulation of industrial standards such as the Guidelines on Green Property Management to amplify its influence in the industry. Meanwhile, the Group focused on the needs of property owners, carried out diversified community activities and created community culture to realize the enhancement of customer experience and brand building. In terms of operation, the Group has been improving the mechanism of post-acquisition collaboration management, continuously optimized the information system to satisfy the actual needs in business operation, strengthened the synergy in operation, expansion and resources, improved operational analysis and risk control, and promoted technological innovations such as energy conservation and emission reduction, as well as management of facilities and equipment, thereby enhancing the Group's management efficiency.

In 2021, the overall management fee collection rate of the Group's residential property projects reached 93.3% (2020: 94.1%) and the overall satisfaction rate of the Group's property management services was 91.7%.

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

Project sources	**As at 31 December 2021** *('000 sq.m.)*	**Percentage of areas** *%*	As at 31 December 2020 *('000 sq.m.)*	Percentage of areas *%*	**Growth** *('000 sq.m.)*	**Growth rate** *%*
Agile Group	**66,358**	**13.5%**	59,797	16.0%	6,561	11.0%
Greenland Holdings	**19,805**	**4.1%**	13,922	3.7%	5,883	42.3%
Third-Party Projects[1]	**402,717**	**82.4%**	301,070	80.3%	101,647	33.8%
Total	**488,880**	**100.0%**	374,789	100.0%	114,091	30.4%

Note 1: Including the GFA under management acquired by the Group through third-party expansion and the GFA under management contributed by the acquired subsidiaries.

As at 31 December 2021, the Group's GFA under management was 488.9 million sq.m., representing an increase of 114.1 million sq.m. from 374.8 million sq.m. as at 31 December 2020, with a growth rate of 30.4%. 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 6.6 million sq.m. during the year; (ii) the newly increased GFA of 5.9 million sq.m. from the projects of Greenland Holdings during the Year; (iii) the newly increased GFA under management of 101.6 million sq.m. from third-party projects, including 44.0 million sq.m. of newly increased GFA under management converted from third-party projects during the year, 42.6 million sq.m. of GFA incorporated from the acquisition of New CMIG PM, 39.4 million sq.m. of GFA under management incorporated from the acquisition of Shandong Hongtai, and excluding 24.4 million sq.m. of GFA under management due to the disposal of Lanzhou Chengguan Property Management Co., Ltd. ("**Lanzhou Chengguan**").

The project portfolio for GFA under management

The Group has established first-mover advantage in managing residential property, public buildings and commercial and office buildings, etc., forming a balanced and diversified business portfolio. As at 31 December 2021, for the GFA under management of the Group, the proportion of residential projects accounted for 42.5% (as at 31 December 2020, 40.4%) and the proportion of non-residential projects accounted for 57.5% (as at 31 December 2020, 59.6%) (public buildings accounting for 44.9%, commercial buildings and others accounting for 12.6%).

The geographic coverage for GFA under management

During the Year, the Group's projects under management reached 4,143, covering 31 provinces, municipalities and autonomous regions nationwide, in 217 cities.

As at 31 December 2021, by regions, 34.5% of the Group's GFA of projects under management were located in the Yangtze River Delta Region, 20.7% were located in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.2% were located in the Shandong peninsula city cluster, 7.9% were located in the Chengdu-Chongqing 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 99.7% (2020: 99.4%) 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 2021** ***('000 sq.m.)***	**Percentage of areas** *%*	As at 31 December 2020 *('000 sq.m.)*	Percentage of areas *%*	**Growth** *('000 sq.m.)*	**Growth rate** *%*
Agile Group	**87,082**	**13.1%**	82,085	15.7%	4,997	6.1%
Greenland Holdings	**60,751**	**9.2%**	53,089	10.2%	7,662	14.4%
Third-party property developers	**515,239**	**77.7%**	387,421	74.1%	127,818	33.0%
Total	**663,072**	**100.0%**	522,595	100.0%	140,477	26.9%

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

As at 31 December 2021, the contracted GFA reached 663.1 million sq.m., representing an increase of 140.5 million sq.m. or a growth rate of 26.9% as compared with 522.6 million sq.m. as at 31 December 2020, which was mainly due to (i) the Group's newly increased contracted GFA of approximately 5.0 million sq.m. from Agile Group; (ii) newly increased contracted GFA of approximately 7.7 million sq.m. from Greenland Holdings, (iii) newly increased contracted GFA of 127.8 million sq.m. from third-party projects, in which newly increased contracted GFA of 69.3 million sq.m. was obtained from third-party expansion, 42.7 million sq.m. was incorporated from the acquisition of New CMIG PM, contracted GFA of 40.5 million sq.m. was incorporated from the acquisition of Shandong Hongtai, while Lanzhou Chengguan's contracted GFA of 24.6 million sq.m. was excluded due to its disposal.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space operation and other services, as well as the value-added services to institutions and enterprises, which focus on improving the community living experience of property owners and residents and realize the value preservation and appreciation of their properties.

Based on the unaudited financial information, during the Year, revenue from property owners value-added services amounted to RMB1,866.6 million, representing an increase of 77.3% as compared with RMB1,052.7 million in 2020, and accounting for approximately 13.2% of the total revenue (2020: 10.5%).

(1) Living and comprehensive services include property maintenance, housekeeping, courtyard gardening, community group buying, express delivery, community second-hand leasing and sales service and comprehensive consulting services, etc. During the Year, the Group focused on making efforts to foster market-oriented service capabilities for living services, deepened the penetration of professional household product line, and strategically developed innovative businesses such as housekeeping service and nursery service.

On the housekeeping services front, the Group strategically invested in "51 Home Service (51 家庭管家)", a leading brand in mid-to-high-end housekeeping services in the country, thereby establishing a business collaboration mechanism. By optimizing the operation and management model, 51 Home Service was empowered to start business expansion nationwide. As a result, the whole year's top-up amount exceeded RMB120 million, representing a year-on-year increase of 50%. Meanwhile, the Group has been enhancing the brand power and business coverage of housekeeping services by formulating nationwide IP-themed events, deepened the penetration of professional product lines in cleaning, maintenance and gardening, and piloting the businesses such as laundry, car maintenance and homestay services.

In response to the residents' increasing demand for childcare and the call of national policies, the Group has incubated the leading childcare service brand in the Greater Bay Area – "Happy Whale". By cultivating the market-oriented service capabilities in three scenarios of "community, family and enterprise", Happy Whale has optimized its business model and achieved rapid expansion with nearly 50 childcare centres opened nationwide.

On the community new retail front, the Group focused on in-depth user operation and supply chain integration, introduced more than 100 high-quality suppliers and continuously enriched product categories. With Lexianghui platform and offline community activities as the two major marketing avenues, we forged ahead with the "hot-selling products" + "carnival " model, resulting in a significant increase in sales.

As for leasing and sales services, the Group promoted professional operation, upgraded the operation model, optimized the business structure of leasing and sales services to realize efficient management through "coordination in group level + collaboration in regional and project level", and created a partnership mechanism to drive the simultaneous growth of business scale and professionalism.

During the Year, revenue from living and comprehensive services amounted to approximately RMB850.6 million, representing an increase of 115.4% as compared with RMB394.9 million in 2020. It accounted for approximately 45.6% of revenue from property owners value-added services.

(2) Home improvement services primarily include decoration, turnkey furnishing and community renewal services, etc. In 2021, the Group focused on professional and refined management and operation of home decoration business, vigorously promoted pre-marketing of home improvement business, paid close attention to supplier sourcing, carried out pre-sale activities and drew potential customers through showroom visit activities. It also enhanced resource integration and cooperated with well-known brands in the home decoration industry to enrich the core product categories. Such moves effectively improved property owners' recognition and increased the conversion rate of home improvement business. During the Year, revenue from home improvement services amounted to approximately RMB242.7 million, representing an increase of 105.2% as compared with RMB118.3 million in 2020, and accounting for approximately 13.0% of revenue from property owners value-added service.

(3) Community space operation and other services primarily include club house operation services, property operation services, community-based advertising operation, parking lot management services and community asset operation, etc. During the Year, the Group established a resource management system to strengthen the inventory and data analysis of community space resource. The Group also carried out special operation to utilize the idle core resources and effectively improved resources utilization ratio, so as to promote community marketing planning services and continuously enrich its service variety. During the Year, revenue from community space operation and other services amounted to approximately RMB455.6 million, representing an increase of 50.4% as compared with RMB303.0 million in 2020, and accounting for approximately 24.4% of revenue from property owners value-added service.

(4) Value-added services to institutions and enterprises 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 customised services for enterprises, conferencing services, as well as centralised procurement and retailing for enterprises, etc. Revenue from value-added service to institutions and enterprises amounted to approximately RMB317.7 million, representing an increase of 34.3% as compared with RMB236.5 million in 2020, and accounting for approximately 17.0% of revenue from property owners value-added services.

During the Year, the substantial growth in property owners value-added services was mainly due to the implementation of new strategic business, the improvement of refined management capability, enrichment of the product and service portfolio, increase in business coverage and penetration rate, as well as value-added services revenue from acquired companies.

City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc. Currently, the Group's city service projects are mainly divided into single project contracting model and integrated sanitation services, etc.

The Group has established the city services business segment that focuses on the exploration of comprehensive services including urban space management, urban resource operation, community coordination and governance, and construction of smart city service system, aiming to build a comprehensive city service system covering developed cities, emerging urban and townships, thus establishing a leading all-scenario smart city service platform.

During the Year, the Group focused on market expansion and operation management. In terms of market expansion, the Group obtained more than a dozen urban sanitation projects each with an annualized contract value of over RMB10 million, including the market-oriented urban sanitation project in Huinan County, the road service and sanitation project in Qujiang district, Xi'an and other large-scale benchmark projects. According to the 2021 Development Report on the Marketization of Sanitation (《2021年度環衛市場化發展報告》) issued by the third-party institution, Huanjing Sinan, A-Living ranked the fourteenth in the industry in terms of contract amount obtained through expansion in 2021.

On the operation management front, the Group established and improved the post-acquisition management system, built the centralized procurement management system and the business development technology system, optimized the quality operation system, and enhanced talent training and management. During the Year, the Group completed the acquisitions of 51% equity interest in Beijing Huifeng Qingxuan Environmental Technology Group Co., Ltd.* (北京慧豐清軒環境科技集團有限公司) ("**Beijing Huifeng**"), 60% equity interest in Shaanxi Mingtang Sanitation Co., Ltd.* (陝西明堂環衛有限公司) ("**Shaanxi Mingtang**") and 51% equity interest in the urban environmental sanitation business of A-Living Mingri Environmental Development Co., Ltd.* (雅生活明日環境發展有限公司) (formerly known as Dalian Mingri Environmental Development Co., Ltd.* (大連明日環境發展有限公司)) . The Group established a comprehensive post-acquisition management system to promote the brand integration of the Group and its subsidiaries, empower the subsidiaries' information systems for asset management and finance, and provide them with business support in market expansion technology and management support in governance, talent management, business analysis and risk control. In addition, the Group put emphasis on its operation quality, enhanced the standardization through full cycle of a project from its initiation to operation, and improved its professional capabilities, such as support for major events, sanitation works in special climates (e.g. snow removal in winter) and marine sanitation, etc. During the Year, the Group successfully provided environmental sanitation services for "The 14th National Games of China", where its subsidiary Shaanxi Mingtang (陝西明堂) was awarded the "Outstanding Services Provider for the Event (賽事優秀保障企業)".

Based on the unaudited financial information, during the Year, revenue from city services reached RMB698.1 million, accounting for approximately 5.0% of the total revenue.

Extended value-added services

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

Based on the unaudited financial information, during the Year, the Group recorded revenue from extended value-added services of RMB2,857.0 million (2020: RMB2,491.3 million), representing an increase of 14.7% from the corresponding period of last year, and accounting for approximately 20.3% of the total revenue, including:

(1) Sales centre property management services (accounting for 43.1% of the revenue from the extended value-added services): the revenue for the Year amounted to RMB1,232.6 million, representing an increase of 24.4% as compared with RMB990.9 million in 2020. The increase of revenue from sales centre property management services was primarily due to the increment arising from providing more customized services developers so as to accelerate sales, as well as the increase of the third party sales centres arising from the expansion.

(2) Other extended value-added services (accounting for 56.9% 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 RMB1,624.4 million, representing an increase of 8.3% as compared with RMB1,500.4 million in 2020, mainly due to the increment arising from providing the digital and intelligent service for community in order to meet the demands of property owners for the intelligent service and digital operation.

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.

Based on the unaudited financial information, during the Year, the Group's cost of sales was RMB10,211.3 million (2020: RMB7,053.1 million), representing an increase of 44.8% year on year, which was primarily due to the increase in relevant costs in response to an increase in revenue and business diversification which was in line with the rapid development of the Group's businesses. Overall, the Group's growth of the cost of sales was higher than that of revenue, mainly due to further optimization of revenue structure, resulting in a decrease in the proportion of revenue from extended value-added services with a higher gross profit margin to 20.3% from 24.8% last year.

Gross profit and gross profit margin

	For the year ended 31 December				
	2021		2020		
	Gross profit *(RMB million)*	**Gross profit margin** %	Gross profit *(RMB million)*	Gross profit margin %	**Growth rate** %
Property management services	**1,741.9**	**20.1%**	1,414.0	21.8%	23.2%
Property owners value-added services	**852.7**	**45.7%**	559.8	53.2%	52.3%
City services	**154.0**	**22.1%**	–	–	–
Subtotal	**2,748.6**	**24.5%**	1,973.8	26.2%	39.3%
Extended value-added services	**1,120.1**	**39.2%**	999.2	40.1%	12.1%
Total	**3,868.7**	**27.5%**	2,973.0	29.7%	30.1%

Based on the unaudited financial information, during the Year, the Group's gross profit amounted to RMB3,868.7 million, representing an increase of 30.1% as compared with that of RMB2,973.0 million in 2020. Gross profit margin decreased by 2.2 percentage points to 27.5% from 29.7% in 2020.

Excluding the impact from extended value-added service businesses, gross profit from property management services, property owners value-added services and city services businesses of the Group totaled RMB2,748.6 million, representing a year-on-year increase of 39.3% as compared with RMB1,973.8 million in 2020. The gross profit from these businesses increased to 71.0% of total gross profit from 66.4% in 2020. The consolidated gross profit margin of these businesses was 24.5%, representing a year-on-year decrease of 1.7 percentage points.

– The gross profit margin of property management services was 20.1% (2020: 21.8%), representing a decrease of 1.7 percentage points as compared with that of 2020, which was mainly due to an increase of the proportion of third-party projects. If excluding the effect of amortisation of intangible assets due to the M&A, the gross profit was RMB1,878.5 million and gross profit margin was 21.7%.

– The gross profit margin of property owners value-added services was 45.7% (2020: 53.2%), representing a decrease of 7.5 percentage points as compared with that of 2020, which was mainly due to the implementation of new strategic businesses, and some businesses were in the growing period during the Year, which led to a relatively low gross profit margin; At the same time, the Group taped deeper into the demand of property owners and continued to enrich the product categories, and an increased proportion of the home improvement and new retail businesses which with lower gross profit margins.

– The gross profit margin of city services was 22.1%.

– The gross profit margin of extended value-added services was 39.2% (2020: 40.1%), representing a decrease of 0.9 percentage points as compared with that of 2020, which was mainly due to an increased labor and other costs resulting from the improvement of the quality of sales centre management services and epidemic prevention and control.

Selling and marketing expenses

Based on the unaudited financial information, during the Year, the Group's selling and marketing expenses amounted to RMB141.6 million (2020: RMB77.1 million), accounting for 1.0% of the revenue, an increase of 0.2 percentage point as compared with that of the last year, which was mainly attributable to the increase in marketing expenses brought by the effective third-party market expansion.

Administrative expenses

Based on the unaudited financial information, during the Year, the Group's administrative expenses amounted to RMB778.1 million, representing an increase of 41.9% as compared with RMB548.3 million in 2020, and accounting for 5.5% of the revenue, which remained stable.

Other income

Based on the unaudited financial information, during the Year, other income of the Group amounted to RMB178.1 million (2020: RMB198.5 million), representing a year-on-year decrease of 10.3%, which was mainly due to the decrease of government subsidies.

Income tax

Based on the unaudited financial information, during the Year, the Group's income tax expense was RMB510.0 million (2020: RMB515.0 million). The income tax rate was 16.6% (2020: 20.7%). The income tax rate for the year represented a year-on-year decrease of 4.1 percentage points, which was mainly because the Group enjoyed various preferential tax policies issued by the PRC government in recent years and applied for a number of enterprise income tax preferences, such as the preferential income tax treatment for Small and Micro Enterprise, "Hainan Free Trade Port", "Great Western Development Strategy" and High and New Technology Enterprise, etc., which reduced the overall tax burden.

Profit

Based on the unaudited financial information, during the Year, the Group's net profit was RMB2,565.6 million, representing an increase of 30.1% as compared with RMB1,972.7 million in 2020, which was mainly attributable to economies of scale brought by the overall business expansion of the Group. Net profit margin was 18.2%, representing a decrease of 1.5 percentage points as compared with 19.7% in 2020. Excluding the effect of the amortisation of intangible assets and depreciation of appraisal appreciation of fixed assets due to the M&A, the net profit margin was 19.1%. Profit attributable to the Shareholders of the Company was RMB2,308.5 million, representing an increase of 31.6% as compared with RMB1,754.4 million in the corresponding period of last year. Basic earnings per share were RMB1.67.

	For the year ended 31 December				
	2021		2020		
	Net profit *(RMB million)*	**Net profit margin** *%*	Net profit *(RMB million)*	Net profit margin *%*	**Growth rate** *%*
Property management services	**1,022.9**	**11.8%**	804.4	12.4%	27.2%
Property owners value-added services	**616.5**	**33.0%**	394.4	37.5%	56.3%
City services	**94.1**	**13.5%**	–	–	–
Subtotal:	**1,733.5**	**15.4%**	1,198.8	15.9%	44.6%
Extended value-added services	**832.1**	**29.1%**	773.9	31.1%	7.5%
Total	**2,565.6**	**18.2%**	1,972.7	19.7%	30.1%

Excluding the impact from extended value-added service businesses, net profit from property management services, property owners value-added services and city services was RMB1,733.5 million, representing a year-on-year increase of 44.6% as compared with RMB1,198.8 million in 2020, an increase accounting for the total profit from 60.8% in 2020 to 67.6%. The profit structure was further optimized. The net profit margin of these businesses was 15.4%, representing a year-on-year decrease of 0.5 percentage point.

– The net profit margin in respect of property management services was 11.8% (2020: 12.4%), representing a slightly decrease of 0.6 percentage point as compared with that of 2020.

– The net profit margin in respect of property owners value-added services was 33.0% (2020: 37.5%), representing a decrease of 4.5 percentage points as compared with that of 2020, which was mainly attributable to the implementation of new strategic businesses, and some businesses were in the growing period during the Year, which led to a relatively low profit margin.

– The net profit margin in respect of city services was 13.5%.

– The net profit margin in respect of extended value-added services was 29.1% (2020: 31.1%), representing a decrease of 2.0 percentage points as compared with that of 2020, which was mainly attributable to an increase labor and other costs resulting from the improvement of the quality of extended value-added services.

Excluding the impact from extended value-added service businesses, profit attributable to the Shareholders from property management services, property owners value-added services and city services was RMB1,476.4 million, representing a year-on-year increase of 50.6% as compared with RMB980.5 million in 2020, an increase accounting for the total profit attributable to the Shareholders from 55.9% in 2020 to 64.0%.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. Based on the unaudited financial information, as at 31 December 2021, current assets amounted to RMB13,411.0 million, representing an increase of 47.4% from RMB9,100.1 million as at 31 December 2020. As at 31 December 2021, cash and cash equivalents of the Group amounted to RMB4,390.5 million (31 December 2020: RMB5,057.0 million).

Based on the unaudited financial information, as at 31 December 2021, the Group's total equity was RMB12,910.9 million, representing an increase of RMB4,253.5 million or 49.1% as compared with RMB8,657.4 million as at 31 December 2020, which was primarily due to a significant increase in the profit after tax of the Group and the placing of new H Shares conducted during the Year resulting in an increase in equity of HK$3,242 million.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, office equipment, machinery equipment and other fixed assets. Based on the unaudited financial information, as at 31 December 2021, the net value of the Group's property, plant and equipment amounted to RMB506.8 million, representing an increase of 98.7% as compared with RMB255.0 million as at 31 December 2020, which was primarily derived from the new addition of property, plant and equipment from the acquisition of companies.

Other intangible assets

Based on the unaudited financial information, as at 31 December 2021, the net book value of other intangible assets of the Group was RMB1,350.7 million, representing an increase of 40.5% as compared with RMB961.2 million as at 31 December 2020. Intangible assets of the Group mainly included (i) RMB63.3 million from the trademark value of acquired companies; (ii) RMB1,592.1 million generated from customer relationship and backlogs 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 had a specific validity period and were carried at cost less accumulated amortisation.

Goodwill

Based on the unaudited financial information, as at 31 December 2021, the Group recorded goodwill of RMB3,123.2 million, representing an increase of 43.1% as compared with RMB2,182.0 million as at 31 December 2020. The increase of goodwill during the Year was mainly derived from the acquisition of New CMIG PM, Shandong Hongtai and city services companies. 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.

There was no significant goodwill impairment risk as at 31 December 2021.

Trade and other receivables

Based on the unaudited financial information, as at 31 December 2021, trade and other receivables (including current and non-current portions) amounted to RMB5,456.3 million, representing an increase of 49.1% from RMB3,659.3 million as at 31 December 2020, which was mainly due to the impact of trade and other receivables amounted to RMB1,436.6 brought by the consolidation of newly acquired companies and the continuous expansion of the Group's business.

Trade and other payables

Based on the unaudited financial information, as at 31 December 2021, trade and other payables (including current and non-current portions) amounted to RMB4,843.2 million, representing an increase of 41.5% as compared with RMB3,421.9 million as at 31 December 2020, which was primarily attributable to an increase in the cost of various materials procurement, labor outsourcing and energy consumption brought by the business expansion of the Group.

Borrowings

Based on the unaudited financial information, as at 31 December 2021, the Group had short-term borrowings of RMB66.1 million with a term of less than one year and borrowings of RMB12.4 million with a term of more than one year.

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. Based on the unaudited financial information, as at 31 December 2021, the gearing ratio was 0.6%.

Current and deferred income tax liabilities

Based on the unaudited financial information, as at 31 December 2021, the current income tax liabilities of the Group amounted to RMB547.2 million, representing an increase of 28.7% as compared with RMB425.3 million as at 31 December 2020, which was mainly because of the increase in the Group's profit before income tax. Deferred income tax liabilities increased to RMB351.1 million from RMB225.3 million as at 31 December 2020, which was primarily attributable to the temporary differences arising from the increase of appraised assets value of newly acquired companies.

Proceeds from the Listing

The Company's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (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).

As disclosed in the annual report of the Company for the year ended 31 December 2020, approximately RMB245.25 million of the net proceeds from the Listing, which were allocated for the working capital and general corporate purposes of the Group (representing approximately 7.67% of all net proceeds from the Listing), remained unused. During the Year, all such net proceeds have been used up in accordance with its purpose, i.e. as working capital and general corporate purposes.

Placing of new H shares under general mandate

On 28 May 2021, the Company and Citigroup Global Markets Limited (as a placing agent) entered into a placing agreement, pursuant to which the Company agreed to appoint the placing agent, and the placing agent agreed to act as the agent of the Company, to procure, on a fully-underwritten basis, placees for an aggregate of 86,666,800 new H Shares (the "**Placing Shares**") at a placing price of HK$37.60 per H Share (the "**Placing**"). Based on a nominal value of RMB1.00 per Placing Share, the Placing Shares have an aggregate nominal value of RMB86,666,800.

The Placing Shares have been placed by the placing agent to not less than six placees, who/which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial shareholder of the Company immediately upon completion of the Placing.

The placing price is HK$37.60 per H Share and represents: (i) a discount of approximately 6.58% to the closing price of HK$40.25 per H Share as quoted on the Hong Kong Stock Exchange on the 27 May 2021, being the last trading day for the H Shares prior to the signing of the relevant placing agreement (the "**Last Trading Day**"); (ii) a discount of approximately 1.34% to the average closing price of HK$38.11 per H Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (iii) a premium of approximately 2.20% over the average closing price of HK$36.79 per H Share as quoted on the Hong Kong Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The gross proceeds and net proceeds to be received by the Company from the Placing, after deducting related fees and expenses, were approximately HK$3,259 million and approximately HK$3,242 million respectively, representing a net issue price of approximately HK$37.40 per Placing Share. Details of the planned use and actual use of net proceeds from the Placing were as follows:

Use of the net proceeds	Percentage of the allocation	Available amount	Used amount as at 31 December 2021	Remaining balance as at 31 December 2021	Expected timeline for utilising the remaining unused net proceeds (Note)
	%	*RMB million*	*RMB million*	*RMB million*	*Day/month/year*
Working capital and general corporate purposes	100%	3,242	3,214	28	On or before 31 December 2024
Total	100%	3,242	3,214	28	

(Note) 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.

Backed by favorable policies, the property management industry has experienced rapid development in recent years and meets the window of transformation and upgrade. After the Placing, the Group will seize critical opportunities in industry consolidation, further expand its management scale, consolidate its leading position in industry, extend industrial chain layout in innovative areas, upgrade intelligent technology application to enhance client experience, build itself as an all-scenario smart city services provider, and realize quality and sustainable long-term growth.

The Board considered that the Placing represented an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors were of the view that the Placing would strengthen the financial position of the Group and provide working capital to the Group, and the terms of the placing agreement (including the placing price) were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For details, please refer to the Company's announcement dated 28 May 2021.

Significant investments held, major acquisitions and disposals of subsidiaries, associates and joint ventures

Acquisition of equity interest in New CMIG PM

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. The Company completed such acquisitions of equity interest in CMIG PM and New CMIG PM in the first half of 2020 and April 2021 respectively. CMIG PM and New CMIG PM are non-wholly owned subsidiaries 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.

Save as disclosed above, the Group had no other significant investments, major acquisitions or disposals of subsidiaries, associates or joint venture during the year ended 31 December 2021.

Foreign exchange risk

The Group's businesses were principally located in the PRC. Except for bank deposits, other receivables and financial assets at FVPL denominated in HK$ and US$, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Employees and remuneration policies

As at 31 December 2021, the Group had 87,603 employees, representing an increase of 56.7% as compared with 55,888 employees as at 31 December 2020. Total staff costs amounted to RMB5,267.4 million, representing an increase of 29.6% as compared with RMB4,064.1 million in 2020. The increase in staff costs was mainly due to (i) the increase brought by the acquired companies; (ii) the increased demand for high-quality talents in response to the requirements of the Group's business development.

The compensation plan of the Group is determined with reference to the market levels as well as employees' performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides employees with a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training programs appropriate to the employees' needs.

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

Subsequent events

The Group had no significant subsequent events after 31 December 2021 and up to the date of this announcement.

REVIEW OF UNAUDITED ANNUAL RESULTS

There has been a delay in the publication of the audited annual results of the Group for the year ended 31 December 2021 as the audit process has been affected by lockdown and quarantine measures imposed by the government in Mainland China and Hong Kong Special Administrative Region of the People's Republic of China in response to the COVID-19 pandemic, which has caused (i) delays in obtaining external confirmations from third parties; and (ii) delays in obtaining the requisite information from and arranging onsite auditing work at the workplace in Shanghai and Shenzhen, etc.

As additional time is required for the Company's auditor to collect and review the necessary information so as to finalise the audit, therefore, the unaudited annual results contained herein have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results is expected to be made no later than 30 April 2022 when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company (the "**Audit Committee**").

The Audit Committee comprises Mr. Wan Kam To, Ms. Wong Chui Ping Cassie and Mr. Weng Guoqiang 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 2021.

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 inside 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 2021.

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 then applicable code provisions set out in the CG Code for the year ended 31 December 2021.

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

During the year ended 31 December 2021, 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 2021 and as at the date of this announcement, the Company had maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ON THE WEBSITES OF THE COMPANY AND THE HONG KONG STOCK EXCHANGE

This unaudited annual results 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.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process of the annual results of the Group for the year ended 31 December 2021, the Company will issue further announcement(s) in relation to (i) the audited results of the Group for the year ended 31 December 2021 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein; and (ii) the proposed annual dividend for the year ended 31 December 2021, if any. The Company will also issue further announcement as and when necessary if there is other material development in the completion of the auditing process and the release of the audited annual results.

The financial information contained herein in respect of the unaudited annual results of the Group for the year ended 31 December 2021 have not been audited and have not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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. Weng Guoqiang^^^.

^ *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, 31 March 2022

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*