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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)

SUPPLEMENTAL ANNOUNCEMENT

PROPOSED CHANGE OF AUDITORS

This announcement is made by 雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.*) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Review of the interim results of the Company

Reference is made to the announcement of the Company dated 25 November 2022 (the “**Announcement**”) and the circular of the Company dated 13 January 2023 (the “**Circular**”) in relation to the proposed change of auditors. Capitalised terms used herein shall have the same meanings as those defined in the Circular.

As disclosed in the Announcement and the Circular, when conducting its review (the “**Review**”) of the interim results of the Company for the six months ended 30 June 2022 (the “**Interim Results**”), PwC requested the Company to provide the Information. In response to PwC’s request, the Company provided PwC with the information available at the material time for the purpose of the Review.

The Audit Committee had followed up with the Company’s management and PwC on the status of the Review from time to time. The Audit Committee was aware of the outstanding issues and information which might affect the timing of completion of the Review. In order to understand the concerns raised by PwC and to ensure that the management of the Company would be able to provide PwC with the requested information to facilitate PwC’s completion of the Review as best as possible, the Audit Committee took the initiative to convene and held various meetings with the management of the Company, some of which were with the presence of PwC.

Furthermore, the Audit Committee was actively and heavily involved in following up with the Company in an attempt to provide the Information and in understanding the concerns raised by PwC. The Audit Committee reviewed the summary of the underlying transactions relevant to the Information prepared and provided by the Company to get a better understanding of the background, commercial rationale, and the Company’s internal approval procedures for approving the underlying transactions relevant to the Information. The Audit Committee also held discussions with PwC and/or the Company to understand PwC’s request for the Information, how the Information would affect the relevant accounting treatment, how the Information would affect PwC’s ability in completing the Review and whether there was any alternative information which could be provided by the Company to PwC to address its concerns.

Despite the effort of the management of the Company and the Audit Committee to provide PwC with the information available at the material time for the completion of the Review, PwC informed the Audit Committee that it was not able to issue its review report before the Company was due to publish the Interim Results. To avoid postponement of the publication of the Interim Results and having considered the information available at the material time, the Audit Committee considered it appropriate to carry out its own review of the Interim Results.

Resignation of PwC prior to the audit of the annual results of the Company

Prior to its resignation, PwC reiterated to the Company the request for the Information. The Audit Committee understood from PwC that such reiteration was for the purpose of informing the Company and the incoming auditors of PwC's view that the Information was required for the purpose of the audit of the annual results of the Company for the year ended 31 December 2022.

When the Audit Committee held discussions with Grant Thornton regarding the potential appointment of Grant Thornton as the new auditor of the Company, the Audit Committee requested Grant Thornton to present its proposed audit approach regarding the Information and the concerns raised by PwC, which the Audit Committee considered appropriate. Subsequently, the Audit Committee made a recommendation to the Board regarding Grant Thornton's appointment. The Audit Committee requested Grant Thornton to work closely with the Company and the Audit Committee to ensure the quality of its audit work. The Audit Committee requested Grant Thornton to maintain timely communication with the Company and the Audit Committee regarding the progress of its work and issues identified in the process, such that the regulatory timing to announce the Company's annual results for the year ended 31 December 2022 (the **"2022 Annual Results"**) could be met.

Subsequent to the Announcement, the Company has been continuously providing information requested by Grant Thornton. Grant Thornton has maintained ongoing and regular dialogue with the Company and the Audit Committee to obtain a more comprehensive understanding on the Information, for the purpose of detailing appropriate audit procedures to conduct its work.

By Order of the Board
A-Living Smart City Services Co., Ltd.*
LI Dalong
*Executive Director, President (General Manager) and
Chief Executive Officer*

Hong Kong, 27 February 2023

As at the date of this announcement, the Board comprises seven members, being Mr. Chan Cheuk Hung[^] (Co-chairman), Mr. Huang Fengchao[^] (Co-chairman), Mr. Li Dalong[^] (President (General Manager) and Chief Executive Officer), Mr. Wei Xianzhong^{^^}, Ms. Yue Yuan^{^^}, Mr. Wan Kam To^{^^^} and Mr. Weng Guoqiang^{^^^}.

[^] *Executive Directors*

^{^^} *Non-executive Directors*

^{^^^} *Independent Non-executive Directors*

** for identification purposes only*